

# WIPO



**WO/AC/15/2**  
**ORIGINAL:** English  
**DATE:** December 23, 2009

# E

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

## **WIPO AUDIT COMMITTEE**

### **Fifteenth Meeting**

**Geneva, November 30 to December 4, 2009**

#### REPORT

*adopted by the WIPO Audit Committee*

#### TABLE OF CONTENTS

	Paragraph(s)
Introduction .....	1
Agenda Items	
Item 1: Adoption of the Agenda .....	2
Item 2: Organization of the Work of the WIPO Audit Committee and its Functioning.....	3 to 6
A. Tripartite Meeting, September 3, 2009.....	3
B. Meeting with the Director General, October 22, 2009 .....	4
C. Letters from the Director General on Financial Disclosure/Declaration of Interest.....	5
D. WIPO Audit Committee Rules of Procedure .....	6
Item 3: Update on the Strategic Realignment Program.....	7 to 30
A. Letter from the Director General .....	9 to 19
B. Voluntary Separation Program .....	20 to 23
C. Revision of Staff Regulations and Rules .....	24 to 26
D. Ethics and Integrity .....	27 to 30

Item 4: Internal Control: .....	31 to 62
A. Internal Audit Reports .....	33 to 38
B. Validation of the Program Performance Report .....	39 to 43
C. External Audit Report on the Internal Audit Function .....	44 to 50
D. Follow-up on Implementation of Oversight Recommendations .....	51 to 55
E. Investigation.....	56 to 62
Item 5: International Public Sector Accounting Standards (IPSAS).....	63 to 66
Item 6: New Construction Projects.....	67 to 71
Item 7: Meeting with the United Nations Independent Audit Advisory Committee .....	72 to 79
Item 8: Follow-up on the Assessment of the Work and Operations of & the WIPO Audit Committee and Meeting with Representatives	
Item 9: of WIPO Member States .....	80 to 105
Item 10: Election of Chair and Vice Chair .....	106 & 107
Item 11: Other Matters.....	108 to 110
A. Process for the Selection of the External Auditor .....	108
B. Next Meeting of the WIPO Audit Committee .....	109 & 110
 Annex I: Agenda Adopted by the Committee	
Annex II: WIPO Audit Committee Rules of Procedure	
Annex III: List of Documents	
Annex IV: List of Participants attending WIPO Audit Committee Meeting with Representatives of Member State	
Annex V: Extract “IX. The Secretary of the Committee” from the Rules of Procedure of the United Nations Independent Audit Advisory Committee (UN IAAC)	

## **INTRODUCTION**

1. The fifteenth meeting of the WIPO Audit Committee (hereinafter referred to as “the Committee”) took place from November 30 to December 1, 2009. Present were Messrs. Pieter Zevenbergen (Chair), George Haddad (Vice Chair), Geoffrey Drage, Gong Yalin, Akuetey Johnson, Akeem Oladele, Khalil Issa Othman, Igor Shcherbak and Gian Piero Roz.

## **AGENDA ITEM 1**

### **ADOPTION OF THE AGENDA**

2. The Committee adopted the draft Agenda with modifications (Annex I).

## **AGENDA ITEM 2**

### **ORGANIZATION OF THE WORK OF THE AUDIT COMMITTEE AND ITS FUNCTIONING**

#### **A. Tripartite Meeting, September 3, 2009**

3. On September 3, 2009, a tripartite meeting was held at WIPO Headquarters between Mr. Francis Gurry, Director General, Mr. Kürt Grüter, External Auditor, Mr. Nick Treen, Director, Internal Audit and Oversight Division, and Mr. Pieter Zevenbergen, Chair of the Committee. The Committee took note of the draft record of that meeting prepared by the Director General and of the Chair’s communication to Audit Committee members. The Chair of the Committee will contact the External Auditor with a view to having the Committee’s input on the External Auditor’s proposed paper containing definitions of the respective roles of the External Auditor, the Internal Audit and Oversight Division, and the Committee, as well as suggestions and proposals to improve cooperation and information exchange between the three audit and oversight functions.

#### **B. Meeting with the Director General, October 22, 2009**

4. On October 22, 2009, a meeting took place at WIPO Headquarters between Mr. Francis Gurry, Director General, Mr. Naresh Prasad, Executive Director and Chief of Staff, Mr. Philippe Favatier, Chief Financial Officer (Controller), Mrs. Chitra Narayanswamy, Senior Advisor, Office of the Director General, Mr. Pieter Zevenbergen, Chair of the Committee and Mr. Gian Piero Roz, Committee member. The Committee took note of a record of that meeting prepared by Mr. Roz.

#### **C. Letter from the Director General on Financial Disclosure/Declaration of Interest**

5. The Committee took note of two letters from the Director General, dated June 19, 2009, and October 1, 2009, concerning the Committee’s comments on working document WO/CC/61/4 “Financial Disclosure/Declaration of Interest”. The Committee reverted to this

subject within the framework of the review of Ethics and Integrity policies (see paragraphs 28 to 30).

D. WIPO Audit Committee Rules of Procedure

6. The Committee adopted Rules of Procedure, which are based on the Rules of Procedure of the United Nations Independent Audit Advisory Committee. The Committee's Rules of Procedure came into effect on December 3, 2009, and are attached to this Report as Annex II.

**AGENDA ITEM 3**

**UPDATE ON THE  
STRATEGIC REALIGNMENT PROGRAM**

7. The documents presented to the Committee under this Item appear in Annex III of this report.

8. The Committee met with three officials from the Human Resources Management Department concerning the Voluntary Separation Program and the Revision of the Staff Regulations and Rules, namely: Mr. Miguel Figuerola, Director, Mr. Arneberg, Deputy Director, and Mrs. Lise Ezana, Head, Human Resources Administrative Section. Mr. Edward Kwakwa, Legal Counsel, also attended for the discussion on the review of Ethics and Integrity policies.

A. Review of the Letter of the Director General

9. The Committee welcomed the confirmation by the Director General that the new Senior Management Team would assume their duties as of December 1, 2009.

10. The Committee looked forward to fruitful cooperation with the new Team, in particular on the Strategic Realignment Program (SRP), where the Team would play a central role in shaping its future development and implementation.

11. The Committee looked forward to working with Mr. Ramanathan Ambi Sundaram, Assistant Director General, Administration and Management Sector who, for the first time in the history of WIPO, would be responsible for both administrative and management services of the Organization, and who had been designated by the Director General to be the interface between the Organization and the Committee.

12. The Committee recalled that at its twelfth meeting (March 2009),<sup>1</sup> it had been agreed with the Director General that progress reports on the SRP would be submitted to the Committee twice a year starting from June 2009. It had also been agreed that "specific items requiring the urgent review of the Committee within the framework of its mandate may be reviewed outside of this reporting cycle".

---

<sup>1</sup> WO/AC/12/2, paragraph 9

13. The Committee had been briefed on the SRP by the Director General and senior WIPO officials at its March, June and August 2009 meetings, mostly on specific projects. The report received in November 2009 consisted of a letter listing the main initiatives undertaken for the initial review of the WIPO Strategic Framework and subsequently under the three streams of the SRP.

14. The Committee welcomed the information provided, which supplemented briefings on and review of individual administrative related activities at its previous meetings. It appreciated, in particular, information on initiatives undertaken in WIPO's substantive areas which, although outside the scope and competencies of the Committee *per se*, did help Committee members to better situate the areas it is mandated to oversee within the overall context of intellectual property. The Committee felt that such information was extremely useful and would welcome being kept informed of such initiatives and progress, at a high level, for future meetings.

15. However, the Committee noted that its recommendations for a comprehensive integrated plan and a road map for implementation (of the SRP), showing on a common timeline the interrelationships of the component modules and the organization and resourcing requirements, had still to be complied with. Such a plan was initially recommended by the Committee in September 2007<sup>2</sup> for the Organizational Improvement Program, following the conclusion of the Desk-to-Desk review, and the Committee's recommendation was endorsed by the General Assembly (GA) at its thirty-fourth session.<sup>3</sup> The GA decision was confirmed by the Program and Budget Committee and the GA, in 2008, as being applicable to the SRP.<sup>4</sup>

16. Consequently, the Committee did not consider the information provided sufficient enough to monitor and assess action taken by the Secretariat. The Committee further considered that a comprehensive integrated plan and road map, at a high level, could have facilitated the planning work and understanding of the process by the new Senior Management Team. It also considered that such a plan and road map would be extremely useful in facilitating the functioning of the Organization as a single entity rather than as a series of silos.

17. The Committee took note of the statement by the Director General that an "Organization-wide comprehensive inventory of all current and planned initiatives and projects, indicating responsibilities and tentative timelines" would be submitted to the Committee at its 2010 Spring session, by which time the transitional phase following the taking up of duties by the new Senior Management Team would be complete.

18. The Committee expects that such an inventory will be prepared on a SMART C<sup>5</sup> basis; will include a risk assessment for each initiative with an indication of how each risk will be mitigated; and, will also link the initiatives to the nine goals of the new WIPO Strategic Framework.

19. The Committee noted from the letter that "the initial structural and staffing review of more than 70% of the Organizational units" had been "completed, with the changes effected

---

<sup>2</sup> WO/AC/6/2, paragraph 24

<sup>3</sup> WO/GA/34/16, paragraph 34

<sup>4</sup> A/46/12, paragraphs 48 to 50

<sup>5</sup> Specific, Measurable, Attainable, Realistic, Timely and Consistent

through a series of Office Instructions on reorganization”. Such a review seemed to be in line with the recommendations made by the Joint Inspection Unit in 2005<sup>6</sup> and the outcome of PricewaterhouseCoopers’ Desk-to-Desk Assessment. However, to date, no information has been provided to the Committee on the methodology and outcome of that review. The Committee expects to be fully briefed on this exercise at its next meeting in April 2010.

B. Voluntary Separation Program

20. The Committee welcomed the progress report on the Voluntary Separation Program (VSP) presented by the Director, Human Management Resources Division (HRMD). The Committee recalled that the Coordination Committee had requested the Committee to oversee that Program.<sup>7</sup> Due to the timing of the Program and the schedule and frequency of Committee meetings, it will only be able to conduct a *post facto* review of the implementation of the Program.<sup>8</sup>

21. Information was provided on the total number of applicants, and by nationality, gender, age, grade category, scheme type and average years of service. The Committee was also informed of the process followed by the Evaluation Group and on the extensive information provided to interested staff.

22. The Committee noted that:

- (a) information had not been provided on the current estimated financial impact of the Program, based on the number of applications received and the number already accepted, nor on the impact of such expenditures on the provisions for employee benefits that are being created to cover the liabilities of the Organization regarding accrued rights of staff for separation purposes. The Committee expects to receive this information at its next meeting in April 2010;
- (b) the number of applications received had exceeded that expected;
- (c) almost half of the applications had been reviewed, and the review process was based on the requested separation date;
- (d) to better assess the impact of the Program, it would be useful to relate the number of applications submitted by category to the total number of staff per category and organizational unit; and,
- (e) there did not seem to be any linkage between “the initial structural and staffing review” referred to in the Director General’s letter of September 14, 2009, and the criteria being used to evaluate the applications for the VSP.

23. The Committee expects an update on the Program at its next meeting.

---

<sup>6</sup> JIU/REP/2005/1

<sup>7</sup> WO/CC/61/6

<sup>8</sup> WO/AC/14/2 para b

### C. Revision of the Staff Regulations and Rules

24. The Director, HRMD, made an oral progress report on the revision of the Staff Regulations and Rules (SRR). He informed the Committee that the main concern of staff related to the rights they would retain under the new contractual arrangements.

25. The Committee was informed that HRMD is currently undertaking an inventory of all activities required for completing the SRR revision and implementation, including the development of an administrative manual which, encompassing all administrative areas, will require complex coordination within the Administrative and Management Sector. It was further informed that the activities related to this project will take two to three years to complete and will require additional resources not currently available in HRMD both in terms of number and skill sets.

26. The Committee noted with satisfaction that its recommendation<sup>9</sup> that information on this project be widely disseminated to staff had been implemented, and that two town hall meetings had taken place.

### Recommendation

27. The Committee recommends that, as indicated in the report of its fourteenth meeting,<sup>10</sup> HRMD's plan should be prepared on a SMART C basis,<sup>11</sup> and include a risk register with an indication of measures to be taken to mitigate risks, as well an estimate of resources required to complete the project, both in term of numbers, costs and skill sets. The plan should be submitted to the Committee for its next meeting in April 2010.

### D. Ethics and Integrity

28. The Committee took note of two letters from the Director General responding to comments made by the Committee, at his request, on the draft Financial Disclosure scheme, and informing the Committee of the issue of a related Office Instruction in September 2009.<sup>12</sup>

29. The Committee was informed by the Legal Counsel that some 15 Declaration of Interest forms had been received and that the sealed envelopes would be transmitted to the Ethics Officer as soon as the Ethics Office was established. The Committee was further informed that no further developments had taken place following a study undertaken by a consultant for the Internal Audit and Oversight Division, which was completed early 2009, pending the creation of the Ethics Officer function in WIPO.

30. The Committee will continue to monitor the development of ethics and integrity policies within WIPO very closely and expects to meet with the Ethics Officer at its next meeting in April 2010.

---

<sup>9</sup> WO/AC/14/2 para 11

<sup>10</sup> WO/AC/14/2 paras 9 (a) and 10

<sup>11</sup> Specific, Measurable, Attainable, Realistic, Timely and Consistent

<sup>12</sup> Office Instruction 57/2009

## AGENDA ITEM 4

### INTERNAL CONTROL

31. The documents presented to the Committee under this Item appear in Annex III of this report.

32. Information and explanations were provided to the Committee, for their respective fields of responsibility, by: Mr. Philippe Favatier, Chief Financial Officer (Controller), Department of Finance, Budget and Program Management, General Affairs and Administration Sector; Mr. Miguel Figuerola, Director, Human Resources Management Division; Mr. Wei Lei, Chief Information Officer, Information and Communication Technology Department; Mrs. Janice Cook Robbins, Head, Finance Services, Department of Finance, Budget and Program Management, General Affairs and Administration Sector; Mr. Tuncay Efendioglu, Senior Internal Auditor, Internal Audit and Oversight Division (IAOD); Mrs. Neila Krifi, Head, Travel and Missions Support Section, Procurement and Travel Division, General Affairs and Administration Sector; Mrs. Julia del Carmen Flore Marfetan, Senior Evaluation Officer, Internal Audit and Oversight Division (IAOD); Mrs. Dominique Vesin, Senior Administrative Assistant, Human Resources Administrative Section; and, Mrs. Natalia Gorokhova, Consultant, Flexitime Group, Human Resources Administrative Section.

#### A. Internal Audit Reports

33. The internal audit reports “Audit of Payroll in WIPO” and “Audit of Travel and Mission Support in WIPO” had been reviewed by the Committee at prior meetings<sup>13</sup> and the Committee had found them useful with relevant recommendations. Concerned by the findings, the Committee had requested to meet with all relevant officials.

34. In addition to its observations made at its twelfth and fourteenth meetings, the Committee noted that:

- (a) the new Director General had issued a series of Office Instructions and internal directives to contain travel costs. Some measures had been approved, as required, by the Coordination Committee with consequent changes in the Staff Regulations and Rules;
- (b) the Director, HRMD, had refused to authorize overtime payments in excess of the maximum number of hours established by the Staff Regulations and Rules;
- (c) both audit reports concern horizontal processes with actions under the responsibility of different services within the Administration and Management Sector as well as being the responsibility of the Program Managers themselves. Overall it was clear there had been inadequate accountability;

---

<sup>13</sup> The “Audit of Travel and Mission Support in WIPO” was reviewed at the Committee’s twelfth and fourteenth meetings, and “Audit of Payroll in WIPO” at its fourteenth meeting.

- (d) despite the fact that the payroll and travel audit reports had been issued more than eight and four months ago respectively, no consolidated action plan had been prepared to address the identified shortcomings;
- (e) reorganization, the absence of the Assistant Director General, and vacancies in key positions such as that of Director, HRMD, had impacted on the work of the Administration and Management Sector, possibly delaying consideration of the reports;
- (f) travel rules and, in particular, related Office Instructions were vague and incomplete, which may make it difficult for staff to interpret them;
- (g) overtime related rules concerning compensatory time may not be applicable depending on the type of work;
- (h) the main responsibility for correct implementation of travel and overtime regulations and rules, and the majority of the issues identified in the audit reports rested with Program Managers; and,
- (i) the payroll audit report concerned primarily management of overtime and flexitime rather than the actual payroll itself.

35. The Committee considered that the consolidation of all administrative organizational units under a single Assistant Director General for administration and management would facilitate the resolution of issues arising in horizontal processes such as travel and overtime.

36. The Committee will meet with the Director, Procurement and Travel Division, at its next meeting in April 2010, regarding a possible revision of the travel regulations, rules and procedures.

#### Recommendations

37. The Committee recommends that:

- (a) the new Assistant Director General for Administration and Management considers appointing one individual manager each within his sector as responsible Officer for both the travel and overtime processes respectively to ensure continuous and effective coordination of the processes themselves;
- (b) consolidated plans be made by the Administration and Management Sector for the coordinated implementation of the audit recommendations;
- (c) controls related to home leave combined with official missions and to official missions to home countries be strengthened and, if necessary, the rules and procedures be modified and notified to managers and staff; and,
- (d) a briefing for Program Managers be organized urgently regarding travel and overtime to ensure that they are fully informed of the applicable regulations and rules, and of the fact that they are accountable for the use of the resources assigned to them in these areas.

38. The Committee took note of the “Final Audit Report on the PCT Revenue Generation Process”. This report will be on the Agenda of the next Committee meeting in April 2010, with responsible WIPO managers and staff members being invited to attend the meeting to update the Committee on the implementation of the report’s recommendations.

B. Validation of the Program Performance Report

39. In the absence of Mr. Nick Treen, Director, Internal Audit and Oversight Division (IAOD), due to hospitalization, the Committee was briefed by Mrs. Julia del Carmen Flore Marfetan, Senior Evaluation Officer, IAOD.

40. The Committee noted that the validation exercise was limited in its scope and coverage and, as such, had limited usefulness for providing stakeholders with a reasonable assurance that the reported deliveries contained in the 2008 Program Performance Report had actually been delivered.

41. Notwithstanding the above limitation, the Committee noted that the validation report had provided an assessment of the quality of the data needed and the information requirements for validating the results achieved. That information relates to the clarity of the definition of the terms, the objectives and expected results, and the linkages between them and the activities undertaken, as well as the relevance and measurability of the performance indicators selected.

42. The Committee was of the view that the findings and conclusions of the validation report could prove helpful for improving the program formulation and the reporting of program performance.

Recommendation

43. The Committee recommends that the findings of the validation report be brought to the attention of Program Managers, particularly the aspects that relate to the quality of the data and information required for validation purposes.

C. External Audit Report on the Assessment of the Internal Audit Function

44. The Committee took note of the report of the External Auditor, the Swiss Federal Audit Office, as finalized on July 31, 2009.

45. The internal audit function of WIPO was assessed in accordance with WIPO’s Financial Regulations and Rules, and with the International Standards for the Professional Practice of Internal Auditing. It was carried out to clarify compliance with international standards and not in terms of content and related areas.

46. The Committee noted that the assessment seemed to have ignored the many recommendations made by the Committee concerning the internal audit function, as the report contained no reference to them.

47. The report highlighted the potential to improve the audit provision, at a formal level, in relation to each of the standards in order to meet the required conditions although the overall percentage of standards is already just above 80%.

48. The Committee endorsed the External Auditor's recommendations and wished to underline the recommendation that the audit plan be linked to an evaluation of risks faced by WIPO.

49. The Committee further wished to underline the need to finalize the audit manual and post it on the Intranet in order to raise the visibility of the Division and to facilitate communication between auditor and auditee.

#### Recommendation

50. The Committee recommends that IAOD finalize, as soon as possible, the 2010/11 workplan, based on an assessment of risks and, as far as possible, on the implementation of the outcome of the assessment.

#### D. Status of Implementation of Oversight Recommendations

51. In the absence of the Director of the Internal Audit and Oversight Division (IAOD), due to hospitalization, the Committee was briefed by Mr. Tuncay Efendioglu, Senior Internal Auditor, IAOD.

52. The Committee was informed that the development of a Microsoft Access database for oversight recommendations had not been completed due to urgent work priorities in the IT Division. The Committee was further informed that finalization of this part of the project is foreseen for the end of February 2010.

53. The Committee underlined that the development of such a database for the long list of outstanding recommendations should facilitate communication with responsible managers. It noted, however, that the IT approach would need to be supplemented by an Office Instruction highlighting the responsibility and accountability of managers for implementing oversight recommendations. This dual approach would facilitate a reduction in the number of outstanding recommendations.

54. The Committee decided that it would itself review the Committee's own outstanding recommendations in order to reduce the number of outstanding recommendations and prioritize them.

#### Recommendation

55. The Committee recommends that IAOD undertake grouping and prioritization of the outstanding recommendations for review by the Committee at its next meeting in April 2010.

#### E. Investigations

56. The Committee reviewed the IAOD Quarterly Summary Report for the period July-September 2009. In the absence of the Director of IAOD, it took note of the information contained therein but could not review it in detail.

57. The Committee noted that most investigation cases had not been completed in the July-September period.

58. The Committee also noted that some investigation cases would be completed by the end of the year.

59. The Committee was informed that the Investigation Manual was not ready yet and that an external consultant had been recruited to prepare a draft version.

60. The Committee expects the draft Investigation Manual to be ready in time for the Committee's review at its next meeting in April 2010, and would welcome the involvement of the Office of the Legal Counsel and the Human Management Resources Department in this respect.

### Recommendations

61. In line with observations and recommendations made at its fourth, twelfth, thirteenth and fourteenth meetings,<sup>14</sup> the Committee recommends that the Investigation Manual be finalized and that the Manual be tabled with a draft Investigation Policy.

62. The Committee further recommends finalization of investigation cases, to be reflected in the 2009 Investigation Annual Report, and expects to receive the 2009 Report in time for its next meeting in April 2010.

## **AGENDA ITEM 5**

### **INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)**

63. Information and explanations were provided to the Committee by Mr. Philippe Favatier, Chief Financial Officer (Controller) and Mrs. Janice Cook Robbins, Head, Finance Services, Department of Finance, Budget and Program Management, General Affairs and Administration Sector. The Committee noted the contents of the letter sent by Mr. Favatier in response to the comments made by Committee in its fourteenth report.

64. The Committee was given a presentation on the state of progress in implementing IPSAS.

65. The Committee was encouraged to learn that the IPSAS project was still on track for implementation in 2010. It was noted *inter alia* that:

- (a) Discussions were in progress with the External Auditor regarding compliance of WIPO's internal accounting policies with IPSAS, most particularly in connection with the treatment of PCT income. The Committee was advised that it was currently considered that such income would not now be recognized as revenue in the accounts until the date of publication of the patent some 18 months after the application fee was paid. In effect this means that the cash received from each applicant is held as a prepayment creditor until the date when the applicant's

---

<sup>14</sup> Documents WO/AC/4/2, paragraph 13(c), WO/AC/12/2, paragraphs 15 and 19(c), WO/AC/13, paragraph 19(b) and WO/AC/14/2, paragraphs 26 to 30, and 40(a).

patent is published at which point the case is treated as income. According to the IPSAS policy, the first year of accounts under IPSAS would accordingly show a material revenue reduction and a corresponding increase in liabilities. There was a much more modest reduction under the Madrid system where the income deferral was expected to be about 30 days. There was also discussion with the External Auditor as to whether component analysis would be required concerning the valuation of existing buildings. If the External Auditor insists that a “component approach” is required, the Organization will ask a valuer to determine whether it is indeed feasible to value the WIPO building by component parts. If feasible, this could mean that the various components will be accorded individual useful lives which could therefore increase the annual depreciation charge (if, for example, the structure of a building has a useful life of 50 years but the elevators had a life of only 35 years). The Committee was informed that it was currently expected that the net effect of IPSAS accounting would be a reduction in WIPO’s reserves of CHF21 million.

- (b) No change was currently planned for the accounting basis of the biennial program and budget other than to split it into its constituent two twelve month components. The Committee was advised that under IPSAS, annual financial statements were required which would have to disclose a statement of reconciliation with the budget for the year under review. The Committee emphasized that biennial accounts would have to be related to the approved Program and Budget to facilitate the review by Members States of the work undertaken by the Secretariat.
- (c) No immediate change was envisaged to the Program Performance Report as a result of introducing IPSAS. The Committee was advised however that linking the Program Performance Report with annual accounts could be considered for the 2012/13 biennium. To this effect, the activity codes available in the chart of accounts could be used. The Committee will revert to this subject at its next meeting.
- (d) The Committee was advised that the key risks relating to the IPSAS implementation were in the establishment of a reliable and comprehensive asset register and satisfying the External Auditor that the new accounting policies duly complied with IPSAS requirements. With regard to the new assets register, the Committee was informed that any delay in its establishment could be mitigated by parallel running with the existing system. As to compliance of accounting policies with IPSAS requirements, discussions with the External Auditor were at an advanced stage.
- (e) The Committee was also informed that the IPSAS Board, which comprises two UN system observers, is still in the process of developing new standards.
- (f) The Committee further noted that additional data will be required to be fed into the AIMS financial system from other systems. The Committee considered that this may constitute a major risk and would like to be briefed on the subject at its next meeting.

66. The Committee expects to be updated further on IPSAS implementation progress at its sixteenth meeting in April 2010.

## AGENDA ITEM 6

### NEW CONSTRUCTION PROJECTS

67. The documents presented to the Committee under this Item appear in Annex III of this report.
68. Information and explanations were provided orally to the Committee by Ms. Boutillon, Secretary, Construction Committee; Mr. Alfio Favero, Consultant, New Construction Projects Section, Buildings Division, General Affairs and Administration Sector; and, Mr. Jean-Daniel Fehr, Project Director General, Burckhardt+Partner SA (“the Pilot”).
69. The Committee was updated by the Secretariat and the Pilot on the New Construction Projects.
70. The Committee noted, *inter alia*, that:
- (a) There had been a recent request by the city fire and safety authorities to change the specification for dividing walls for offices and fire curtains, despite WIPO having obtained full and detailed planning consents in 2007. Whereas the completion date for the new office building was scheduled for October 8, 2010, the General Contractor had indicated there could be a minor delay to the completion date due to this new requirement. Discussions were still underway with the local authorities. Discussions were also in progress between the Pilot and the General Contractor to see how this delay risk could be mitigated, the outcome of which was expected to be classified on or before February 15, 2010.
  - (b) There had only been minor utilization of the provision for unforeseen circumstances for storage on level -4 and UN H-MOSS requirements and out of the original CHF7.8 million provision, there remained CHF6.6 million to cover the remaining 12 months of construction. To put that in context, there remained outstanding budgeted expenditure on the new office building of approximately CHF40 million.
  - (c) Taking occupation of the new office building when complete was itself anticipated to be a substantial and complex task. This was expected to take about 3 months and would involve moving approximately 500 people from facilities in the Procter & Gamble and the CAM buildings, as well as moving storage from a building on the outskirts of Geneva. Prior to this move some final changes will be required to office partitioning. In addition, all furniture and IT/telephony/security services have to be fully installed and storage facilities completed. Plans are being made to vacate the rented facilities by mid-2011, subject to the provisions of the lease agreements.
  - (d) Following the approval of the New Conference Hall project by Member States at the WIPO Assemblies in September, applications for building permits for the New Conference Hall and the new access centre were submitted in October and all being well, consents were expected in March 2010. Calls for expressions of interest for a general contractor for the New Conference Hall had been issued and the closing date extended to December 14, 2009. It was expected that expressions

of interest would be evaluated and passed to the Selection Board by the end of February or early March 2010 to be followed by pre-selection of contractors and issue to them of tender documents in June with final selection in November 2010.

71. The Committee requested to be further informed on progress on the construction projects at its next meeting in April 2010 and in this connection requested:

- (a) an updated Construction Charter taking into account changes in the senior management team;
- (b) updated plans and risk registers from both WIPO and the Pilot, to include the New Conference Hall Project and the move of staff to the new building;
- (c) consolidated cashflow projections, including the New Conference Hall Project; and,
- (d) assurances that strict information security measures have been taken to ensure the full confidentiality of the procedures for the selection of the contractor, and confirmation that contracting for all aspects of the New Conference Hall Project complies with UN procurement standards and WIPO rules.

## **AGENDA ITEM 7**

### **MEETING WITH THE UNITED NATIONS INDEPENDENT AUDIT ADVISORY COMMITTEE**

72. On December 2, the Committee met with the United Nations Independent Audit Advisory Committee (UN IAAC) in Geneva, and exchanged views on their respective terms of reference and mandate.

73. It was observed that, among the Audit Committees existing in the UN system, only those of the UN IAAC, the International Fund for Agricultural Development (IFAD) and the WIPO Audit Committee meet the essential acknowledged international requirements and functions of an audit committee in the sense that their members were elected by Member States and report to them, and that the external and independent nature of the committees was recognized.

74. It was further observed that the WIPO Audit Committee and the IFAD Audit Committee have nine members, whereas the UN IAAC has five.

75. The WIPO Audit Committee was advised by the IAAC Chair of the strategic role played by the dedicated Executive Secretary for the functioning and operations of the Committee itself. (See also paragraph 105 below).

76. Both the UN IAAC and the IFAD Audit Committee are subsidiary organs of the United Nations General Assembly and the IFAD Executive Board, respectively, whereas the WIPO Audit Committee is not yet charged as such.

77. The scope of the two Committees is different. As stated by the Chairperson of the UN IAAC, its scope is limited to the UN Office of Internal Oversight Services and, more recently, to corporate risk management. The WIPO Audit Committee has a wider scope more in line with the functions normally entrusted to Audit Committees.

78. Both Committees stressed the importance of the operational independence of the internal audit functions in their respective organizations. The UN IAAC recently issued a definition of “independence”, which will be carefully considered by the WIPO Audit Committee at its next meeting in Spring 2010 for a possible recommendation that such a definition be inserted into the WIPO Internal Audit Charter.

79. The UN IAAC appreciated the Report on the Assessment of the Work and Operations of the WIPO Audit Committee, which may be useful for the UN IAAC’s assessment exercise to take place in 2010.

## **AGENDA ITEMS 8 AND 9**

### **FOLLOW-UP ON THE REPORT ON THE ASSESSMENT OF THE WIPO AUDIT COMMITTEE; MEETING WITH REPRESENTATIVES OF WIPO MEMBER STATES**

#### Background

80. As a follow up on the Assessment Report, the Committee was briefed on the proceedings and outcome of the fourteenth session of the Program and Budget Committee (September 14 to 16, 2009) and the forty-seventh series of meetings of the Assemblies of the Member States of WIPO (September 21 to October 1, 2009).

81. The Agenda of the Program and Budget Committee (PBC) included two items related to the Committee:

“7: Report of the Chair of the WIPO Audit Committee (oral presentation)

8: Composition of the WIPO Audit Committee. Presentation by the Chair [of the Program and Budget Committee]”<sup>15</sup>

82. The Agenda of the WIPO Assemblies included one item related to the Committee:

“9: Report of the WIPO Audit Committee Since 2008; Composition of the WIPO Audit Committee”

with reference to documents WO/GA/38/2 (WIPO Audit Committee Assessment Report) and WO/GA/38/16 (Composition of the WIPO Audit Committee).<sup>16</sup>

---

<sup>15</sup> WO/PBC/14/1 Prov.

<sup>16</sup> A/47/1, page 7

83. The outcome of the General Assembly (GA) on those items was the following:

“The General Assembly decided to:

- (i) renew the mandate of all members of the Audit Committee until January 2011;
- (ii) review the process of the rotation and the size of the Audit Committee with a view to agreeing on the relevant changes at its 2010 session;
- (iii) review the recommendations made by the Audit Committee for implementation as appropriate; and,
- (iv) establish a Working Group for the purpose of (ii) and (iii) above, composed of seven (7) group coordinators, interested Member States, the bureau of the PBC and the Chair of the Audit Committee (or the Vice-Chair, in his absence). The Working Group will submit its recommendation to the next session of the PBC (in 2010) to enable Member States to select the new members of the Audit Committee by December 2010.”<sup>17</sup>

#### Observations

84. The Committee noted that:

- (a) The Committee’s Assessment report was not recognized as a PBC document, but as a GA document due to the coding of the document by the Secretariat. The Committee’s reports of its twelfth and thirteenth meetings were not included as part of the Agenda of the PBC, the Agenda item having been classified as an oral presentation with no reference to the documents themselves.
- (b) The Committee had not at that time finalized the report of its fourteenth meeting held in August and this was the subject of an oral presentation.
- (c) There was very little time made available for the PBC to consider the Audit Committee’s report. Member States did note that, in future, the PBC will have to rationalize its time in a more equitable manner when dealing with items before it.
- (d) The PBC was unable to reach a recommendation during its session and the PBC Chair left this for WIPO Group Coordinators to negotiate. The outcome was reflected in Document A/47/15, under Items 7 and 8: “Summary of Recommendations Made by the Program and Budget Committee at its Fourteenth Session held from September 14 to 16, 2009”.
- (e) With regard to the GA, the Committee representatives drew the GA’s attention to the fact that document WO/GA/38/2 on the Assessment report:
  - (i) did not contain the first three pages of the Assessment report, which included the information that the report had been carried out by the Audit Committee itself; and,

---

<sup>17</sup> Document WO/GA/38/16, paragraph 30

- (ii) in the decision paragraph of document WO/GA/38/2, the GA was “invited to take note of the contents of the ‘Assessment of the Work and Operations of the WIPO Audit Committee’ and its recommendations indicated in paragraphs 72, 74 and 76 of this Annex”.

85. The Committee representatives drew the attention of the Secretariat to the first omission. A corrigendum was issued.

86. The representatives also drew the attention of the GA and the Secretariat to the fact that the PBC and GA do not simply “take note” of the Audit Committee’s reports and recommendations but act upon them. They also asked the Legal Counsel to pronounce himself on the matter.

87. Despite the above, it was unfortunate that the GA took note of the report.

88. A number of Member States opened the subject again under WIPO Assemblies’ Agenda Item 14 “Proposed Program and Budget for 2010-2011”. The result was the text cited in paragraph 83 above.

89. The Committee requests the Secretariat to take action on these observations and make sure that the handling of the Committee’s reports is improved in the near future. It welcomed the information provided by the Director General of the creation of a document management function.

#### Meeting with Representatives of WIPO Member States, Friday, December 4, 2009

90. Following a similar meeting held on August 21, 2009, the Chair of the Committee invited Officers of the PBC and the WIPO Group Coordinators, to attend an informal meeting with the Committee on Friday, December 4, 2009. They were informed that other interested WIPO Member State representatives would be welcome.

91. That meeting was attended by 21 representatives of WIPO Member States, including a Vice Chair of the PBC and six Group Coordinators. The list of participants is contained in Annex IV of this document.

92. The Chair welcomed the representatives and briefed them on the various items on the Agenda of the Committee’s current session, including the Strategic Realignment Program, the New Construction Projects, IPSAS, UN IAAC, and the activities of the Internal Audit and Oversight Division.

93. Member States representatives expressed appreciation for the briefing and suggested that such meetings be put on the Agenda of all future Committee meetings.

94. Some representatives expressed the wish for interpretation into Spanish and Arabic for informal meetings with the Committee. The Committee stated that it would convey this request to the Secretariat in writing.

95. There was discussion on the follow-up on the Committee's recommendations and their implementation by the Secretariat and, where appropriate, by Member States, as well as on interaction with Member States and the Secretariat. It was noted that, in view of the experience in the last sessions of the PBC and GA, the PBC may need to reconsider its planning of the Agenda in order to allow a more thorough discussion of all items, including the Committee's reports and recommendations.

96. During the discussion, Committee members stressed the fact that the Committee's objective is to have constructive dialogue with both the Administration and Member States and that its recommendations should not be construed as criticism of the management. The Committee further noted the importance for it to have, on time, necessary and complete information from the Secretariat, to enable it to pursue its oversight function, in close cooperation with the Secretariat, in a more efficient manner.

97. Views were exchanged on the decision of the GA to create a Working Group to follow up on:

- (a) the composition and rotation of the Committee; and,
- (b) the implementation of the Committee's recommendation as appropriate.

98. In this context, Committee members pointed out that they felt that it would have been more advantageous had Member States expressed themselves on the rotation of some members to be effective as of January 1, 2010, for better continuity. However, it was advisable that the numbers should be settled by mid-2010 to allow Member States to nominate and select new members, as a number of the current nine members will probably reach the end of their mandate by December 31, 2010.

99. Discussion followed on three recommendations contained in the Committee's assessment report. It seemed apparent that an agreement could easily be reached on the following two recommendations:

- (a) that the title of the Committee be changed to become the "Independent Advisory Oversight Committee" (IAOC); and,
- (b) that the Committee become a subsidiary organ of the WIPO General Assembly.

100. With regard to the third recommendation for the "establishment within WIPO of a new more functional governing body meeting more frequently than the PBC with a possible membership of 12 to 16"<sup>18</sup>, the Committee members stressed the point that this recommendation was related to what it perceived to be relative weaknesses in the governance structure of the Organization. The recommendation was based on a comparison of the governance structure of WIPO with those of other UN system organizations. This could, among others, also reduce the gap between the time of issuance of the Committee's reports and their consideration by Member States.

---

<sup>18</sup> WO/GA/38/2, paragraph 74

101. While a number of participants welcomed the idea, many asked for further information. They pointed out the need to define the role and terms of reference of this new layer of governance. Committee members thought that permanent missions in Geneva were in the best position to gather relevant information on the governance structure of other UN agencies in the city through their membership in such organizations. The Committee would, however, attempt to update the information that it had collected in this respect.

102. Some Members reminded the participants that they had to seek guidance from their capitals, in particular, on this matter.

103. The Working Group established by the GA will look into these issues further and may meet in January/February 2010. Since no Committee members reside in Geneva, the Committee would need to be advised as early as possible of planned meeting dates to ensure participation of a Committee member. Meeting dates should, to the extent possible, take into account the need to contain Committee travel costs.

104. The Committee reminded Member States' representatives that, in accordance with Article 13 of the Terms of Reference of the WIPO Audit Committee, Member States will have to review the Committee's Terms of Reference in 2010. The Working Group may be a vehicle towards this review, as well as for a follow-up on the GA decision on the composition and rotation of the WIPO/AC, and for a follow-up on WIPO/Committee recommendations with a view towards their implementation as appropriate.

105. The Committee members reiterated the need for the Committee to have independent assistance in substantive matters as is the case for the UN Independent Audit Advisory Committee (UN IAAC). This, however, would not need to be a full-time staff/consultant, as is the case for the UN IAAC. For ease of reference, a description of such functions, excerpted from the UN IAAC Rules of Procedure, is attached in Annex V.

## **AGENDA ITEM 10**

### **ELECTION OF THE CHAIR AND VICE CHAIR**

106. In accordance with the newly adopted Rules of Procedure of the WIPO Audit Committee, the Committee elected Mr. Gian Piero Roz as Chair and Mr. Khalil Issa Othman as Vice Chair, effective January 1, 2010, for one year.

107. The Committee expressed its appreciation for the work of the current Chair Mr. Pieter Zevenbergen and the current Vice Chair Mr. George Haddad.

## AGENDA ITEM 11

### OTHER MATTERS

#### A. Process for the Selection of the External Auditor

108. The Committee was apprised of the discussions held during the PBC and the GA concerning the process for the selection of the External Auditor proposed by the Secretariat.<sup>19</sup> It took note of the decision that the Committee be “involved ... in (a) preparing the list of selection criteria and (b) carrying out the preliminary technical evaluation.”<sup>20</sup> The Committee stands ready to assist in the process.

#### B. Next Meeting of the WIPO Audit Committee

109. The next meeting of the Committee is tentatively scheduled to take place from Monday, April 12 to Thursday, April 15, 2010.

110. Subject to further discussion by the Committee, the draft Agenda for that meeting is anticipated to include:

1. Adoption of the Agenda
2. Strategic Realignment Program Plan
3. Internal Control:
  - A. Follow-up on Implementation of Oversight Recommendations
  - B. Update on Investigations
  - C. Internal Audit Reports
4. International Public Sector Accounting Standards (IPSAS)
5. New Construction Projects
6. Follow-up on the Assessment of the Work and Operations of the WIPO Audit Committee
7. Meeting with Representatives of WIPO Member States
8. Other Matters

[Annex I follows]

---

<sup>19</sup> Document WO/PBC/14/5

<sup>20</sup> Documents WO/PBC/14/13 Prov., paragraph 6 and WO/GA/38/20, paragraph 12.

**WIPO**



**WO/AC/15/2**

**ORIGINAL:** English

**DATE:** November 30, 2009

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

## **WIPO AUDIT COMMITTEE**

### **Fifteenth Meeting**

**Geneva, November 30 to December 4, 2009**

#### AGENDA

*adopted by the WIPO Audit Committee*

1. Adoption of the Agenda
2. Organization of the Work of the WIPO Audit Committee and its Functioning
3. Update on the Strategic Realignment Program:
  - A. Letter from the Director General
  - B. Voluntary Separation Program
  - C. Revision of Staff Regulations and Rules
  - D. Ethics and Integrity
4. Internal Control:
  - A. Internal Audit Reports
  - B. Validation of the Program Performance Report
  - C. External Audit Report on the Internal Audit Function
  - D. Follow-up on Implementation of Oversight Recommendations
  - E. Investigations

/...

5. International Public Sector Accounting Standards (IPSAS)
6. New Construction Projects
7. Meeting with the United Nations Independent Audit Advisory Committee
8. Follow-up on the Report on the Assessment of the Work and Operations of the WIPO Audit Committee
9. Meeting with Representatives of WIPO Member States
10. Election of the Chair and Vice Chair
11. Other Matters

[Annex II follows]

ANNEX II

WIPO AUDIT COMMITTEE

RULES OF PROCEDURE<sup>21</sup>

I. Background

1. The WIPO Audit Committee serves the WIPO Member States in an expert advisory capacity to assist it in fulfilling its oversight responsibilities as set out in its Terms of Reference.<sup>22</sup>
2. The rules of procedure are adopted by the WIPO Audit Committee, hereinafter referred to as “the Committee”. The rules supplement the terms of reference of the Committee and shall always be read together with and construed in a manner consistent with the terms of reference.

II. General Provisions

3. All members of the Committee shall reflect the highest level of integrity and shall serve in their personal capacity, and in performing their duties they shall not seek or receive instructions from any Government.
4. The members cannot delegate their duties and cannot be represented by any other person in the sessions of the Committee.
5. The Committee shall elect a Chairperson and a Vice-Chairperson for a one-year renewable term commencing on 1 January of each year. Before the term ends, the members shall elect a Chairperson and Vice-Chairperson for the next term.
6. The chairpersonship shall be automatically declared vacant if the Chairperson no longer holds membership in the Committee. The chairpersonship may be declared vacant if the incumbent is disabled or is otherwise unable to discharge his/her responsibilities for the balance of his/her term.
7. In case of a vacancy in the office of the Chairperson, the Vice-Chairperson shall assume the office of Chairperson until the expiration of his/her predecessor’s term of office. Members of the Committee shall appoint an acting Vice-Chairperson from among the other members of the Committee.
8. In the event that the Vice-Chairperson ceases to hold membership in the Committee the members of the Committee shall appoint another Vice-Chairperson from among the other members of the Committee. The vice-chairpersonship may be declared vacant if the incumbent is disabled or otherwise unable to discharge his/her responsibilities for the balance of the term.

---

<sup>21</sup> As adopted by the WIPO Audit Committee on December 3, 2009

<sup>22</sup> WIPO document WO/GA/34/15

9. Under the authority of the Committee, the Chairperson shall represent the Committee, shall attend hearings to respond to questions on the activities and findings of the Committee and shall serve as the chief spokesperson of the Committee before the press or other key stakeholders based on input received from the Committee. In the absence of the Chairperson, the Vice-Chairperson or another Committee member designated by the chairperson shall act on his/her behalf.

### III. Plan of Activities

10. The organization of activities of the Committee shall be carried out on the basis of an annual workplan to be adopted at a formal session of the Committee.

### IV. Sessions

11. The Committee shall meet regularly every quarter in formal meeting, whenever possible in coordination with the relevant activities of the WIPO governing bodies.

12. The Committee may convene at such times as may be necessary for the performance of its duties at the call of the Chairperson or at the request of any member of the Committee and as agreed to by the full Committee. The dates for sessions of the Committee are to be established by the Chairperson in consultation with the members and the Secretariat.

13. The Chairperson will prepare a provisional agenda in consultation with the members. Members shall receive the provisional agenda and accompanying documents at least two weeks before the meeting is convened.

14. The Committee shall normally hold closed sessions. The Committee may invite to its sessions individuals or parties it deems appropriate, including representatives of the WIPO secretariat and representatives of the External Auditor and of the Internal Audit and Oversight Division.

15. The Chairperson, in cooperation with Members of the Committee, shall prepare the draft report of the sessions of the Committee and shall submit it for the review and approval of all Committee members.

16. The Chairperson shall submit a report of each session in accordance with the Committee's Terms of Reference. Prior to that, the draft report will be sent to the Secretariat for correction of factual errors. Other comments by the Secretariat will be considered.

### V. Information and Decisions

17. The Committee shall make every effort to arrive at its recommendations and advice by consensus. However, in the event that one of the members does not agree, then such member shall have the right to briefly state his/her view in any related publication of the Committee. However, such a minority view is not binding on the Committee. A member unable to attend a session of the Committee may make his/her views on the matters to the

Chairperson or Vice-Chairperson to be considered in writing, or by way of telephone or videoconference.

## VI. Duties of Officers

18. The Chairperson shall:

- (a) Convene the sessions in accordance with article **IV** of these rules;
- (b) Present the provisional agenda for the session;
- (c) Conduct the meetings of the session;
- (d) Issue such correspondence on behalf of the Committee as may be required;
- (e) Represent the Committee, or nominate a Committee Member to act on his/her behalf, before such bodies, committees and the like as may be required;
- (f) Submit the Committee reports to the Programme and Budget Committee on behalf of the Committee;
- (g) Serve as the chief spokesperson of the Committee.

19. The Vice-Chairperson shall:

- (a) Conduct the meetings during periods of absence of the Chairperson;
- (b) Represent the Committee before such bodies, committees and the like as the Chairperson may request;
- (c) Assume the functions of the Chairperson in the event the Chairperson ceases to be a member of the Committee or resigns from office.

## VII. Agenda

20. The Chairperson shall direct the preparation of the provisional agenda for each session after consulting with the other members of the Committee.

21. Notwithstanding the general requirement that members receive at least 15 calendar days' notice of the provisional agenda for each session, additional items shall be included on the provisional agenda of a session of the Committee if a member requests the Chairperson to do so at least five days before the date set for the session.

22. An item may be deleted from or added to the provisional agenda of a meeting during the meeting with the unanimous approval of the members.

23. At the beginning of each session, the Committee shall adopt the agenda for its session.

VIII. Official Correspondence of the Committee

24. Each member will promptly circulate among members of the Committee any communications related to the functions of the Committee that he/she either receives or originates.

25. If a decision of the Committee is required between sessions and in the opinion of the Chairperson a special session is not required but the consent of the members is needed, the Chairperson may solicit the views of the members by direct communication and give effect to the opinion as a Committee decision.

IX. Confidentiality of Information

26. The Committee members, the Committee secretariat, observers and any third party invited by the Committee to attend its sessions or servicing them shall not make any document or information public without the Committee's prior authorization and shall be advised accordingly.

27. Any Committee member reporting on the Committee's work shall ensure that confidential materials are secured and shall keep other members adequately informed.

[Annex III follows]

ANNEX III

LIST OF DOCUMENTS

Item 1: Adoption of the Agenda

WO/AC/15/1 Prov.1: Draft Agenda, dated November 25, 2009

Item 2: Organization of the Work of the WIPO Audit Committee and its Functioning

A. Tripartite Meeting, September 3, 2009

Letter from the Director General to the Chair, dated September 14, 2009, transmitting draft Record of a tripartite meeting (Chair of the WIPO Audit Committee/External Auditor/Director, Internal Audit and Oversight Division), held on September 3, 2009.

B. Meeting with the Director General, October 22, 2009

Note prepared by Mr. Gian Piero Roz on meeting with Director General on October 22, 2009.

C. Letter from the Director General on Financial Disclosure/Declaration of Interest

Letter to the Chair, dated October 1, 2009, concerning comments of Audit Committee on working document WO/CC/61/4 “Financial Disclosure/Declaration of Interest”, and a letter from the Director General to the Chair, dated June 19, 2009, responding to the comments.

Background documents:

Office Instruction No. 57/2009 “WIPO Declaration of Interest Form Implementing Guidelines”

Letter from Chair to Director General, dated June 12, 2009, transmitting Audit Committee comments on document WO/CC/61/4

Letter from the Director General to the Chair, date May 18, 2009, requesting comments from the Audit Committee on document WO/CC/61/4

D. WIPO Audit Committee Rules of Procedure

Proposal by Mr. Gian Piero Roz, Audit Committee Member, for “WIPO Audit Committee Rules of Procedure”, dated November 24, 2009.

Item 3: Update on the Strategic Realignment Program

A. Letter from the Director General

Letter from the Director General to the Chair of the Committee, dated November 19, 2009

Background document

*New Senior Management Team – Curricula Vitae:*

WIPO document WO/CC/61/2 “Appointment of Deputy Directors General and Assistant Directors General”, dated May 21, 2009, and presented at the Sixty-first (22<sup>nd</sup> Ordinary) Session of the WIPO Coordination Committee.

B. Voluntary Separation Program

Powerpoint Presentation: “Voluntary Separation Program (VSP) 2009-2010”; dated December 3, 2009, prepared for the WIPO Audit Committee meeting

Office Instruction 56/2009: “Voluntary Separation Program. Extension of Deadline for Formal Application”, dated July 20, 2009

Extract WIPO Document WO/CC/61/6: Report Of The Sixty-First (22<sup>nd</sup> Extraordinary) Session (June 2009), dated August 18, 2009. “Item 4 of the Agenda: Proposal for Voluntary Separation Scheme” (paragraphs 36 to 136)

Background documents

*Issued at AC/14:*

WIPO Document WO/CC/61/3: “Voluntary Separation Program”, dated May 29, 2009;  
WIPO Document WO/CC/61/3 Add.: “Voluntary Separation Program. Addendum”, dated July 13, 2009;  
Office Instruction 44/2009: “Voluntary Separation Program”, dated July 20, 2009.

C. Revision of Staff Regulations and Rules

WIPO document WO/CC/62/2: “Proposed Revision of the Staff Regulations and Rules”, dated August 15, 2009, presented at the Sixty-second (40<sup>th</sup> Ordinary) Session of the WIPO Coordination Committee (September 22 to October 1, 2009)

Background documents

*Issued at AC/14:*

Annex II of Draft document WO/CC/62/2 “Draft Proposed Revision of the Staff Regulations and Rules”, prepared for the Sixty-Second (39<sup>th</sup> Ordinary) Session of the WIPO Coordination Committee (September 22 to 30, 2009).

D. Ethics and Integrity

Letter to the Chair, dated October 1, 2009, concerning comments of Audit Committee on working document WO/CC/61/4 “Financial Disclosure/Declaration of Interest”, and a letter from the Director General to the Chair, dated June 19, 2009, responding to the comments.

Background documents:

Office Instruction No. 57/2009 “WIPO Declaration of Interest Form Implementing Guidelines”

Letter from Chair to Director General, dated June 12, 2009, transmitting Audit Committee comments on document WO/CC/61/4

Letter from the Director General to the Chair, date May 18, 2009, requesting comments from the Audit Committee on document WO/CC/61/4

*Issued at AC/13:* “UN WIPO Integrity and Ethics System. Review Report”, dated December 2008, prepared by Howard Whitton, together with covering Memorandum from Mr. Treen to the Director General, dated February 6, 2009, entitled: “Integrity and Ethics Review”; and, “IOAD Summary of Proposed Recommendations” [of the Review Report].

Item 4: Internal Control

A. Internal Audit Reports

*Payroll:*

*Issued at AC/14:* Internal Audit Report IA/03/2009 “Audit of Payroll in WIPO”, dated July 17, 2009, together with covering Memorandum from Mr. Treen to the Director General.

Background documents – Office Instructions:

OI 22/1999: “Lump Sum Payment on Home Leave”;

OI 18/2002: “Home Leave”;

OI 18/2002 (Addendum No. 1): “Home Leave”;

OI 23/2003: “Compassionate Leave”

OI 38/2003: “Working Hours”

OI 08/2004: “Special Leave for Maternity Purposes for General Service Short-term Employees, Consultants, Special Labor Contract (SLC) Holders and Translators”

OI 22/2004: “Alternate Country of Home Leave”

OI 25/2004: “Compassionate Leave for General Service Short-term Employees, Consultants, Special Labor Contract Holders and Translators under the AITC Agreement”.

OI 02/2006: “Procedures for the Use of the Computerized Flexible Working Time System”

OI 03/2006: “Sick Leave and Absence for Medical Appointments”

OI 17/2007: “New and Modified Provisions for General Service Short-term Employees”  
OI 24/2009: “Procedures Relating to Certified Sick Leave”

*Travel and Mission Support:*

*Issued at AC/13:* Internal Audit Report: IAOD Audit Report No. IA/01/2009: “Audit of Travel and Mission Support in WIPO”, with covering Internal Memorandum, dated March 11, 2009, from Mr. Treen to the Director General.

Background documents – Office Instructions:

OI 22/1999: “Lump Sum Payment on Home Leave”;  
OI 18/2002: “Home Leave”;  
OI 18/2002 (Addendum No. 1): “Home Leave”;  
OI 41/2008: “Official Travel and Related Expenses”; and,  
OI 59/2009: “Amendments to the Staff Regulations and Staff Rules (No. 139)” – Air Travel Conditions – Rule 7.1.9

*New Construction Project Risk Register:*

Document IA/05/2009: Internal Audit Report “Review of WIPO Risk Registers for the New Construction Project”, dated September 18, 2009.

*PCT Revenue Generation Process:*

Document IA/04/2009: “Final Audit Report on the PCT Revenue Generation Process”, and transmittal Memorandum, from Mr. Treen to the Director General, both dated November 4, 2009.

B. Validation of the Program Performance Report

*Issued at AC/14:* Memorandum “Summary Report on IAOD Validation of the 2008 Program Performance Report” and “Validation Report of the 2008 Program Performance Report”, from Mr. Treen to the Director General, dated June 4, 2009.

C. External Audit Report of the Evaluation of the Internal Audit Function in WIPO

Memorandum from Mr. Treen to the Director General, dated November 11, 2009 entitled “External Audit Report on the Evaluation of the Internal Audit Function in WIPO”;

“IAOD Comments/Action Plan on the External Audit Report of the Evaluation of the IA Function in WIPO”, dated November 3, 2009, prepared by the Director, IAOD; and,

“Assessment of the Internal Audit Function. Report of the External Auditor to the WIPO General Assembly”, dated August 11, 2009, prepared by the Swiss Federal Audit Office (English version and French original).

D. Follow-up on Implementation of Oversight Recommendations

Memorandum from Mr. Treen to the Director General, dated November 16, 2009 entitled “Oversight Recommendations Follow Up”;

Lists of Recommendations with Outstanding Implementation Status (Part I), as at November 10, 2009;

Implemented Oversight Recommendations (Part II) as at November 10, 2009;

“List of Recommendations for a priority. Priority: High priority”;

“Recommendation Statistics for high priority”;

Implementation Status of Outstanding External Audit Recommendations, with transmittal memorandum from Mr. Treen to the Director General, dated October 30, 2009; and,

List of Outstanding External Audit Recommendations, with transmittal memorandum from Mr. Treen to Program Managers, dated September 19, 2009.

E. Investigation

“IAOD Quarterly Summary Report – July-September, 2009” with cover memorandum from Mr. Treen to the Director General, dated October 7, 2009.

Item 5: International Public Sector Accounting Standards (IPSAS)

Powerpoint Presentation “Adoption of International Public Sector Accounting Standards at WIPO”.

Item 6: New Construction Projects

A. Progress Reports

“Progress Report on the New Construction Projects”, dated November 12, 2009, prepared by the Secretary (I. Boutillon) of the Construction Committee; and,

“Progress Report by the Pilot”, dated November 18, 2009.

B. Cashflow Projections

“Cashflow Projections”, dated November 19, 2009.

C. Call for Expressions of Interest

“Call for Expressions of Interest (EOI) No. PTD/09/51” for the Mandate of General Contractor for the New WIPO Conference Hall”, as published on the Procurement page of the WIPO website.

D. Risk Registers

Extract (risk levels 9, 6 and changes) from WIPO Risk Register No. 20 (September 30, 2009); and,

Document IA/05/2009: Internal Audit Report “Review of WIPO Risk Registers for the New Construction Project”, dated September 18, 2009.

D. External Audit Report

Document A/46/7 “External Auditor’s Report: New Construction Project: Evaluation of the External Auditor on the New Administrative Building and Additional Storage Construction Project – Follow-up to the 2007 Audit”.

Item 7: Meeting with the United Nations Independent Audit Advisory Committee

UN document A/C.5/62/9 “Appointment of members of the Independent Audit Advisory Committee”, dated October 18, 2007;

UN document A/63/328 “Activities of the Independent Audit Advisory Committee for the period from 1 January to 31 January 2008”, dated August 25, 2008; and,

UN document A/64/86 “Internal oversight: proposed programme budget for the biennium 2010-2011. Report of the Independent Audit Advisory Committee”, dated June 5, 2009.

Item 8: Follow-up on the Report on the Assessment of the Work and Operations of the & WIPO Audit Committee; and

Item 9: Meeting with the Working Group on the Composition of the WIPO Audit Committee and Implementation of its Recommendations

*Assessment of the Work and Operations of the WIPO Audit Committee*

WIPO Documents WO/GA/38/2 and WO/GA/38/2 Corr: “Report of the WIPO Audit Committee Since 2008”, dated September 5, 2009, and Corrigendum, dated September 21, 2009, presented to the Forty-Seventh Series of Meetings of the Assemblies of the Member States of WIPO, September 22 to October 1, 2009.

*General Assembly Decision 2009*

E-mail “Report of Mr. Othman on the WIPO Assemblies” from Ms. Beyler-Sapiente to all Audit Committee members, dated September 29, 2009.

Transcription of General Assembly Report Adoption Session on October 1, 2009, relating to Item 9;

Extract “Item 9 of the Consolidated Agenda: Report of the WIPO Audit Committee Since 2008; Composition of the WIPO Audit Committee” (paragraphs 15 to 30, pages 4 to 6) from WIPO document WO/GA/20 Prov.: Draft Report of the Thirty-eighth (19<sup>th</sup> Ordinary) Session of the WIPO General Assembly, dated October 1, 2009. Extract;

Extract “Agenda Item 8. Composition of the WIPO Audit Committee (Presentation by the Chair)” from WIPO Document A/47/15: “Summary of Recommendations Made by the Program and Budget Committee at its Fourteenth Session Held from September 14 to 16, 2009”, dated September 16, 2009, and presented to the Forty-Seventh Series of Meetings of the Assemblies of the Member States of WIPO, September 22 to October 1, 2009; and,

WIPO Document WO/GA/38/16: “Composition of the WIPO Audit Committee”, dated September 5, 2009, presented to the Forty-Seventh Series of Meetings of the Assemblies of the Member States of WIPO, September 22 to October 1, 2009.

\_\*\_\*\_\*\_\*\_\*\_\*\_

Other Correspondence/Documents:

*Internal Control Gap Assessment*

Letter from the Chair to the Director General and letter to Mr. Treen, Director, IAOD, both dated September 16, 2009, concerning preliminary review of the Audit Committee on terms of reference for an internal control review and gap assessment.

Letter to the Chair, dated September 21, 2009, concerning the Internal Control Gap Assessment.

Background document: *Issued AC/14:* “Internal Control Review and Gap Assessment”

*Report of the Fourteenth Meeting of the WIPO Audit Committee*

Letter from Mr. Favatier, Chief Financial Officer (Controller) to the Chair, dated October 20, 2009, providing comments on Report of the Fourteenth Meeting of the WIPO Audit Committee (document WO/AC/14/2 Rev.)

Background documents:

Document WO/AC/14/2 Rev. Report of the Fourteenth Meeting of the WIPO Audit Committee, dated September 21, 2009.

*Issued at AC/14:* Letter from P. Favatier to the Chair, dated April 6, 2009, transmitting: “FRR-IPSAS Implementation Project Initiation Document (PID)”, version 2.1, dated March 30, 2009, prepared by Robert Lawton; and, “Risk Management Log for FRR-IPSAS Implementation Project”, updated March 30, 2009.

WIPO document WO/PBC/14/6 “Progress Report on the Implementation of IT Modules to Establish Compliance with the New Financial Regulations and Rules and IPSAS”, dated July 30, 2009.

WIPO document WO/PBC/14/8 “Status of the Utilization of Reserves”, dated August 15, 2009

WIPO Document WO/PBC/13/6 “Proposed Utilization of Available Reserves Overview and Background”, dated November 13, 2008.

[Annex IV follows]

ANNEX IV

Meeting with Representatives of WIPO Member States  
December 4, 2009

List of Participants

ALGERIA

Hayet MEHADJI (Mrs), First Secretary, Permanent Mission, Geneva

AUSTRALIA

Peter HIGGINS, First Secretary, Permanent Mission, Geneva

BRAZIL

Thais VALÉRIO DE MESQUITA (Ms), First Secretary, Permanent Mission, Geneva

CHINA

WANG Xiaoying, First Secretary, Permanent Mission, Geneva

COSTA RICA

Carlos GARBANZO, Minister Counselor, Permanent Mission, Geneva

ECUADOR

Luís VAYAS VALDIVIESO, First Secretary, Permanent Mission, Geneva

EGYPT

Mohamed GAD, First Secretary, Permanent Mission, Geneva

EL SALVADOR

Rodrigo RIVAS MELHADO, Minister Counselor, Permanent Mission, Geneva

FRANCE

Albert ALLO, Counselor, Financial Affairs, Permanent Mission, Geneva

GERMANY

Anjulie BARYALI (Ms.), Permanent Mission, Geneva

KYRGYZSTAN

Askhat RYSKULOV, Counselor, Permanent Mission, Geneva

MEXICO

Arturo HERNANDEZ BUSAVE, Ambassador, Deputy Permanent Representative, Permanent Mission, Geneva

Jose Ramon LORENZO DOMINGUEZ, First Secretary, Permanent Mission, Geneva

SERBIA

Ms. Vesna FILIPOVIC-NIKOLIC, Counselor, Permanent Mission, Geneva

SOUTH AFRICA

Susanna CHUNG (Ms.), Second Secretary, Economic Development, Permanent Mission, Geneva

SPAIN

Miguel Ángel VECINO QUINTANA, Counselor, Permanent Mission, Geneva

Nuria URQUIA (Ms.), Permanent Mission, Geneva

SWITZERLAND

Alexandra GRAZIOLI (Ms.), Senior Legal Advisor, Swiss Federal Institute of Intellectual Property, Berne

UNITED STATES OF AMERICA

Susan FALATKO (Ms.), First Secretary, Permanent Mission, Geneva

Deborah LASHLEY-JOHNSON (Ms.), Intellectual Property Attaché for Economic and Science Affairs, Permanent Mission, Geneva

YEMEN

Fawaz Al-Rassas, Second Secretary, Permanent Mission, Geneva

[Annex V follows]

ANNEX V

**Excerpt “IX. THE SECRETARY OF THE COMMITTEE”  
from the Rules of Procedure of the United Nations  
Independent Audit Advisory Committee (UN IAAC)<sup>23</sup>  
(see paragraph 105 above)**

“27. The full-time Executive-Secretary of the Committee, provided by the Department of Management in the United Nations Secretariat shall:

- a. Maintain the minutes and other official records of the Committee which shall remain in his/her office at United Nations Headquarters;
- b. Assist the Chairperson in the preparation of the agenda, other correspondence, and technical papers for discussion during the session;
- c. Conduct research and in-depth analysis of the key issues most relevant to the work of the Committee;
- d. Write reports and present information based on the research and analysis conducted;
- e. Prepare the drafts of the session’s minutes and circulate them to all members for approval at the next meeting of the Committee;
- f. Distribute the session’s final minutes;
- g. Keep the Committee informed of developments in the United Nations which may include such items as policy decisions, decisions of the intergovernmental bodies, discussions by expert bodies, etc. that relate to the work of the Committee;
- h. Promptly provide members with any information or documents needed to allow members to make complete and accurate reports on the Committee’s work to the General Assembly;
- i. Prepare briefing notes for the Chairperson of the Committee;
- j. Draft the Committee’s annual report to the General Assembly containing the advice of the Committee to the General Assembly, and describing its work in discharging its responsibilities; and submit the draft report for review and approval of all Committee members;
- k. Maintain liaison with management, with key personnel of entities that audit the United Nations Secretariat and with the Secretariats of the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee, the Joint Inspection Unit, and the Committee for Programme Coordination;
- l. Take the necessary steps to ensure that the physical arrangements such as conference rooms, interpretation services, etc. are available;
- m. Ensure the effective management of the Committee Secretariat office including maintaining a reference library of documentation on audit/oversight related administrative and budgetary matters;
- n. Ensure that the Secretariat makes timely travel arrangements for travel of Committee members and for timely reimbursements relating thereto;
- o. Such other duties and responsibilities as may be assigned by the Chairperson in consultation with other members of the Committee.”

[End of Annex V and of document]

---

<sup>23</sup> Rules of Procedure for the Independent Audit Advisory Committee adopted by the IAAC on 22 February 2008 at its First Session, and communicated to the General Assembly at its 63rd Session (document A/63/328).