

Internal Oversight Division

Internal Audit Manual

2021 EDITION

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LIST OF ACRONYMS

ACL	Audit Command Language
BI	Business Intelligence
CoCo	Coordination Committee
EPM	Enterprise Performance Management
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FRR	Financial Regulations and Rules
GA	General Assembly
IA	Internal Audit
IA-CM	Internal Audit Capability Model for the public sector organizations
IAOC	Independent Advisory Oversight Committee
IIA	Institute of Internal Auditors
IPPF	International Professional Practice Framework
IOC	Internal Oversight Charter
IOD	Internal Oversight Division
IS	Information Systems
JIU	Joint Inspection Unit
PBC	Program and Budget Committee
QAIP	Quality Assurance and Improvement Program
RBM	Results Based Management
RIAS	Representatives of the Internal Audit Services of the United Nations Organizations and multilateral financial institutions
SRP	Strategic Realignment Program
SRR	Staff Regulations and Rules
UN	United Nations
UNRIAS	UN Representatives of Internal Audit Services
WIPO	World Intellectual Property Organization

1. PURPOSE

1. This WIPO Internal Audit Manual is established in accordance with the provisions of the WIPO Internal Oversight Charter and the Internal Audit Policy. The preparation of this Manual reflects the International Standards for the Professional Practice of Internal Auditing (Standards) of the Institute of Internal Auditors (IIA) and takes into account good practice applied by other United Nations (UN) system organizations and promulgated by the UN Representatives of Internal Audit Services (UN RIAS). The Manual includes information on internal audit techniques, methods and procedures followed by internal auditors of WIPO's Internal Oversight Division (IOD). It will help ensure the delivery of internal audit work reports of a consistently high standard and assured quality.

2. The Internal Audit Manual (the Manual) establishes the key operating procedures that govern the internal audit activity within IOD, in compliance with the Internal Oversight Charter (IOC) and the Internal Audit Policy, and considering where required, relevant Organizational policies and procedures.

3. This Manual is primarily designed to establish a level of uniformity and consistency within the Internal Audit Section, with a view to further strengthening professionalism of internal audit staff, and serving as a guidance document for all World Intellectual Property Organization (WIPO or the Organization) staff, and other WIPO stakeholders (Member States, Independent Advisory Oversight Committee (IAOC), External Auditors, etc.) on the "modus operandi" of the Internal Audit Section.

(A) WIPO RESULTS BASED MANAGEMENT FRAMEWORK

4. WIPO's Result-Based Program and Budget was introduced in the Financial Regulations and Rules (FRR) approved by the General Assembly in 2007 and applicable since January 1, 2008. Subsequently, the Results Based Management (RBM) system was set up under initiative 13 (accountability for results core value) of the Strategic Realignment Program (SRP) initiatives, designed to enhance WIPO's responsiveness, efficiency and capacity to achieve its nine Strategic Goals.

5. The result based management approach provides a strategic overview of results and resources by Strategic Goal (versus a Program view) as well as budget by results. WIPO's RBM framework comprises of around 287 performance indicators and 38 Expected Results linked to the nine Strategic Goals of the Organization¹. Specifically, RBM focuses on:

- (a) Planning for results;
- (b) Budgeting for results;
- (c) Monitor implementation;
- (d) Ensuring distribution of resources to expected results;
- (e) Identifying responsibilities and accountabilities; and
- (f) Collecting data to measure results and performance for reporting.

6. The organizational Annual Work Plan is a tool used by Programs in planning activities and the use of financial resources during a given year. The work plans flow from the Program and Budget and identify activities and resources that, when completed, will meet the objectives and

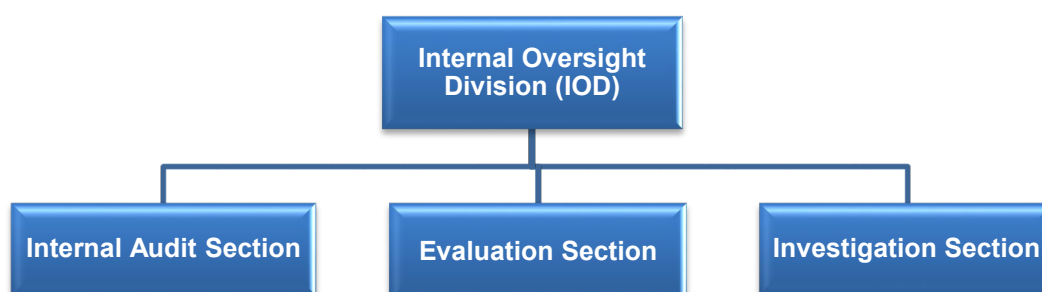
¹ WIPO Program & Budget

expected results initially set. Actuals versus planned are expected to be regularly monitored to ensure that resources use is efficient, results are achieved and risks are mitigated. Likewise, the Organization has implemented an Enterprise Resource Planning (ERP) and other relevant tools and systems to support the results framework.

7. The Internal Audit (IA) function is part of the Internal Oversight Division, whose role within the RBM Framework is to contribute towards the achievement of Strategic Objective IX – Efficient Administrative and Financial Support – with the expected result of “Improved accountability, organizational learning, and value for money, stewardship, internal control and corporate governance through assistance from effective and independent oversight.

2. ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

8. The Internal Oversight Division (IOD) was established in May 2000. With the approval of the WIPO Internal Oversight Charter by the General Assembly (GA) in September 2005 (revised six times in 2007, 2010, 2012, 2014, 2016, and 2018), IOD’s structure evolved to include the following sections:



(A) THE DIRECTOR OF IOD

9. The Director, IOD shall:

(a) **Be Independent;**

(b) The Director, IOD enjoys functional and operational independence in the conduct of his/her duties;

(c) **Have the Authority;**

(d) The Director, IOD shall have unrestricted, unlimited, direct and prompt access to: (1) all WIPO records, officials or personnel, holding any WIPO contractual status; (2) all WIPO premises; (3) the Chairs of the GA, the Coordination Committee (CoCo), the Program and Budget Committee (PBC) and the IAOC;

(e) **Be Aware of Conflict of Interest;** and

(f) Perceived or actual conflicts of interest should be avoided. The Director, IOD shall report any significant impairment to independence and objectivity, including conflicts of interest, for due consideration of the IAOC.

10. In addition, and in accordance with the IOC the Director, IOD shall ensure that IOD comprises staff, appointed in accordance with WIPO Staff Regulations and Rules, which collectively possess the knowledge, skills and other competencies needed to perform the

internal oversight functions. He/she shall promote continuing professional development to meet the requirements of the Charter. Details of duties and modalities of work of the oversight function are outlined in Section F of the IOC.

3. INTERNAL AUDIT FUNCTION IN WIPO

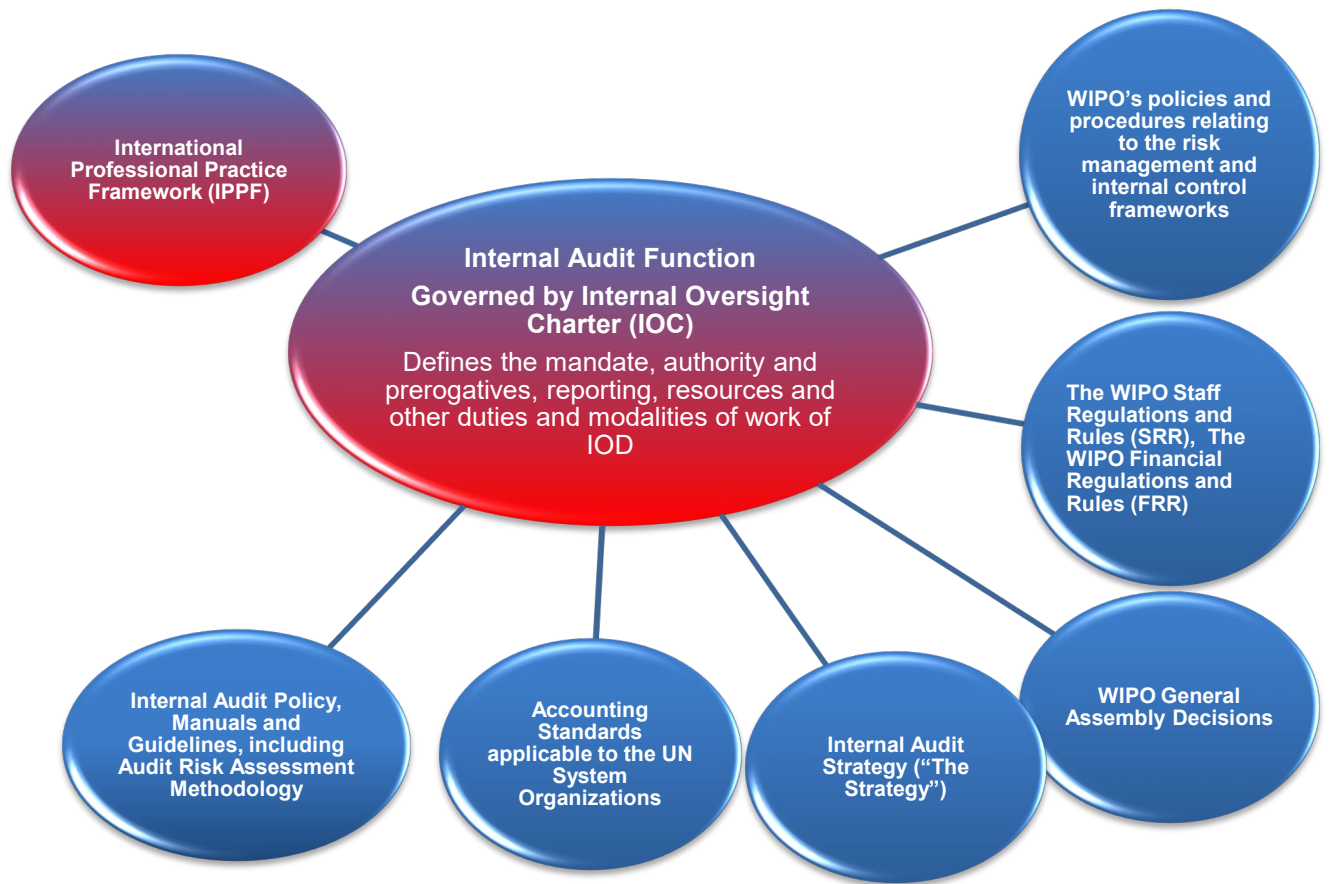
11. The IA function is part of IOD, and consists of a Head, and sufficient internal audit staff based in Geneva. Changes in audit needs in line with the organizational structure and risk appetite are taken into account in determining the sufficiency of audit staff in IOD.

12. In accordance with the mission of internal auditing adopted by the IIA - *to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight* - internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

13. The IA function thus provides assurance as well as assistance to Management in the effective discharge of their responsibilities and the achievement of WIPO's mission, goals and objectives by: assessing the cost-effectiveness of controls; making recommendations for effectiveness, efficiency, economy of WIPO's policies and procedures and use of resources; and assessing compliance with WIPO's Financial Regulations and Rules, Staff Regulations and Rules, relevant General Assembly decisions, applicable accounting standards and the Standards of Conduct for the International Civil Service, and best practices.

14. The IA function performs their duty within WIPO RBM Framework, with a view to assessing whether the Organization has put in place processes, systems and resources, which are functioning in an efficient and effective manner, to ensure the achievement of the strategic objectives and Expected Results set in the organizational Program & Budget, and Mid-Terms Strategic Plan.

15. The diagram below summarizes key policies and procedures that govern the work of the Internal audit function at WIPO:



(A) ATTRIBUTES OF INTERNAL AUDIT STAFF

16. The following attributes are expected of all Internal Audit staff members:

Professional Proficiency	Due Professional Care	Continuing Professional Development
<ul style="list-style-type: none"> • Possess adequate knowledge, technical skills and competencies to be able to: (1) carry out their professional responsibilities; (2) apply and comply with the provisions of the IOC, international standards for professional practice of internal auditing; and (3) implement procedures covered in this Manual; and • Demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor (CIA) designation and other designations offered by The Institute of Internal Auditors and other internationally recognized professional organizations. 	<p>Internal auditors must exercise due professional care by considering:</p> <ul style="list-style-type: none"> • The extent of work needed to achieve the assignment's objectives; • The relative complexity, materiality, or significance of matters to which assurance procedures are applied; • The adequacy and effectiveness of governance, risk management, and control processes; • The probability of significant errors, fraud, or noncompliance; • The cost of assurance in relation to expected benefits; and • The use of technology-based audit and other data analysis techniques. <p>Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources.</p>	<ul style="list-style-type: none"> • Internal Audit staff members are responsible for continuing their education in order to maintain their proficiency. • Continuing education may be obtained through membership and participation in professional societies, attendance at meetings, seminars, college courses, in-house training programs, on-line or correspondence courses and participation in research projects. However, these activities should be kept at a reasonable level and not impinge on the internal audit staff's availability. • IOD has adopted a learning policy that sets out the framework of training activities for IOD staff, to ensure that staff possesses the necessary technical knowledge, skills and competencies to be able to carry out duties and responsibilities they are assigned to.

4. KEY AUDIT PROCEDURES

(A) GENERAL INFORMATION

17. Internal audit work is conducted in line with the provisions of the IOC, WIPO FRR, Staff Regulations and Rules (SRR) and the International Professional Practice Framework (IPPF) issued by the IIA.

18. In accordance with the existing framework, IOD adopted an Internal Audit Strategy that sets out the context for internal audit activities in WIPO. The Strategy aims to provide the Director General, Member States and the IAOC with an independent and objective assessment of the WIPO's business processes and systems, risk management, control and governance processes. The Internal Audit Strategy is revised regularly to reflect the changes the Organization has undergone since the inception of the first Strategy in 2007 thereon and to align with the strategic objectives of the Organization.

(B) TYPES OF ENGAGEMENTS

19. The IA function provide the following core services:
20. Assurance Services – Review policies, procedures and operations, people, processes and systems, to assess adequacy, efficiency and effectiveness of, and compliance with, related control structures, to determine whether risks are appropriately managed.
21. In more detail, the following types of engagements are conducted:
 - (a) Operational Audit - An objective assessment of efficiency and effectiveness of governance, risk management, systems and controls designed to ensure objectives are met;
 - (b) Performance Audit - An independent examination of a program, function, operation or the management systems and procedures to assess whether the entity is utilizing resources in an efficient, effective, and economic manner;
 - (c) Information Systems Audit – Assessment of controls that govern the development, operation, maintenance, and security of application systems;
 - (d) Compliance Audit – Assessment of adherence to regulations and rules, policies and procedures;
 - (e) Combined Audit and Evaluation – The IA function conducts combined performance engagements with the Evaluation function. An evaluation is a systematic, objective and impartial assessment of an on-going or completed project, program or policy, its design, implementation and results. The combined activity seeks to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability. The result of a combined activity will contribute to assessing effective and efficient resource use, and learning and accountability;
 - (f) Combined Audit and Integrity Review – The IA function conducts combined audits and integrity reviews with the Investigation function as part of proactive investigations. A proactive investigation (or integrity review), is an examination of selected parts of the Organization’s structure, assets, procedures and operations in order to identify risks or indicators of possible fraudulent, corrupt or abusive practice. The Combined activity determines efficiency and effectiveness, while highlighting potential red flags for fraud and other abusive practices; and
 - (g) Continuous Audit - Real-time or near real-time tests of internal controls surrounding operations and transactions through the use of data analytics technology, in order to assess efficiency, effectiveness and compliance with applicable regulations, rules and procedures; and to flag any control weaknesses, which may lead to unintentional errors or omission or intentional wrongdoing
22. In conducting its audit engagements, the IA function will consider the risk of fraud, and ensure that the Organization fraud risk management framework effectively covers risks related to the areas being audited/reviewed.
23. Advisory/Consulting Services –The term Consultancy is used when the IA functions takes the lead in providing a service whose nature and scope have been agreed with the client, and provides a formal deliverable in that regard. The term Advisory is used when the IA function supports the client by providing advice, make comments, but does not take the lead in managing the activity or producing a formal deliverable.

24. According to the IOC, the Director, IOD may provide consulting and advisory services, the nature and scope of which are agreed with Management and which are intended add value by improving WIPO's governance, risk management and control processes without IOD assuming management responsibility. Examples include counsel, benchmarking, assessments, facilitation, and training.

25. The Director, IOD may provide assurance services where it had previously performed consulting services, provided the nature of the consulting does not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement. To maintain independence and objectivity, the IA function should not undertake activities or take up roles such as:

- (a) Being accountable for risk management and internal controls, and setting the risk appetite;
- (b) Developing the risk management process and taking decisions on risk;
- (c) Managing assurance on risks and implementing risk responses;
- (d) Taking the lead in developing Regulations, Rules, Policies, Office Instructions, Procedures and Guidelines for WIPO Programs;
- (e) Sourcing and managing the implementation of systems, tools, and software applications for WIPO Programs;
- (f) Being responsible for recruitments on behalf of WIPO Programs; and
- (g) Developing frameworks for the Organization including for specific WIPO Programs.

26. As a systematic practice, Internal Audit, through the Director IOD, should seek advice from the IAOC for any consulting requests that may be perceived as a conflict of interest, or can potentially affect independence and objectivity of the IA function.

27. Within the context of IOD, the IA function should collaborate with other functions where required, in:

- (a) Reporting obligations to stakeholders including the IAOC;
- (b) Monitoring and reporting on the implementation of audit recommendations;
- (c) Managing the contracts with, and assessing, the performance of outsourced/co-sourced service providers;
- (d) Managing the training program for Internal Audit staff members; and
- (e) Ensuring an effective continuous quality assurance and improvement program, including developing key performance indicators for the IA function.

(C) TOOLS AND SYSTEMS

28. Internal audit work is performed using standard and specialized tools and systems. IOD staff members use Microsoft (MS) Office Suit which comprises of: MS Word, MS Excel, MS PowerPoint, MS Outlook, MS Project, and MS Visio.

29. In addition to these standard tools, IOD has purchased TeamMate®, an application used to manage oversight assignments (with the exception of Investigations). The system allows

users to amongst others: develop risk based work plans; manage the audit process by organizing and linking electronic working papers, and supporting documentation; raise issues and recommendations; and manage and monitor implementation of recommendations.

30. IOD utilizes the following modules of the TeamMate© Suit:

- (a) EWP©: Electronic Working Papers module to manage the audit assignment;
- (b) TeamCentral©: Recommendation management module;
- (c) TeamRisk©: Oversight Risk Assessment and Planning module; and
- (d) TeamSchedule©: Time Management module:

31. IOD has developed a Basic Manual and Guidelines for the use of TeamMate© (see Annex I.1 and I.2).

32. IOD also uses the Audit Command Language (ACL©), which is special audit software to enable analysis of large data from source. This tool will also help IOD with its continuous auditing efforts. A continuous auditing guideline has been developed in that regard (see Annex I.8). Finally, IOD also has access to WIPO ERP system, such as modules of the PeopleSoft© Suite including: Finance/Procurement (PeopleSoft FSCM); Human Resources (PeopleSoft HCM); Enterprise Performance Management (EPM); and Dashboard - Business Intelligence (BI). IOD can also access any other system required to effectively conduct its assignments.

(D) AUDIT PLANNING AND RISK ASSESSMENT PROCESS

33. IOD's own risk assessment of the WIPO "Oversight Universe" is an important input in determining the necessary level of oversight coverage. IOD's annual risk assessment is conducted in order to aid the preparation of the annual work plan. IOD's annual risk assessment process starts with the identification of the oversight universe. The oversight universe consists of all "entities" within WIPO, which may be the subject matter of oversight activities. In this context, entities may refer to programs, divisions, business processes, functions, risks etc.

34. IOD's risk assessment process closely ties in with the Internal Audit Strategy, which specifies the coordination of oversight activities between IOD as a third line of defense and WIPO's second line of defense, which includes units such as Enterprise Risk Management (ERM), Compliance and Information Assurance functions.

35. Since 2014, WIPO management has made significant progress in establishing a comprehensive enterprise-wide Risk Management framework and process, which resulted in formal risk registers for all WIPO programs. IOD prepares its risk assessment considering management's assessment of key risks as recorded in the Corporate Risk Registers.

36. IOD risk assessment also includes an assessment of fraud, and a review of the organizational fraud risk management framework, to identify risks to be included in the annual planning risk assessment process.

37. Other factors such as management inputs, oversight coverage, requests from Member States and External Auditor's planned work are also taken into consideration in deciding for the areas to be included in the Oversight Plan.

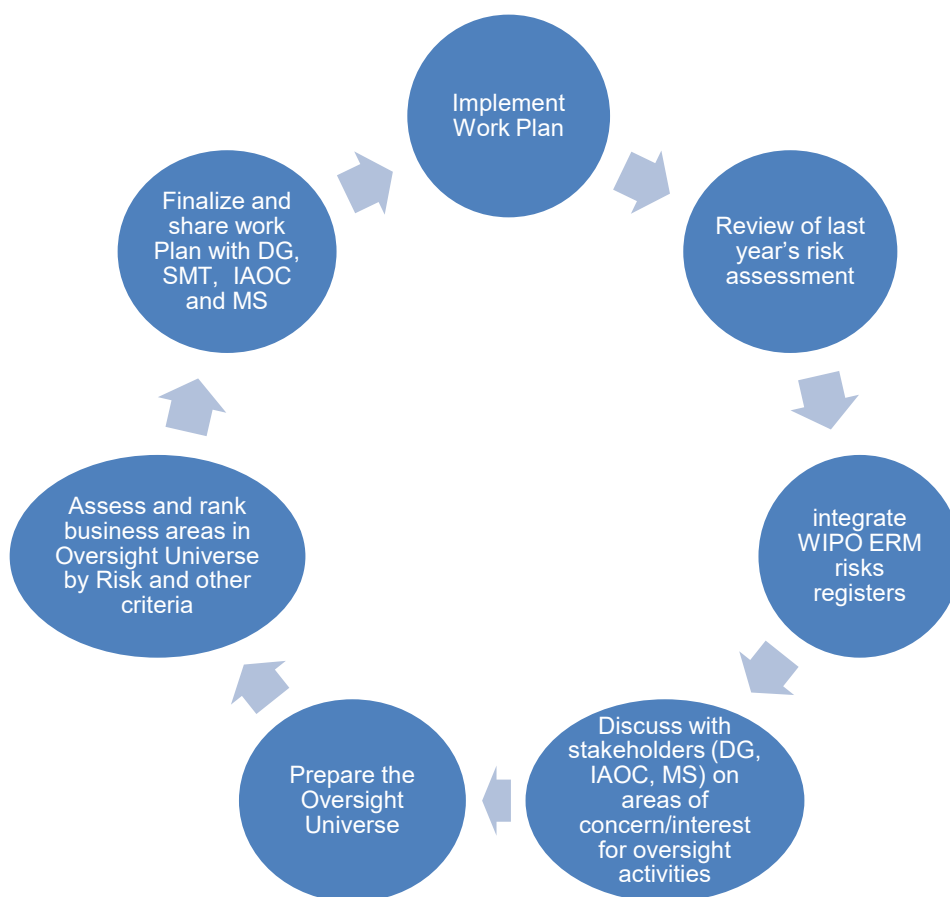
38. IOD also introduced an Evidence Gap methodology to support the risk assessment process, with a view to ensuring that evaluations are aligned with WIPO's nine Strategic

Objectives and related Expected Results. By mapping the evaluations conducted against WIPO strategic objectives and sectors, this process highlights gaps in coverage, which are the linked to the risk assessment, and form the basis for identifying areas to evaluate, while considering information provided by other stakeholders and sources.

39. The Evidence Gap Map will improve its relevance as a tool to inform decision, i.e. a meta-evaluation, is completed. This meta-evaluation will synthesize the evidence produced by the Evaluation Section in the form of findings and recommendations covering evaluations conducted in the past, and will be instrumental in improving the evidence gap map of the Organization that would lead to better more targeted investments on evaluations increasing organizational learning and knowledge.

40. IOD utilizes TeamRisk®, a component of the TeamMate® audit management application. The TeamRisk® module of TeamMate® permits the development of a risk universe and the identification of auditable risk areas. It is worth underlining that in planning the time schedule for audits, the priority will be set in accordance with the ranking of each area whereby the area of high concern being the top priority. The risk assessment model is revised, as and when necessary, to strengthen common understanding and facilitate audit planning discussion with WIPO Management and the IAOC.

Preparing the IOD Work Plan



(E) AUDIT RESOURCES PLANNING AND BUDGETING

41. The Director, IOD establishes and maintains a bi-annual resource allocation plan so as to help ensure the adequate audit coverage of the identified high risk areas of the Organization. A long term resource allocation plan based on a thorough needs assessment for the same period,

allows for an effective and reliable assessment of the number of permanent audit staff necessary to deliver adequate audit coverage. Consequently, the Director, IOD develops medium to long term resource needs assessment including staffing, training and development (see Annex I.6I) aspects and submit them to the IAOC and the Director General for their review and approval as necessary. The following should be considered:

(i) Use of External specialist

42. The Director, in consultation with the Head of Internal audit function, may decide for the provision of services from external specialists where internal audit's own resources do not suffice to provide effective and efficient audit coverage in the specific high risk areas. Areas where it is likely that outsourcing for recourses will be used are:

- (a) Information Systems (IS) Audits;
- (b) Audit areas of high risk where in-house resources are insufficient; and
- (c) Specialist advice for systems under development.

(ii) Cooperation with External Auditors

43. The strategy for cooperating with the External Auditors will be based on the IIA Standards and Practice Advisory relating to internal audit work, on which the external auditors may rely. The cooperation aims to:

- (a) Contribute to the effective coverage of Internal Oversight Plan;
- (b) Be more economic by avoiding duplicate audits; and
- (c) Share audit results and recommendations (TeamCentral©):

44. Furthermore, external auditors can follow-up on their own open recommendations in the TeamCentral©.

(iii) Criteria for Calculation of Audit Days

45. In estimating the days required to deliver an oversight assignment, audit included, as well as effectively allocate available work days in a year, the following factors are taken into account:

Management and Administrative Time

- Allow sufficient time for support to the WIPO governing bodies, including the IAOC

Contingency Time

- A certain period of time should be allocated for any unexpected needs which may arise during the course of the year.

Supervision Time

- All audit work is subject to appropriate management review and supervision to ensure quality control.

Follow-up Time

- Allocated time for follow-up on timely implementation of open recommendations in TeamCentral©

Training Time

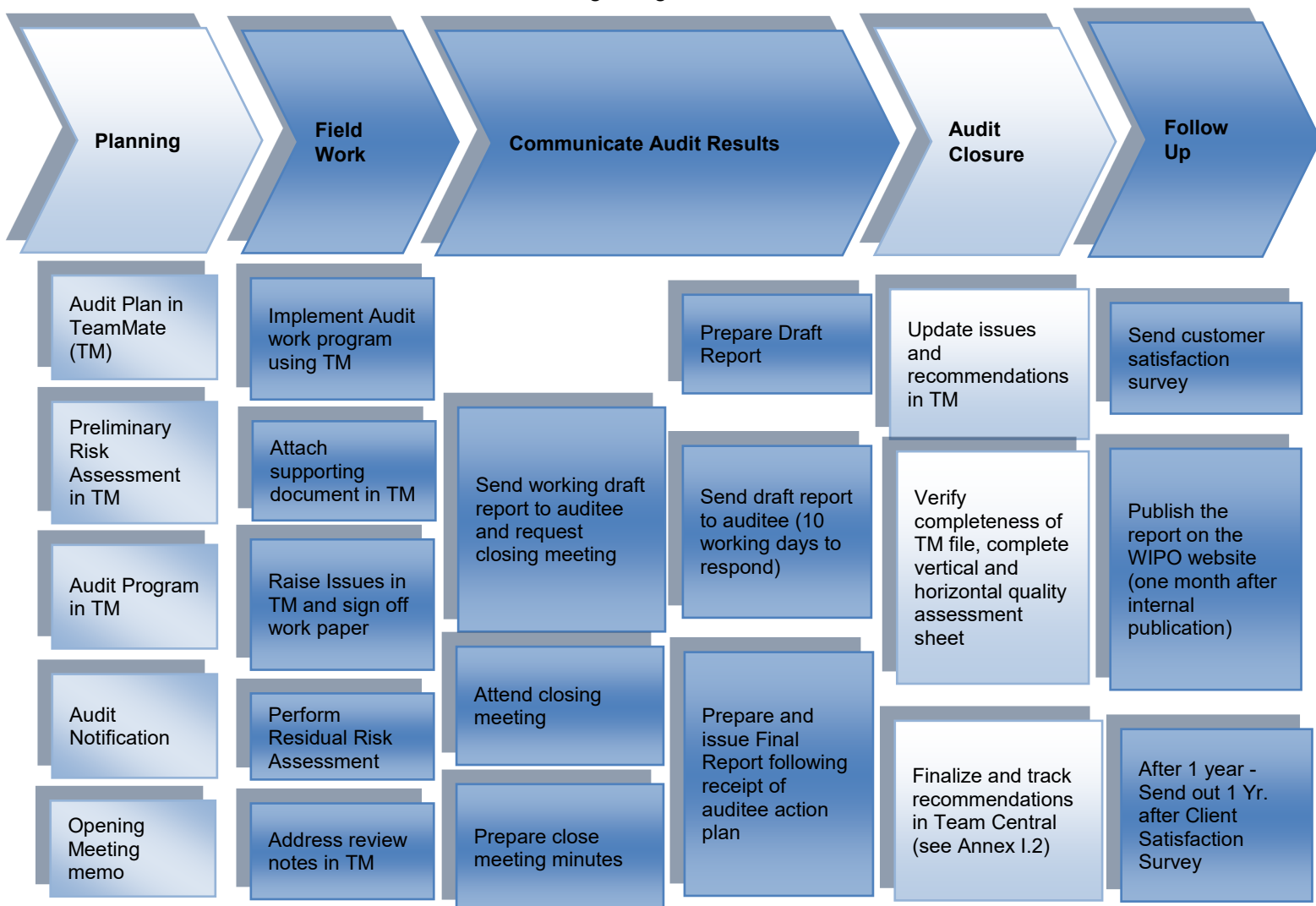
- Adequate time for training ensuring that staff maintain and are equipped with requisite professional and technical skills

46. Time is tracked during the year and results of this time-tracking are used for planning the next cycle.

(F) CONDUCTING AUDITS

47. The WIPO IOC refers to the Standards for the Professional Practice of Internal Auditing issued by the IIA in performing audit assignments (see paragraph 4 of the IOC). Those standards were also adopted at the 33rd meeting of Representatives of the Internal Audit Services of the United Nations Organizations and multilateral financial institutions (RIAS). Internal audit staff shall also abide by the Code of Ethics established by the IIA and by the Standards of Conduct for the International Civil Service, established by the International Civil Service Commission.

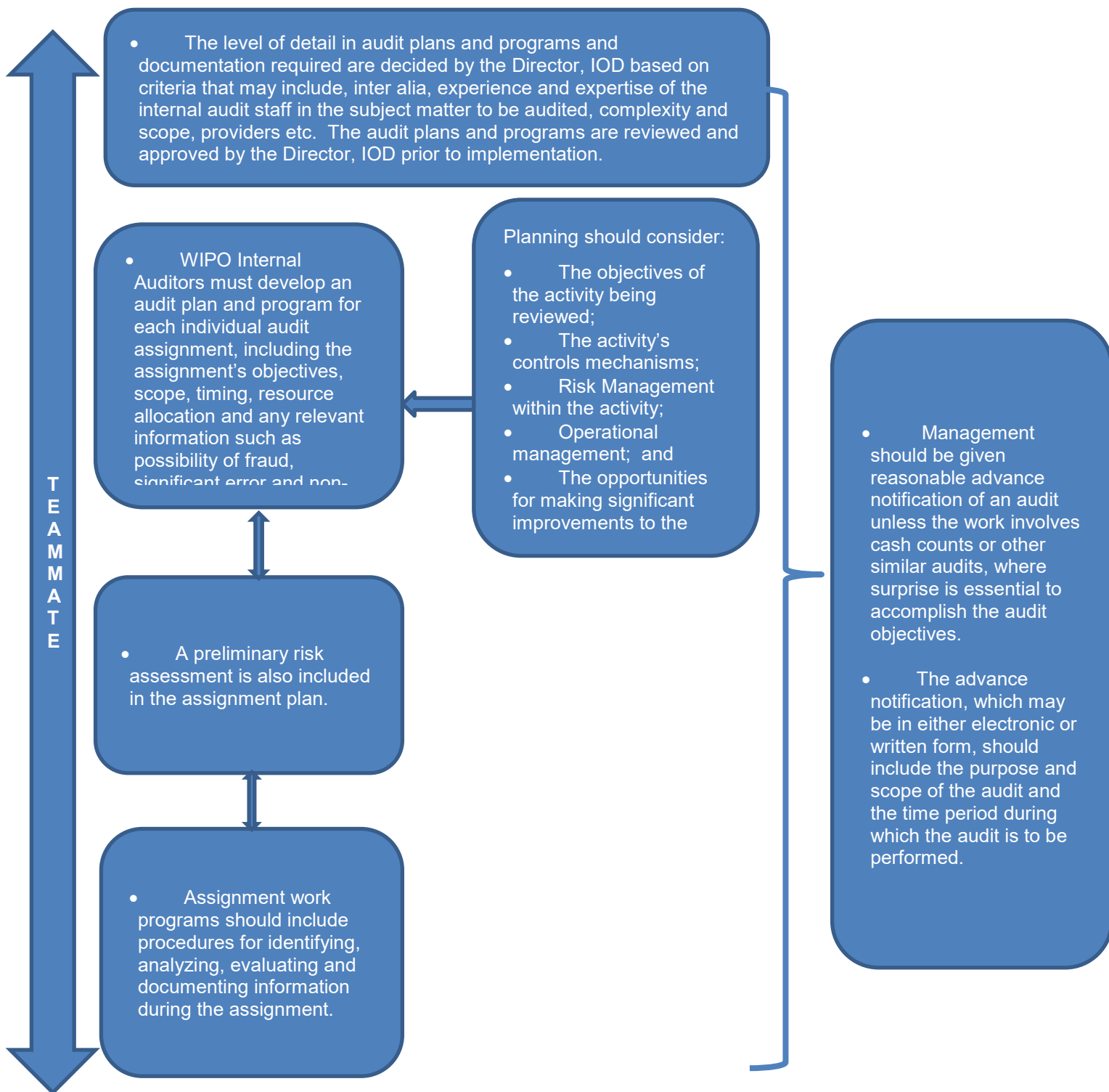
48. The audit workflow for undertaking assignments is as follows:



49. Audit assignments are conducted within the TeamMate application for which a User Guideline and Basic Manual have been developed.

50. The IIA standards delineate basic principles that represent the practice of internal auditing and provide a framework for performing value added internal auditing. In line with the IIA Standards, each individual audit assignment consists of planning, fieldwork and reporting of audit results. Also a follow up audit needs to be undertaken to assess whether management have taken proper action on agreed recommendations after a reasonable period of time has passed.

51. Planning audit assignments takes place in TeamMate®, the audit management application.



(i) Audit Fieldwork

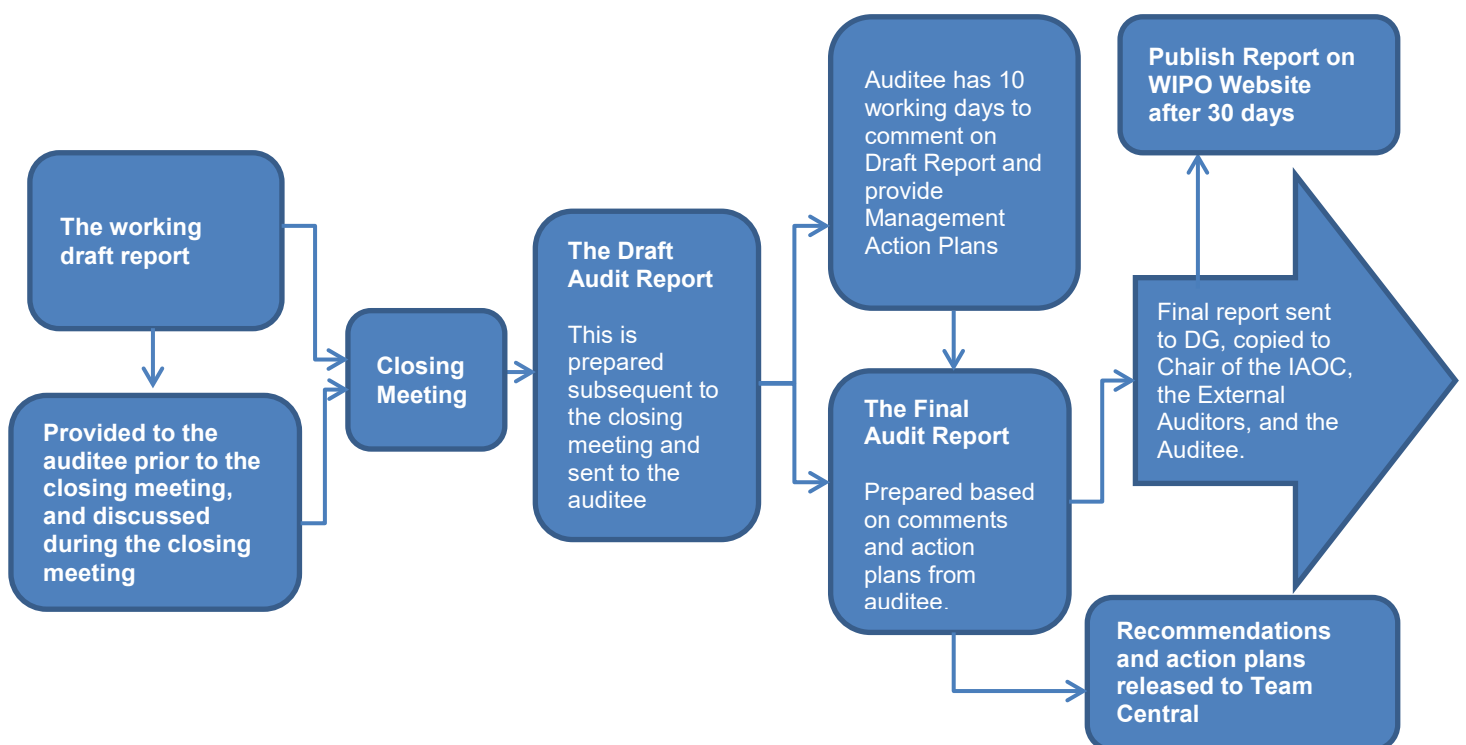
52. Approved audit work programs, prepared based on a risk assessment, are executed in the conduct of audit fieldwork. Internal auditors identify, analyze, evaluate and document sufficient information to satisfy the procedures set out in the work program which may be modified during the conduct of the audit fieldwork. Information gathered for the audit purposes need to be sufficient, reliable, relevant and useful (Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives of the engagement. Useful information helps the organization meet its goals).

53. Documentation of the audit filed work takes place in TeamMate©. Working papers document the information obtained, the analysis made, and the support for the conclusions and assignment results. Audit observations and ensuing recommendations will be raised in TeamMate. A root cause analysis will be established for each observation and recommendation, using the root cause analysis template. Where applicable, data analytics tools will be used to analyze large and complex data. Further, in order to facilitate the review of large and complex pivot tables and spreadsheets, as well as to minimize potential errors in such analysis, relevant information such as source of data statement and purpose of analyses and methodology among others, will be documented.

54. Internal auditors communicate regularly with the management and staff of the Unit under audit, with a view to gaining a better understanding and providing feedback on the preliminary audit observations and recommendations, and issues that need immediate management action. The TeamMate© Basic Manual and Principles and Guidelines (see Annex I.1 and I.2) provide procedures for effective documentation of the work. The application includes an automated indexing system that maintains the integrity of the paper trail, and enables multi-level reviews of working papers.

(ii) Reporting of Audit Results

55. Audit results are communicated to the management of audited area in a closing meeting following the completion of audit fieldwork. This meeting is intended to clarify any issues which may need further explanation and help avoid any misperception or inaccurate conclusion which could be reflected in the draft report. Audit reports are developed and stored in TeamMate.



5. CONDUCTING ADVISORY/CONSULTING ENGAGEMENTS

56. The following should be considered when undertaking advisory/consulting work:

- (a) The consultancy/advisory engagement must be in line with the Internal Oversight Charter and the IIA Standards (1000.C1.);
- (b) Standard 1210.C1 states that: 'The Director, IOD must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.' Internal auditors must also ensure that they exercise due professional care (Standard 1220.C1);
- (c) Internal Audit should have appropriate resources to meet its advisory obligations, while providing consulting/advisory services;
- (d) The agreed upon objectives should add value to governance, risk management and control and compliance processes;
- (e) The scope should be set to ensure it sufficiently addresses the objectives;
- (f) The advisory/consulting work should support management in their role, and Internal Audit must not be a substitute for managers own efforts to address the issues;
- (g) Due care should be considered, to ensure that the consulting/advisory work does not cover an area previously covered by assurance work, as well as determine effect on independence and objectivity (i.e. the same auditors should not undertake assurance roles on areas recently worked on in a consultancy role);
- (h) A notification letter, engagement plan, and program should be prepared for consulting/advisory engagement;
- (i) Work programs for consultancy engagements may vary in form and content depending upon the nature of the engagement (Standard 2440.C1);
- (j) Custody and retention of advisory/consulting engagement records will follow IOD retention Policy, and publication policy; and
- (k) The results should be communicated to engagement clients, and reported to the IAOC.

6. REPORTING ON INTERNAL AUDIT AND OTHER OVERSIGHT ACTIVITIES

57. The Director, IOD shall submit, on an annual basis, a summary report to the WIPO General Assembly, through the Program and Budget Committee (Annual Report). The Director General and the IAOC shall be provided with a draft version of the Annual Report for their comments, if any. The Annual Report shall give an overview on the internal oversight activities conducted during the reporting period, including the scope and objectives of such activities, the schedule of work undertaken and progress on the implementation of internal oversight recommendations. The Director General may submit comments on the final Annual Report in a separate report as deemed appropriate.

58. The Director, IOD will also make regular progress reporting and/or presentations to the Director General, the IAOC and the PBC, on the scope of IOD activities including internal audit, investigation and evaluation, and the adequacy of resources for the purpose intended.

59. When applicable, the annual report shall include the following:

A description of significant issues and deficiencies relating to WIPO's activities in general, or a program or operation in particular, disclosed during the period.

A description, including the financial impacts, if any, of those investigative cases found to be substantiated and their disposition, such as disciplinary measures, referral to national law enforcement authorities, and other sanctions taken.

A description of all high priority internal oversight recommendations made by the Director, IOD during the reporting period.

A description of all recommendations which were not accepted by the Director General, together with his explanations for not doing so.

Information concerning any significant management decision which in the view of the Director, IOD constitutes a serious risk for the Organization. A summary of any instance where IOD's access to records, personnel and premises was restricted.

An identification of high priority recommendations in previous reports on which corrective action has not been completed

Confirmation of the operational independence of the internal oversight function and shall comment on the scope of his/her activities and the adequacy of resources for the purposes intended.

A summary of the report submitted by the Director, IOD to the Director General regarding the status of implementation of external audit recommendations.

60. The Director, IOD may also issue communications concerning oversight matters to any concerned WIPO manager for matters of a minor or routine nature, which do not necessitate formal reporting.

(A) ERRORS AND OMISSIONS

61. If a final communication contains a significant error or omission, the Director IOD should communicate corrected information to all parties who received the original communication, in conformance with Standard 2421 of the International Standards for the Professional Practice of Internal Auditing. Significance is defined in the glossary of the International Standards for the Professional Practice of Internal Auditing as "the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact.

62. The following should be considered when making a determination on significant errors and omissions:

- a) Would the error or omission change the results of the engagement?
- b) Would the error or omission change someone's mind about the severity of the findings?

- c) Would the error or omission change a conclusion?
- d) Would the error or omission change an opinion?
- e) Would the error or omission change a recommended action?

63. If the answer to any of the above questions is “yes,” the Director IOD may determine that the error or omission is significant, and take measures to identify the root cause in order to prevent future occurrence. Director IOD shall also issue a memorandum to all parties who received the original communication.

(B) ENGAGEMENT DISCLOSURE OF NON CONFORMANCE

64. Standard 2431 requires disclosure when the results of a specific engagement are impacted by nonconformance with the Code of Ethics or the International Standards for the Professional Practice of Internal Auditing (Standards). Therefore, internal auditors should have an understanding of The IIA’s Code of Ethics and the Standards.

65. When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:

- a) Principle(s) or rule(s) of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved.
- b) Reason(s) for nonconformance.
- c) Impact of nonconformance on the engagement and the communicated engagement results

66. Certain circumstances may prevent internal auditors from conforming with the Code of Ethics or the Standards during the performance of an engagement. In general, these are circumstances in which the independence and/or objectivity of an internal auditor is impaired, or an internal auditor encounters unreliable data, a lack of information, a scope limitation, or other constraints. In such cases, the internal auditor should identify any principles, rules of conduct, or standards with which full conformance was not achieved and determine whether the nonconformance impacts the engagement results. If the nonconformance does affect the results, the engagement communications would describe why the nonconformance occurred and how the results and communications were affected.

67. The following scenarios can occur:

- a) In a situation where an impairment to an internal auditor’s objectivity or independence is found to impact engagement results, the communication of results must disclose nonconformance with Standard 1120 – Individual Objectivity and the Code of Ethics principle of objectivity.
- b) In a situation where the internal audit activity undertook an engagement for which it did not possess the collective knowledge, skills, and experience needed to perform its responsibilities, the communication of results must disclose nonconformance with Standard 1210 -- Proficiency and the Code of Ethics principle of competence.
- c) If the internal audit activity encounters any restrictions in its ability to access records, personnel, or properties, and these restrictions impact the scope of the engagement, the communication of results must disclose nonconformance with Standard 2220.A1.
- d) If internal audit resources are insufficient to achieve engagement objectives, the

communication must disclose nonconformance with Standard 2230 – Engagement Resource Allocation.

68. Nonconformance shall be documented in Teammate. The Director IOD shall communicate these issues to the IAOC either through the quarterly reports, a specific memorandum, or verbally during their quarterly meetings. Director IOD should seek advice from the IOAC and determine whether the nonconformance should be included in the final engagement communication.

7. ACCESS TO IOD OVERSIGHT REPORTS AND WORKING PAPERS

69. The Director, IOD shall submit final internal audit and evaluation reports to the Director General with a copy to the IAOC and the External Auditor. Upon request, the External Auditor shall be provided with any supporting documentation of internal audit and evaluation reports. The Director, IOD shall publish internal audit and evaluation reports, as well as Management Implication Reports resulting from investigations, on the WIPO website within 30 days of their issuance. If required to protect security, safety or privacy, the Director, IOD may, at his/her discretion, withhold a report in its entirety or redact parts of it.

70. Audit working papers should be safeguarded in line with IOD's Document Retention Policy (see Annex I.7) and WIPO's Record Management and Archiving Policy ([Office Instruction 15/2013](#)).

8. FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS

71. IOD follows up on all outstanding recommendations contained in internal audit, evaluation and management implication reports on a regular basis. Further, and as per the provisions of the IOC, IOD also follows up on the implementation status of recommendations made by the External Auditor and, at the request of the IAOC, IOD follows up all open recommendations of the IAOC. Follow-up is performed within the TeamCentral© module of TeamMate©. The TeamMate Basic Manual and the Principles and Guidelines include the procedures for following-up on open recommendations (see annex I.1 and I.2).

9. ACCEPTANCE OF RISK BY SENIOR MANAGEMENT

72. The Director, IOD holds meetings regularly with the Director General on audit and other oversight issues and informs him about the level of risk taken by the Organization. In line with the IIA standard 2600, the Director, IOD also reports to the General Assembly on a yearly basis on the activities of IOD including, where appropriate, whether WIPO Senior Management has accepted a level of residual risk that may be unacceptable to the Organization.

10. QUALITY ASSURANCE

73. Quality assurance is undertaken in accordance with the IIA standards for quality self-assessment, as well as the Internal Audit Capability Model for the public sector organizations (IA-CM), developed by the IIA. A Quality Assurance and Improvement Program (QAIP) including vertical and horizontal assessments of completed audits, has been developed to ensure that quality of audits assignments meet the standards set by the IIA (see Annex I.4).

IOD follows the procedures for Quality Assurance set out by the IIA and an independent external assessment is planned on five years intervals in accordance with paragraph 28(f) of the IOC.

11. COORDINATION WITH OTHER OVERSIGHT BODIES AND LINES OF DEFENCE

74. IOD interacts with following oversight bodies:

(a) **Joint Inspection Unit (JIU):** By its resolution 31/192 of 22 December 1976, the UN General Assembly decided to establish the Joint Inspection Unit which is mandated to provide an independent view through inspection and evaluation, aimed at improving management and methods and at achieving greater coordination between organizations. IOD meet with the Inspectors of the JIU when needed and provide feedback/comments on JIU reports;

(b) **IAOC:** In September 2005, the WIPO General Assembly approved the proposal of the Program and Budget Committee on the establishment of a WIPO IAOC. It aims to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO. IOD participate in IAOC meetings on a quarterly basis, to discuss and inform on oversight related issues including issued audit reports, evaluation activities, and providing information on investigation activities. The terms of reference of the IAOC is annexed to the Financial Regulations and Rules: http://www.wipo.int/export/sites/www/about-wipo/en/pdf/wipo_financial_regulations.pdf

(c) **External Auditor:** The External Auditor, who shall be the Auditor General (or officer holding the equivalent title) of a Member State, shall be appointed by the General Assembly, in the manner decided by the Assembly. The External Auditor shall conduct his work in conformity with generally accepted common international auditing standards². The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system and internal financial controls, and on the administration and management of the organization. The General Assembly may ask the External Auditor to perform certain specific examinations and issue separate reports on the results (for further information see Terms of Reference Governing External Audit). IOD have developed excellent working relationship with the External Auditor. This includes, but is not limited to, regular exchange of view on risk and control issues, audit reports, bi-annual and annual audit plans, etc.

(d) **Risk Management Office:** The Organization has implemented a risk management and internal controls framework, being coordinated by the risk officer (Deputy Controller). An Enterprise Risk Management (ERM) system has been implemented, and risks captured, and assigned to controls. IOD integrates risk registers from the ERM during its annual planning exercise. This has resulted in the cross-fertilization of the ERM with audit findings, which in turn informs IOD's risk based planning.

(e) **Risk Management Group (RMG):** IOD sits on the quarterly meetings of the RMG as an observer. The role of WIPO's Risk Management Group (RMG) is to promote a culture of responsible and effective financial and risk management in WIPO. The RMG reviews and monitors WIPO's financial situation and the key risks to the achievement of the Organization's expected results. It approves the risk strategy and proposes a suitable Organizational risk appetite for approval by Member States.










² The International Standards on Auditing (ISA) issued by the IFAC

ANNEXES

Annex I.	IOD POLICIES PROCEDURES AND GUIDELINES
Annex II.	INTERNATIONAL STANDARDS
Annex III.	IOD INTERNAL AUDIT SECTION TEMPLATES

[Annexes follow]

ANNEX I: IOD POLICIES PROCEDURES AND GUIDELINES

ANNEX I.1: TEAMMATE PRINCIPLES AND GUIDELINES	 TeamMate Principles and Guidelines.pdf
ANNEX I.2: TEAMMATE BASIC GUIDE FOR IOD STAFF	 TeamMate Basic Guide for IOD Staff.pc
ANNEX I.3: SOP IOD ANNUAL PLANNING DEVELOPMENT CYCLE	 IOD Annual Planning Development Cycle.pc
ANNEX I.4: QUALITY ASSURANCE AND IMPROVEMENT PROGRAM	 Quality Assurance Program.pdf
ANNEX I.5: TRAINING PROGRAM	 Training Program.pdf
ANNEX I.6: DOCUMENT RETENTION PROCEDURE	 Documents Retention Procedure.pdf
ANNEX I.7: PUBLICATION POLICY	 IOD 2021 Publication Policy.pdf
ANNEX I.8: CONTINUOUS AUDITING GUIDELINES	 Continuous Auditing Guidelines.pdf
ANNEX I.9: INTERNAL AUDIT POLICY	 Internal Audit Policy 2021-2023.pdf

[Annex II follows]

ANNEX II: INTERNATIONAL STANDARDS

The Internal Oversight Charter (paragraph 4) indicates the internal audit function in WIPO shall be carried out in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics promulgated by IIA and adopted by the Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Intergovernmental Organizations (RIAS). Below is a summary of the International Professional Practices Framework which contain Standards, Definitions, Code of Ethics and other guide papers and practice advice issued by the IIA.

International Professional Practices Framework

A trustworthy, global guidance-setting body, The IIA provides for internal audit professionals all around the world authoritative guidance organized in the International Professional Practices Framework as **mandatory** and **strongly recommended** guidance.

International Standards

Detailed information on the International Professional Practice Framework including IIA Standards and Practice Advisory can be found at: <https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

Mandatory Guidance	
<p>Conformance with the principles set forth in mandatory guidance is required and essential for the professional practice of internal auditing. Mandatory guidance is developed following an established due diligence process, which includes a period of public exposure for stakeholder input. The three mandatory elements of the IPPF are the Definition of Internal Auditing, the Code of Ethics, and the <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>.</p> <p>The detail standards and Guidance can be found here: IPPF - Standards and Guidance</p>	
Element	Definition
<u>Definition and Mission</u>	The Definition of Internal Auditing states the fundamental purpose, nature, and scope of internal auditing.
<u>Code of Ethics</u>	The Code of Ethics states the principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.
<u>International Standards</u>	<p><i>Standards</i> are principle-focused and provide a framework for performing and promoting internal auditing. The <i>Standards</i> are mandatory requirements consisting of:</p> <p>Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance. The requirements are internationally applicable at organizational and individual levels.</p> <p>Interpretations, which clarify terms or concepts within the statements.</p> <p>It is necessary to consider both the statements and their interpretations to understand and apply the <i>Standards</i> correctly. The <i>Standards</i> employ terms that have been given specific meanings that are included in the Glossary.</p>

Strongly Recommended Guidance	
<p>Strongly recommended guidance is endorsed by the IIA through a formal approval processes. It describes practices for effective implementation of The IIA's Definition of Internal Auditing, Code of Ethics, and <i>Standards</i>. The three strongly recommended elements of the IPPF are Position Papers, Practice Advisories, and Practice Guides.</p>	
Element	Definition
<u>Position Papers</u>	<p>Position Papers assist a wide range of interested parties; including those not in the internal audit profession, in understanding significant governance, risk, or control issues and delineating related roles and responsibilities of internal auditing.</p>
<u>Practice Advisories</u>	<p>Practice Advisories assist internal auditors in applying the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> and promoting good practices. Practice Advisories address internal auditing approach, methodologies, and consideration, but not detail processes or procedures. They include practices relating to: international, country, or industry-specific issues; specific types of engagements; and legal or regulatory issues.</p>
<u>Practice Guides</u>	<p>Practice Guides provide detailed guidance for conducting internal audit activities. They include detailed processes and procedures, such as tools and techniques, programs, and systematic approaches, as well as examples of deliverables.</p>

[Annex III follows]

Annex III: IOD Internal Audit Section Templates

- Audit Notification Letter
- Audit Plan
- Initial Risk Assessment
- Audit Program
- Audit Working Papers
- Root Cause Analysis
- Draft Audit Report
- Draft Report Transmittal Memo
- Residual Risk Assessment
- Final Audit Report
- Final Report Transmittal Memo
- Table of Recommendations
- Vertical and Horizontal Quality Assessment

[End of annexes and of document]