

WIPO



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WORLD INTELLECTUAL PROPERTY ORGANIZATION

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ASSEMBLIES OF THE MEMBER STATES OF WIPO

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DESIGNATION OF THE AUDITOR

Memorandum of the Director General

1. Article 11(10) of the Convention Establishing the World Intellectual Property Organization provides that "The auditing of the accounts is to be effected by one or more Member States, or by external auditors, as provided in the financial regulations. They shall be designated, with their agreement, by the General Assembly." Similar powers are conferred on the Assemblies of the Paris, Berne, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT and Vienna Unions.
2. During their 1997 sessions, the WIPO General Assembly and the Assemblies of the Paris, Berne, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT and Vienna Unions renewed Switzerland as the Auditor of the accounts of WIPO, of the Unions administered by WIPO, and of the accounts of technical assistance projects executed by WIPO and financed, in particular, by UNDP, up to and including the year 1999 (see document AB/XXXI/12, paragraph 163).
3. At the same time, the General Assembly requested the International Bureau to prepare, for the consideration of the 1999 session of the General Assembly, the options available for decision on the future designation of auditors.
4. As noted in paragraph 1, above, the Auditor may be one of the Member States of WIPO or may be an external auditor, presumably a commercial firm with specific auditing expertise.

The options available for the future designation of the auditor are therefore the following:

- (a) Continue the designation of Switzerland as Auditor;
- (b) Invite expressions of interest from the Member States of WIPO in becoming the Auditor, and have a procedure undertaken leading to the selection of one of those Member States, which might be Switzerland or might be a different Member State; and
- (c) Have an invitation to tender process to invite commercial firms with specific auditing experience to make offers for becoming the Auditor.

5. As concerns the first alternative, it is recalled that Switzerland has been appointed as Auditor by the General Assembly and the Assemblies of the Unions administered by WIPO since 1970, when WIPO came into existence, and that mandate was continued every four years thereafter. It is furthermore recalled that Switzerland undertook the auditing of the accounts of *les Bureaux internationaux réunis pour la propriété intellectuelle* (BIRPI) and the predecessor forms of what is now WIPO since 1883, when the International Bureau, serving the Paris Union, first began to function. Switzerland currently undertakes the auditing of the accounts of WIPO, the Unions administered by WIPO, and the technical assistance projects executed by WIPO, through the Federal Audit Office of the Swiss Confederation [*Contrôle fédéral des finances de la Confédération suisse*] which is the supreme audit body of the Government of Switzerland. Switzerland has also generously undertaken the auditing without charging any fees for its services, apart from the reimbursement of the travel costs for its audit staff to come from Berne to Geneva for undertaking their audits and a share of the travel costs of its senior audit staff to attend the meetings of the Panel of External Auditors of the United Nations and its specialized agencies (the latter costs being shared with the International Telecommunications Union (ITU) and the Universal Postal Union (UPU), which also have Switzerland as their Auditor). For the 1996-97 biennium, the said travel expenses paid by WIPO amounted to 32,000 francs. During that biennium, the auditors from the Swiss Federal Audit Office were present in WIPO's premises for a total of some 120 person days, in addition to whatever time they also spent in Berne in analyzing matters relating to WIPO's accounts and in preparing the various audit reports for WIPO and the Unions administered by WIPO, WIPO's accounts for the United Nations Development Programme projects, and the accounts of the WIPO (Closed) Pension Fund. It is to be noted that the auditors of the Federal Audit Office are known to be very serious in their audit work, which is undertaken in accordance with the standards recommended by the Panel of External Auditors of the United Nations and its specialized agencies. Throughout the time that Switzerland has been WIPO's Auditor, there have never been any criticisms from the Member States or any others as to the audits carried out.

6. As concerns the possibility of inviting Member States to be the Auditor of WIPO, it is to be noted that the Auditor-General (or equivalent) of the following countries are now members of the United Nations Board of Auditors (Ghana, the Philippines and the United Kingdom), and the Auditor-General (or equivalent) of the following countries are the Auditors of the following specialized agencies of the United Nations system of organizations:

| <u>Country of National Auditor</u> | <u>Specialized Agencies</u> |
|------------------------------------|-----------------------------|
| Canada | ICAO, UNESCO |
| France | FAO, WFP, WMO |
| Germany | UNIDO |
| South Africa | WHO |
| Switzerland | ITU, UPU, WIPO |
| United Kingdom | ILO, IMO, IAEA |

With the exception of Switzerland, which is the auditor of ITU, UPU and WIPO, all of the other countries charge fees to cover the salaries and out-of-pocket costs incurred by their audit staff in performing the audit services, and those fees can be very substantial.

7. As concerns the selection of a commercial firm, it is to be expected that the fees to be charged would be considerably higher than those that would be charged by a government. It is noteworthy that neither the United Nations nor any of the specialized agencies have a private firm as their Auditor.

8. In light of the above considerations and in light of his complete satisfaction with the performance of Switzerland as WIPO's Auditor, the Director General considers that the most appropriate course of action, which he proposes, would be to extend the designation of Switzerland as Auditor of the accounts of WIPO, of the Unions administered by WIPO, and of the accounts of technical assistance projects executed by WIPO and financed, in particular, by UNDP, for a further period of four years. This proposal is made following consultations with the Coordinators of the Regional Groups.

9. The Secretariat has consulted with representatives of the Government of Switzerland to ensure that Switzerland would be willing to continue to act as Auditor if the Member States so decide, and the Government of Switzerland has confirmed its readiness to continue that mandate on the same basis as before.

10. The WIPO Coordination Committee is invited to give advice to the Assemblies referred to in the subsequent paragraph in respect of the question of the designation of the auditor.

11. The WIPO General Assembly and the Assemblies of the Paris, Berne, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT and Vienna Unions are invited to renew the designation of Switzerland as auditor of the accounts referred to in paragraph 8, above, up to and including the year 2003.

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