

WIPO



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WORLD INTELLECTUAL PROPERTY ORGANIZATION
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PROGRAM AND BUDGET COMMITTEE

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ACCOUNTS FOR THE 2000-2001 BIENNIUM

Memorandum by the Director General

1. The accounts of the International Bureau for the 2000-2001 biennium are contained in the *Financial Management Report 2000-2001*. Copies of that report were communicated to each Member State of WIPO or the Paris Union or the Berne Union on July 31, 2001.
2. The accounts were audited by the Director of the Swiss Federal Audit Office, appointed by the Government of Switzerland. The *Report on the Auditing of the Accounts of the World Intellectual Property Organization (WIPO) for the 2000-2001 Accounting Period* was communicated to each Member State of WIPO or the Paris Union or the Berne Union, together with the *Financial Management Report 2000-2001*, on July 31, 2002.
3. The conclusion of the report of the Auditor reads as follows:

“As a result of our work, I am able to issue the audit opinion annexed to this report and drawn up in conformity with paragraph 5 of the Terms of Reference Governing Audit (annexed to the WIPO Financial Regulations).”
4. The audit opinion referred to reads as follows:

“I have examined the financial statements constituted by Tables 9, 10, 20, 33, 34, 29, 35 and 36 of the Financial Management Report of the World Intellectual Property Organization (WIPO) for the financial period ending on December 31, 2001. The establishment of those financial statements is the responsibility of the Director General.

My role consists of expressing an opinion on them in the light of the audit undertaken by me.

“I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Those standards require me to plan and carry out the audit in such a way as to gain reasonable assurance that the financial statements are free of serious errors. An audit consists notably of examining, by sampling and to the extent considered necessary by the External Auditor in the circumstances, the supporting documents provided to back up the amounts and the data appearing in the financial statements. I consider that the audit that I undertook provides a reasonable basis for the opinion that I present here.

“In my opinion, the financial statements give a satisfactory account, on all essential points, of the financial position on December 31, 2001, and of the results of operations and movements of funds for the financial period ending on that date, in accordance with the specified accounting policies of WIPO which are set forth in the Notes on the 2000-2001 Financial Management Report, and which have been applied in a manner consistent with the previous accounting period.

“In addition, it is my opinion that the WIPO operations that I checked by sampling in the course of my audit were on all essential points consistent with the Financial Regulations and the authority given by the deliberative bodies of the Organization.

“Pursuant to paragraph 6 of the Terms of Reference Governing Audit annexed to the WIPO Financial Regulations, I have also drawn up a detailed report on my auditing of the financial statements of WIPO, which is dated June 28, 2002.”

5. In the detailed report mentioned, the Auditor makes the following recommendations in paragraphs 22, 28 and 29. In paragraph 22, regarding “Commitments not Appearing in the Balance Sheet,” the Auditor states:

“22. The Administration of the United States of America has not yet effected the reimbursement to WIPO of direct taxes amounting to 2,219,268.15 francs relating to the years from 1995 to 2000, entered on the assets side of the balance sheet under “Sundry Debtors.” The Administration of the United States of America contests the reimbursement to WIPO, which had made the advance, of the direct taxes of the retired Director General for the part of his emoluments concerning UPOV. This point in dispute, which was already mentioned in the report on the auditing of the accounts for the 1996-1997 and 1998-1999 accounting periods, is still under discussion.

“Recommendation No. 1: I invite the Director General of WIPO to continue the negotiations in order to reach a rapid solution to this dispute.”

6. The Secretariat can report that the point in dispute referred to by the Auditor has been totally resolved, that the Permanent Mission of the United States of America and WIPO have agreed on the amount of taxes to be reimbursed to the Organization and that the Permanent Mission of the United States of America has indicated that these payments will be made rapidly.

7. In paragraph 28 of his detailed report, regarding “Contributions Outstanding,” the Auditor states:

“28. The total of contributions outstanding as of December 31, 2001, amounts to over 13 million francs compared with 14 million francs at the end of the previous biennium. Most of the unpaid contributions date back several years; Table 15 on pages 31 to 36 of the 2000-2001 Financial Management Report gives the details of the situation. As in other international organizations, the problems due to unpaid contributions remain a matter of concern. In principle, the Reserve Funds of the contribution-financed Unions would be sufficient to cover the contributions in arrears. There is however no legal basis for this.

“Recommendation No. 2: WIPO would do well to have a formal record, and to make Member States aware, of the matter of unpaid contributions, for instance by having the Assemblies of Member States approve either a statement of contributions in arrears or alternatively the Financial Management Report itself, which in that case would be given a document number, as other official documents are.”

8. To increase the Member States’ awareness on the issue of contributions to be recovered, the Secretariat decided to have the Financial Management Report (which has a classification mark like the other official documents) approved; hence, the concluding paragraph of this document (paragraph 11) has been modified accordingly.

9. In paragraph 29 of his detailed report, regarding “Inventories,” the Auditor states:

“29. In spite of the introduction of a new computerized system during the previous biennium, the stock control system is still not entirely satisfactory. Substantial efforts have been made and improvements undertaken which have reduced the gap between the two inventories to less than 1%, and yet guidelines and an efficient system still have to be introduced if there is to be an exact match between the physical inventory list and the accounting list.

“Recommendation No. 3: As already mentioned in the report on the 1998-1999 biennium, it is important to reconcile the two inventory lists, the accounting list and the physical list. I invite the International Bureau to improve the present system further and to continue in its efforts to resolve this problem.”

10. As of December 31, 2001, the gap between the two inventory lists, physical and accounting, was less than one per cent. The Secretariat, in order to follow the Auditor’s recommendation, is implementing procedures in an endeavor to reduce this gap, without however losing sight of the cost that the search for total conformity could entail.

11. The WIPO Program and Budget Committee is invited to express its views on the audited accounts for the 2000-2001 biennium and to recommend to the Assemblies of the Member States of WIPO the approval of the Financial Management Report 2000-2001 (document FMR/2000-2001).

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