



Internal Oversight Division

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Audit Report

Financial Closure Process

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LIST OF ACRONYMS

AIMS	Administrative Integrated Management Systems
ASHI	After Service Health Insurance
DPPF	Department of Program Planning and Finance
ESD	Enterprise Solutions Division
FS	Financial Statement
HRMD	Human Resources Management Department
HRPI	Human Resources Pension and Insurance
ICS	Individual Contractual Services
IIA	The Institute of Internal Auditors
IOD	Internal Oversight Division
IP	Intellectual Property
IPSAS	International Public Sector Accounting Standards
PMSDS	Performance Management and Staff Development System
PO	Purchase Order
PCT	Patent Cooperation Treaty
PTD	Procurement and Travel Division
TAM	Travel and Meeting Management System
TMS	Travel and Missions Support
UNDP	United Nations Development Program
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

1. The Internal Oversight Division (IOD) notes a number of positive developments in the overall Financial Closure Process of the World Intellectual Property Organization (WIPO). This includes successive unqualified opinions from external independent auditors; active engagement of Finance, Procurement, and Travel Divisions in closure of Purchase Orders; and increased automation of monitoring processes, which has enhanced the quality of Financial Closure. While the audit found that overall, the Financial Closure Process is functioning well, there are opportunities to further enhance management of the Procure-to-Pay cycle.
2. IOD would like to firstly emphasize on the importance of the ownership and accountability of Program Management and alternates in the commitment made within the context of the Management Representation Letter, regarding the maintenance of an effective functioning internal controls to among others, help achieve the Program Expected Results and compliance with WIPO Regulations and Rules. Fifty-four per cent of Program Managers and Alternates invited to attend the 2019 Annual Closure information session, were present. Program Managers and their designated alternates are expected to be fully informed on, and address any challenges or needs concerning financial closures and related cycles as part of their commitment to effective and efficient internal controls at WIPO. Addressing the following would help support that commitment.
3. IOD observed an increase of the Purchase Orders (PO) closure workload before and after the year-end (backlog from prior year) indicating more effort needed from Programs to monitor and regularly clean-up during the year. The analysis of PO creation between January and October 2019 shows an increase in the number of creation of PO lines in October 2019 comparing to other months (58% increase compared to September 2019). This may indicate possible efforts to intensify purchases in order to either compensate for insufficient performance, unforeseen change in work plan, or inefficient planning and monitoring.
4. The analysis of statistics on budget implementation for the biennium 2018-2019 at department level shows that some departments have executed less than 80 per cent of their budgets as at October 31, 2019. Although some budgets are low in significance, and/or their activities do not foresee "linear" budget execution over time, it would be relevant to ensure that these levels of execution are appropriately justified and do not become an incentive to intensify the use of funds in order to reach full or close to full implementation levels.
5. It would be relevant for Programs to designate backup staff and ensure, where applicable, that transferred staff members complete a handover note on pending actions, including those relating to requisitions, in order to address some instances where long outstanding requisitions persist due to among others, internal staff movements.
6. Discussions with staff members involved in the requisition process indicate the need to provide requestors and other relevant stakeholders with a broader picture of the purchase to pay cycle and relevant training and guidance to be active first lines of defense. Stakeholders interviewed were favorable to the establishment of a focal point within each Sector to liaise with the Finance Division and the Procurement and Travel Division, to better coordinate and support the various cycles.
7. Finally, IOD would also emphasize on the need to ensure continual alignment between the administrative processes and the business requirements, without compromising effective risk management and internal controls; and in order to support the achievements of the strategic goals of the Organization.