

WIPO



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DATE: August 15, 2005

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

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ASSEMBLIES OF THE MEMBER STATES OF WIPO

Forty-First Series of Meetings Geneva, September 26 to October 5, 2005

PROPOSAL ON THE ESTABLISHMENT OF A WIPO AUDIT COMMITTEE

Document prepared by the Secretariat

1. The Program and Budget Committee, at its eighth session, held from April 27 to 29, 2005, adopted the following decision (see document WO/PBC/8/5, paragraph 174, subparagraph 4):

“The Program and Budget Committee further decides to establish an open-ended Working Group of the Program and Budget Committee to meet informally to consider and report on proposals on the establishment of a WIPO Audit Committee, to transmit to the General Assembly for consideration at the September 2005 session.”

2. An informal session of the open-ended Working Group of the Program and Budget Committee was convened by the International Bureau from May 23 to 25, on June 23, and on July 14 and 15, 2005, in Geneva. The agenda of the session is attached (Annex I). The meeting was chaired by Mr. Dirk Kranen (Germany).

3. Following discussions, the Working Group adopted the proposal annexed to the present document (Annex II) to be submitted to the WIPO General Assembly for consideration at its September 2005 Session.

4. In bringing the above proposal to the consideration of the General Assembly, the Secretariat wishes to advise the Member States that the estimated cost of implementing this proposal in the 2006/07 biennium would be approximately 560,000 Swiss francs. This estimate is based on a number of assumptions reflected in the proposal: four 2-1/2 day meetings per year; active interpretation in three languages; travel expenses for seven Audit Committee members (based on the average cost of travel from each region and including daily subsistence allowances (DSAs) and terminal expenses (TEs) at the applicable United Nations rate for Geneva); no honoraria would be paid to any of the members of the Committee; and, no travel nor DSA expenses for the two members of the Committee drawn from the UN and the non-UN organization on the assumption that they may be from organizations located in or close to Geneva. A detailed costing may be found in Annex III.

5. These costs could be absorbed by the Proposed Program and Budget for 2006/07 under Program 23.

6. The General Assembly is invited to consider the proposal of the Working Group of the Program and Budget Committee on the establishment of a WIPO Audit Committee as proposed in the present document.

[Annexes follow]

WIPO



WO/PBC/IWG/05/1 Prov.

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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

**WORKING GROUP OF THE
PROGRAM AND BUDGET COMMITTEE**

**Informal Session
Geneva, May 23 and 24, 2005**

DRAFT AGENDA

prepared by the Secretariat

1. Opening of the session
2. Election of a Chair and two Vice-Chairs
3. Adoption of the agenda
See the present document.
4. Review of proposals on the establishment of a WIPO Audit Committee
5. Other matters
6. Closing of the session

[End of document]

[Annex II follows]

ANNEX II

WORKING GROUP OF THE
PROGRAM AND BUDGET COMMITTEE

Informal Session
Geneva, May 23 to 25, 2005

PROPOSAL ON THE ESTABLISHMENT OF AN AUDIT COMMITTEE

1. The Working Group of the Program and Budget Committee

Having met informally and considered proposals on the establishment of a WIPO Audit Committee, as requested by the WIPO Program and Budget Committee,

Noting that the Joint Inspection Unit (JIU) has called for an active and robust role of Member States in exercising their “Board of Directors” function (JIU/REP/2005/1),

Recognizing existing mechanisms for control and oversight in WIPO,

Noting that WIPO may need further control and oversight mechanisms to complement the above-mentioned existing mechanisms,

Transmits to the WIPO General Assembly for consideration at its September 2005 session the following proposal on the immediate establishment of a WIPO Audit Committee that will submit regular reports to the Program and Budget Committee, which will transmit them, with its recommendations, to the next session of the General Assembly.

2. The Audit Committee of WIPO shall have the following terms of reference:

(a) Promoting internal control by:

(i) Systematic appraising of management’s actions to maintain and operate appropriate and effective internal controls;

(ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities;

(iii) Reviewing the operation and effectiveness of the Financial Regulations;

(iv) Reviewing management’s assessment and approach to risk;

(v) Overseeing the new construction project.

- (b) Focusing assurance resources by:
- (i) Agreeing and approving the audit plans and arrangements for internal and external audit;
 - (ii) Encouraging liaison between the internal and external audit functions;
 - (iii) Confirming audit and assurance arrangements have been conducted and delivered during the year to provide the necessary levels of assurance required by the General Assembly.
- (c) Monitoring audit performance by:
- (i) Ensuring the timely, effective and appropriate responses from management with regard to audit recommendations;
 - (ii) Monitoring the delivery and content of financial statements in accordance with the requirements of the Financial Regulations;
 - (iii) Confirming that audit recommendations have been implemented;
 - (iv) Monitoring the Secretariat's implementation of the recommendations made by the Joint Inspection Unit (JIU);
 - (v) Overseeing the desk-to-desk review recommended by the JIU.
- (d) The Audit Committee shall make recommendations to the Program and Budget Committee on issues within the terms of reference of the Audit Committee, as it considers appropriate.

3. The Working Group of the Program and Budget Committee further

Recommends that the Audit Committee meet regularly, in general every quarter, and keep Member States informed of its work on a regular basis;

Recommends that the members of the Audit Committee have the qualifications and skills required, and be elected for a period of two years. Members should possess relevant qualifications and experience in auditing, accounting, risk management and other financial and administrative matters;

Recommends that the said members should have or acquire soon an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it;

Recommends that the Committee should corporately possess the following competencies:

- (a) Technical or specialist issues pertinent to the Organization's business;
- (b) Experience of managing similar sized organizations;

(c) Understanding of the wider relevant environments in which the Organization operates, including its objectives, culture and structure;

(d) Detailed understanding of the Organization's governance environment and accountability structures.

Recommends that the Audit Committee shall have nine members and that they shall be selected as follows:

(a) Seven members shall be nominated by Member States and elected by the Program and Budget Committee. Expertise as well as geographical distribution should guide the selection process.

(b) One member shall be selected by the above-mentioned seven members of the Audit Committee based on his/her qualifications as a senior oversight professional or senior manager in the United Nations system.

(c) One member shall be selected by the above-mentioned seven members of the Audit Committee based on his/her qualifications as a senior oversight professional or senior manager from outside of the United Nations system.

Recommends that the Controller and the External and Internal Auditor of WIPO and any other person—if required—may attend meetings on the invitation of the Audit Committee. The WIPO Internal Audit Division shall provide support services to the Committee;

Recommends that the Chair of the Audit Committee be selected by the members of the Committee;

Recommends to review the mandate, functioning and membership of the Audit Committee at the end of two years.

[Annex III follows]

ANNEX III

Estimated Cost of Audit Committee Meetings in the 2006/07 Biennium

<i>Item</i>	<i>Amount Sfr</i>
A. Travel cost (Air Fares)	46,500
B. Other travel costs (DSAs and TEs)	8,500
C. Interpretation ¹	15,000
<i>Total cost for a single meeting:</i>	<u>70,000</u>
<i>Total cost for the 2006/07 Biennium:²</i>	560,000

¹ *Three languages for 2 1/2 days*

² *Quarterly meetings for a total of eight meetings in the biennium*

[End of Annex III and of document]