

WIPO



A/42/10

ORIGINAL: English

DATE: August 21, 2006

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

E

ASSEMBLIES OF THE MEMBER STATES OF WIPO

Forty-Second Series of Meetings Geneva, September 25 to October 3, 2006

PROGRESS REPORT ON THE FOLLOW UP OF THE JOINT INSPECTION UNIT'S
RECOMMENDATIONS AS CONTAINED IN ITS REPORT "REVIEW OF
MANAGEMENT AND ADMINISTRATION IN WIPO: BUDGET, OVERSIGHT AND
RELATED ISSUES" (JIU/REP/2005/1), SINCE THE 2005 SESSION OF THE
ASSEMBLIES OF WIPO MEMBER STATES

prepared by the Secretariat

1. At the 2005 session of the WIPO Assemblies, Member States considered a document entitled "Follow Up of the Joint Inspection Unit's Recommendations as Contained in Its Report 'Review of Management and Administration in WIPO: Budget, Oversight and Related Issues' (JIU/REP/2005)" (document A/41/12). Following discussion, the 2005 Assemblies had "called upon the Director General and the relevant bodies of WIPO to consider, in consultation with Member States, appropriate actions that could be taken on the JIU recommendations and to report thereon to the General Assemblies in 2006." (document A/41/17, paragraph 283). In response to that decision, this document provides a progress report on the actions taken by the Secretariat since the 2005 Assemblies with respect to the relevant recommendations of the JIU report.

JIU Recommendation 1:

"The Director General should hire independent external expertise to perform a comprehensive desk-to-desk needs assessment of the human and financial resources of the Organization in accordance with para. 3 above."

2. As reported in the document submitted to the tenth session of the Program and Budget Committee (PBC) (document WO/PBC/10/3, entitled "Progress Report on the Desk-to-Desk

Project”), in the period under review the Secretariat submitted draft terms of reference (TORs) for the desk-to-desk assessment to the WIPO Audit Committee on March 28, 2006, for consideration at its first meeting, which took place from April 10 to 12, 2006. Following the Audit Committee’s comments and recommendations (see document WO/AC/1/2, paragraphs 16 to 19(a) through (m)), the Secretariat submitted revised draft TORs to the Audit Committee on June 22, 2006, for consideration at its second session, which took place from July 5 to 7, 2006. At its second session, the Audit Committee made a number of additional recommendations on the TORs (see document WO/AC/2/2, paragraphs 15(a) through (e) and 16).

3. The tenth session of the PBC, which took place from July 11 to 13, 2006, “while grateful for the advice of the Audit Committee thereon,” decided that “it was not necessary to implement the recommendations referred to in paragraph 9 of document WO/PBC/10/3 and that the terms of reference of the selected External Firm should therefore not include the additional pre-assessment and validation phase recommended by the Audit Committee.” (See document WO/PBC/10/5, paragraph 27)

4. In the second half of July 2006, the Secretariat finalized the draft TORs to reflect this decision of the PBC and also adjusted the final text of the TORs to conform to the other recommendations made by the Audit Committee at its July session. It then launched the open international tender procedure to select the External Firm.

5. On July 21, 2006, the Request for Proposal (RFP) was published on the WIPO website (<http://www.wipo.int/procurement/en/pcd06033>) and the United Nations Development Programme/Inter-Agency Procurement Services Office (UNDP/IAPSO) website (<http://www.iapso.org/supplying/procurement-notice-view.asp?id=2399>) as well as in two major financial newspapers. It was also transmitted to the Permanent Missions of WIPO Member States by means of Circular N. 2686 dated July 26, 2006. In addition, WIPO's Procurement and Contracts Division communicated the publication of the RFP to more than 1,000 companies registered on its roster.

6. As shown in the RFP, the TORs of the assessment consist of the following sections: Introduction; Organizational Overview: Strategic, Financial and Human Resource Management; Project Objectives; Project Scope; Project Deliverables; WIPO Management Considerations; Key Elements of the Approach; Project Timeline; Project Management and Competencies of the External Firm. The TORs are supported by several appendices and background documents to provide potential bidders with information relevant for the preparation of their bid.

7. As also shown in the RFP, the main objective of the project is to ascertain whether the human and financial resources of the Organization (in terms of numbers, skills, competencies, grade levels and contract types) are commensurate with the volume of work, nature of tasks and level of responsibility required to discharge the programs approved by Members States in the Program and Budget for 2006/07 and whether these resources are utilized in a cost-effective manner. The second objective is to develop recommendations on how to best align these resources to the achievement of the strategic goals of the Organization and propose a robust and effective staffing structure that will allow the Organization to cope with the challenges ahead. As a by-product, the project shall identify opportunities and develop recommendations to improve the structure and key business processes of the Organization.

8. The main deliverables of the project are described in the RFP as follow:

“(i) an assessment of the current status of the Organization with respect to human resources (including staff composition, functions and positions, skills and competencies, grade levels, contract types), financial resources, organizational structure and key business processes, taking into account the Strategic Goals of the Organization as contained in the 2006/07 approved Program and Budget. Gaps will be identified.

“(ii) a multiple-scenario human resource plan for the 2008/09, by strategic goal and priority area (including functions and positions, skills and competencies profiles, grade levels, contract types, and the financial resources required). Gaps will be identified between the existing resources and the requirements identified in the plan.

“(iii) a set of recommendations on how to implement the multiple-scenario human resource plan and to bridge the gaps identified.

“(iv) a final report, including an executive summary and supporting documentation.”

9. The project timeline as targeted at the time of launching the international tender may be found in Annex I of the present document. The actual timeline will be established at the time of awarding the contract to the selected bidder.

10. The organizational chart of the project appears in Annex II of the present document.

JIU Recommendation 2:

“The General Assembly should approve an initial 2006–2007 budget at the revised 2004–2005 budget level, pending the outcome of the needs assessment. Any revision to the budget based on the needs assessment could be presented for approval to the Extraordinary Session of the General Assembly in September 2006.”

11. This recommendation was implemented in 2005 through the submission of the proposed Program and Budget for 2006/07 (Publication No. 360E/PB0607) to the 41st session of the Assemblies of the Member States of WIPO. The proposed Program and Budget for 2006/07 was approved by those Assemblies (see document A/41/17, paragraph 194(i)).

JIU Recommendation 3:

“The Director General is urged to complete on an urgent basis consultations with other relevant organizations, *inter alia*, the European Patent Office and submit to the General Assembly a proposed methodology to determine the cost of processing PCT applications.”

12. At the 2005 Assemblies, the Director General had reported (see document A/41/12, paragraph 6) that, prior to the issuance of the JIU recommendation, the Secretariat had already

arranged for and carried out consultations with the European Patent Office on a system for gauging performance measurement and determining the cost of processing applications. At that time, the Secretariat had made progress in elaborating this system and had also put into place preliminary internal performance indicators to measure timeliness and workload issues.

13. During the ninth session of the PBC, held from January 11 to 13, 2006 (see document WO/PBC/9/5, paragraph 111), the urgent character of such methodology was nuanced. It was recognized that it was certainly urgent to establish a methodology; it was, however, difficult to freeze in time PCT operations in order to determine unit cost because WIPO was in the process of deploying an electronic dossier for the full electronic processing of PCT applications.

14. Since then, the deployment of this electronic dossier has progressed well and the Secretariat has established a methodology for calculating the unit cost per PCT publication. The unit cost calculation methodology is detailed in Annex III of the present document. The unit cost has been defined as being the average total cost of producing one unit of output. Average total cost is determined by the total of the PCT budget plus a proportion of the budgets of supporting and management activities. The unit of output chosen for this methodology is a PCT publication, rather than an application, since publication corresponds more closely to the concept of output. Therefore the unit cost has been defined as being an average total cost per publication and includes the cost of all PCT activities including translation, communication, management, etc.

15. According to the methodology¹, the estimated unit cost per PCT publication in 2006 is 886 Swiss francs. This compares with 1,042 Swiss francs in 2004 and 934 Swiss francs in 2005². The unit cost is broken down into direct and indirect costs where direct costs are those related to the processing of PCT applications and to the management of the PCT system and indirect costs include supporting activities such as buildings, human resources and information technology. The direct unit cost in 2006 is 546 Swiss francs or 61.6 per cent of the total. The remaining 340 Swiss francs is the indirect cost. The methodology also permits the decomposition of the unit cost into its different activities, of which the operation of the PCT system is the main component representing 650 Swiss francs or 73 per cent of the total cost.

JIU Recommendation 4:

“The General Assembly should limit transfers between programmes to five per cent of the smaller amount of the two biennial appropriations of the programmes concerned.”

¹ The estimated PCT unit cost is based on a proportion of actual or budgeted expenditure according to our budgetary system which does not include amortization (annualized capital cost). For example, in relation to buildings costs, the buildings component of the PCT unit cost could possibly increase by between 50 and 100 Swiss francs if the estimated rental costs of buildings owned by WIPO were included.

² Figures for 2004 and 2005 are based on actual expenditure for the 2004/05 biennium. The estimated figure for 2006 is based on the initial budget for the 2006/07 biennium. This figure may vary slightly upon elaboration of the revised budget for the 2006/07 biennium (which will be submitted to the first 2007 session of the Program and Budget Committee).

16. The Secretariat put this recommendation on the agenda of the ninth session of the PBC through document WO/PBC/9/3 entitled “Budgetary Transfers (WIPO Financial Regulation 4.1) in the Light of Recommendation 4 of the Report of the Joint Inspection Unit (JIU)”. In that document, the Secretariat had argued that, while it supported the rationale of the JIU recommendation, it considered it necessary to mitigate it to enable greater managerial flexibility, in particular with respect to smaller programs. Following discussion, the Committee went along with the Secretariat’s argumentation and recommended to the WIPO Assemblies of Member States that:

“(i) transfers from one program to another program shall be limited, for each given biennial period, to five per cent of the amount corresponding to the biennial appropriation of the receiving program or to one per cent of the total budget, whichever is higher, on the understanding, however, that this interpretation of Financial Regulation 4.1 would not be applied before the conclusion of the current biennium after the desk-to-desk exercise and, also, that it would not prejudice the decision of the 2005 Assemblies on budget adjustments; and

“(ii) a draft comprehensive revision of the WIPO Financial Rules and Regulations shall be submitted to the April 2007 session of the Program and Budget Committee for consideration.” (See document WO/PBC/9/5, paragraph 102)

17. This recommendation is on the agenda of the current session of the Assemblies under agenda item 6 (see document A/42/9).

JIU Recommendation 5:

“The PCT Assembly should consider taking the necessary steps to:

- “a. Have users of WIPO services pay fees for services rendered in Swiss francs, the currency in which the budget is denominated and most expenditures incurred; and
- b. Have PCT fees paid directly to the IB at the time of filing the application with the national receiving office and not at the time of its transmittal to the IB by the national receiving office.”

18. At the 2005 Assemblies, the Secretariat raised a number of questions about this particular recommendation (see document A/41/12, paragraph 18, subparagraphs (i) through (vi)). It had been suggested that it was not entirely clear that these two recommendations would work in favor of PCT applicants; it had therefore been suggested that the Secretariat prepare a paper that fully explored all of the implications of these recommendations to the Assemblies in 2006.

19. PCT income for the International Bureau is expressed in Swiss francs. However, applicants pay international fees, usually in their local currency based on “equivalent amounts” set by the International Bureau and adjusted from time to time. The system of setting equivalent amounts and the fact of exchange rate fluctuations expose the International

Bureau to income variances which may be positive or negative, depending on whether the Swiss franc is appreciating or depreciating relative to other currencies.

20. In recommending that applicants be required to pay international fees in Swiss francs and/or directly to the International Bureau, the JIU provided options mainly for reducing the exchange rate risk. The Secretariat therefore undertook this year an analysis on PCT fees and exchange rate mechanisms to examine the impact of exchange rate fluctuations on the International Bureau's income. The analysis on PCT fees and exchange rate mechanisms is detailed in Annex IV of the present document. A summary of this analysis is described below.

21. In this analysis, the Secretariat attempted to quantify the exchange rate exposure based on an historical analysis of the three major currencies of payment (US dollar, euro and yen) from 1990 to 2004. The PCT equivalent amounts are set according to a method that is outlined in PCT Rule 15.2 and detailed in directives established by the PCT Assembly, schedule currently in force, which took effect on January 1, 2004, may be found in Annex II of document PCT/A/32/1.

22. Essentially, the PCT Regulations and the directives specify the following:

(i) Filing fees are converted from Swiss francs to an "equivalent amount" in the currency of each receiving office so that applicants can pay their fees in a single, local currency to the receiving Office.

(ii) If the exchange rate between the Swiss franc and another currency varies by more than 5 per cent for more than 30 days, the equivalent amounts are adjusted.

(iii) The new equivalent amounts come into effect two months after their publication in the PCT Gazette.

23. It was found that the present system of equivalent amounts and variations in exchange rates expose the International Bureau to fluctuations within ± 5 per cent of its income in any given year, and more in exceptional years. This is the equivalent of ± 10 million Swiss francs based on the 2004 fee schedule and number of PCT applications filed in 2004.

24. Alternative scenarios, where the system of setting equivalent amounts is modified to be more responsive to variations in exchange rates, were studied. Instead of waiting for a 5 per cent variation in exchange rates and implementing new equivalent amounts three months later (which is the case with the present system), the scenario of adjusting the equivalent amounts after a 2.5 per cent variation and implementing the new amounts two months later was tested. Under this alternative scenario, the exchange rate exposure is reduced to within ± 2.5 per cent, or the equivalent of 5 million Swiss francs based on the number of filings and the fee schedule of 2004.

25. This analysis was based on a simplified simulation of setting PCT equivalent amounts. The purpose has not been to determine exactly how much income was gained or lost due to exchange rate variations, but to estimate the effect of changing the system of setting equivalent amounts.

26. The conclusion of this study is that the exchange rate exposure can be reduced by a change to the procedural application of the PCT Regulations and without amending either the Treaty or the Regulations.

27. During the ninth session of the PBC, the Secretariat also reported that it was conducting a number of studies into the structure of the PCT fee and the possible impact of changes on applicant's behavior (see document WO/PBC/9/5, paragraph 110). Those studies have been completed and identify a number of points for consideration:

(i) A large part of PCT income – 15 per cent - is derived from the page fee (15 Swiss francs for each page in excess of 30). However, the page fee does not seem to be totally effective in controlling the size of applications and is based on a paper filing concept that is rapidly disappearing.

(ii) Reductions for filing in electronic format are widely used and appear to be acting as an effective incentive for applicants to file in electronic form.

(iii) In real terms, the fee paid to the International Bureau in 2004 was 50 to 55 per cent of the fee paid in 1990. However, there is a trend for total PCT fees to increase since 2002 due to increases in fees payable to search authorities and to the relative strength of the Swiss franc.

(iv) There is no strong evidence of “price elasticity” in the PCT demand. This means that changes to the fee structure are not likely to have a major effect on the total number of applications filed.

28. Taking into account these findings, as well as the findings on the exchange rate mechanism detailed above, it is recommended that the Secretariat prepare, in the context of the preparation of the draft Program and Budget for 2008/09, a detailed proposal to the PCT Assembly to adopt a new mechanism for setting equivalent amounts in the different currencies of payment and to make adjustments to the PCT fee schedule in order to reduce the reliance on the page fee as a major source of income.

JIU Recommendation 6:

“The Director General should look into the feasibility of establishing a mechanism to allow fees to be paid through an on-line basis to an established WIPO account.”

29. At the 2005 session of the Assemblies of the Member States of WIPO, it was recalled that PCT applicants who file their applications with the Receiving Office at the International Bureau (RO/IB) may pay filing fees by means of deposit accounts in Swiss francs that they establish at WIPO (see document A/41/12, paragraph 7). The Secretariat also indicated that it intended to put in place a system that would permit applicants who file their applications electronically with the RO/IB to pay filing fees in Swiss francs by credit card.

30. During the ninth session of the PBC, the Secretariat reported that the online mechanism for fee payment was in the process of being implemented (see document WO/PBC/9/5, paragraph 109). This recommendation has indeed been addressed by the introduction of a facility that would permit payment by credit card for PCT applications that are electronically filed to the International Bureau as receiving Office. In addition, credit card payment for

paper-based filings with the International Bureau as receiving Office (RO/IB) is also being introduced. At the time of writing, good progress has been made in accordance with the project plan and credit card payment facilities with the RO/IB is scheduled to become available in August 2006.

31. The introduction of credit card based payments for applicants using RO/IB is a coordinated effort involving a number of different sectors at the International Bureau. The following is a summary of the principal activities which have been or are in the process of being carried out:

(i) Preparation and implementation of a procedure to include credit card payment details for PCT applications that are filed with RO/IB electronically or on paper (including PCT-EASY based filings).

(ii) Preparation and implementation of a procedure to process credit card payments at RO/IB and the Finance Department.

(iii) Adaptation of the RO/IB bibliographic data management computer system CASPRO to handle credit card payment data.

(iv) Adaptation of the PCT-SAFE applicant software to enable the capture and secure transmission of credit card payment details for electronic filings and PCT-EASY-based filings.

(v) Development and implementation of a credit card payment authorization gateway with a credit card payment authorization service provider for RO/IB staff to obtain payment authorizations.

(vi) Adaptation of AIMS, the Finance Department processing system, to receive the RO/IB credit card payment data.

(vii) A deployment program involving the training of RO/IB staff and announcements in the PCT Newsletter and WIPO's website.

32. The system will operate as follows:

(i) A request to effect payment using a credit card is made by the applicant, normally at the time the international application is filed. In the case of paper-based filings, a form made available by the International Bureau must be used, in the case of electronically-filed applications or PCT-EASY-based applications, the credit card payment request and associated credit card details are captured, in electronic format only, via the software.

(ii) Existing transmission methods, which are accepted as sufficiently secure and confidential for the transmission of unpublished patents, will continue to apply when credit card payment details are transmitted by an applicant. These methods include surface mail, courier service and so on for paper and PCT-EASY-based filings, and the industry standard (Secure Sockets Layer (SSL)) protocol is used when transmitting electronic filings from the applicant to the receiving Office.

JIU Recommendation 7:

“The General Assembly is invited to institutionalize the decision of the current Director General not to accept extra remuneration for his duties in relation to UPOV, as provided for in the relevant WIPO/UPOV Agreement. In the future, the Director General should not receive any extra remuneration for additional tasks that may be entrusted to the post.”

33. The Secretariat had informed the 2005 session of the WIPO Assemblies that this recommendation could not be followed up by the WIPO Assemblies because the WIPO Assemblies are not competent on the question of remuneration of the Secretary General of UPOV, and stated that it would refer the recommendation to the UPOV Council. The recommendation was referred to the October 2005 session of the UPOV Council. The UPOV Council took note thereof (see document C/39/15, paragraph 18).

JIU Recommendation 8:

“The Coordination Committee should allow the Director General to recruit and promote against approved posts at the D-level without seeking their advice.”

34. This recommendation was fully complied with through the submission by the Secretariat to the WIPO Coordination Committee at its September 2005 session of the proposal to amend Staff Regulation 4.8(a) in order to reflect that in future the advice of the Coordination Committee shall be required only for appointment to the Special category (Assistant Directors General and Deputy Directors General) and that appointments and/or promotions to D1-level shall not require the advice of the Coordination Committee, but shall be subject to availability of posts in the Special category in the approved budget (see document A/41/2, paragraphs 21 and 22).

35. In a joint session of the General Assembly, the Coordination Committee and the PCT Assembly this proposal was approved, as reflected in document A/41/17, paragraph 285.

JIU Recommendation 9:

“The Director General should direct that:

- “a. Employment of any contractual form be frozen at current levels until the headquarters review is completed;
- “b. The transfer of positions with posts be discontinued;
- “c. Any reclassifications of Professional level posts and General Service to Professional level posts be approved via the budget process, not after implementation;
- “d. The practice of personal promotions be discontinued;
- “e. A comprehensive human resources strategy be established in one properly sanctioned document, which focuses on the identification, development, and

appraisal of the human resources needed to meet the priorities of the Organization. This should include, in particular, policies on career development, gender balance, geographical distribution and administration of justice; and

- “f. and report back, through the Coordination Committee, to the General Assembly at its next session, on the implementation of these measures.”

36. Recommendation 9a: The Secretariat had informed the 2005 Assemblies that, as of January 1, 2005, recruitment had been frozen, with limited exceptions for stringent operational needs (see document A/41/12, paragraph 8). This recruitment freeze shall remain in force pending the outcome of the desk-to-desk assessment exercise. It should be noted that at present staffing levels are lower than at the date of issuance of the JIU report, in February 2005, in all categories of employment (see document A/42/11, paragraph 15).

37. Recommendation 9b: At the 2005 session of the WIPO Assemblies, the Secretariat had explained that the outcome of the desk-to-desk needs assessment exercise might require an adjustment in the allocation of human resources and therefore, possibly, changes in the post structure of the Organization. The Secretariat had therefore proposed that a new policy limiting post transfers be adopted only after completion of the desk-to-desk needs assessment exercise. It had also proposed that pending the implementation of the assessment, staff transfers should be made, to the maximum extent possible, through an exchange of posts (see document A/41/12, paragraph 9). This has been carried out whenever possible in the period under review.

38. Recommendation 9c: At the 2005 Assemblies, the Secretariat had pointed out that an amount had been earmarked in the Program and Budget 2006/07 for promotions and reclassifications. In the period under review, the Secretariat has issued revised guidelines on promotions (Office Instruction (O.I.) No. 8/2006, dated February 10, 2006). It has also established separate Promotion Advisory Boards for the General Service, Professional and Special Categories, respectively (O.I. No. 12/2006 dated February 14, 2006). The Boards are mandated to recommend promotions only within the earmarked budget allocations.

39. Recommendation 9d: The practice of personal promotions has been formally discontinued through its exclusion from the new guidelines on promotions referred to above.

40. Recommendation 9e: The 2005 session of the Assemblies had been informed that the Secretariat had embarked on a comprehensive review of WIPO human resources policies and practices in order to consolidate them in a single human resources strategy document and that it welcomed the desk-to-desk assessment as a source of information and orientation for this review (see document A/41/12, paragraph 12). As an initial result of the review, the Secretariat has initiated a number of revisions to current human resources management policies to bring them in line with best practices in UN system organizations. These are described in document A/42/11 (“Strengthening Budgetary, Control and Managerial Processes”). In addition, the Secretariat has developed a preliminary draft of the Organization’s Human Resources Strategy. The first draft is contained in Annex V of the present document. This draft will be further elaborated, *inter alia*, on the basis of the outcome of the desk-to-desk needs assessment and the final version of the strategy will be made available to Member States.

JIU Recommendation 10:

“The Director General should suspend the current practice of direct recruitment and identify and submit to the General Assembly through the Coordination Committee appropriate contractual modalities that would meet the purpose of Staff Regulation 4.8(b) while preserving the competitive nature of the recruitment process.”

41. The JIU recommendation to suspend direct recruitment has been fully implemented by the Secretariat. The last direct recruitment took place in August 2004. In addition, an amendment of Staff Regulation 4.8 to the effect that direct recruitment will be abolished, is being submitted to the present session of the WIPO Coordination Committee (see document WO/CC/55/1).

JIU Recommendation 11:

“The General Assembly should take steps to strengthen the effectiveness and independence of oversight at WIPO by:

- “a. Requesting the External Auditor to review and submit for its consideration his/her terms of engagement with a view to bringing them in line with best practices of other United Nations organizations;
- “b. Requesting the Director General to submit concrete proposals with a view to creating a D-level post and determining the qualifications required for the head of the Internal Audit and Oversight Division; and
- “c. Enhancing the staffing of the Division with the necessary professionals qualified to carry out its mandate.”

42. Recommendation 11a: This recommendation was already discussed at the WIPO Assemblies in September 2005. The External Auditor was present and had commented that in his view the current WIPO “Terms of Reference Governing Audit” were identical to the current best practices of other organizations within the UN system. Consequently, he had commented that he did not feel able to adopt the position of the JIU. He had further noted that a working group of the Panel of External Auditors of the United Nations, made up of France, the United Kingdom and Switzerland, had been dealing with the issue since 2004 with a view to adapting the terms of reference to the auditing standards of the Panel and the recommendations of the International Organization of Supreme Audit Institutions (INTOSAI). Given those ongoing discussions, the External Auditor had supported the proposal of the Secretariat to submit the matter to the next session of the Program and Budget Committee (PBC) (document A/41/17, paragraph 223).

43. At the January 2006 session of the PBC, the Secretariat provided an oral update on Recommendation 11 in the presence of the External Auditor and the JIU. As shown in the report of the session, the Committee did not recommend any further action in this regard (see document WO/PBC/9/5).

44. Recommendation 11b: Following the allocation of a vacant D-1 post to the Internal Oversight Division, the Secretariat launched an international recruitment process for the post

of Director of Internal Audit (D1). The requirements of the post were based on the relevant provisions of the Internal Audit Charter as approved by the WIPO Assemblies. The WIPO Internal Audit Charter requires that “The appointment, replacement or dismissal of the Internal Auditor shall be formally made by the Director General, taking into account the advice of the Audit Committee and the Coordination Committee.” (See document A/41/11, Annex II, paragraph 27). Based on this, the Secretariat is now seeking the advice of the Audit Committee on the selected candidate. In pursuit of the Charter, the Secretariat is also seeking the advice of the WIPO Coordination Committee to formalize the recruitment of the selected candidate (see document WO/CC/55/1 Add.).

45. Recommendation 11c: The staffing of the Internal Audit and Oversight Division (IAOD) is being reinforced through the recruitment of an Audit Officer (P4) and a Senior Investigation Officer (P4). Further information on the status of these recruitments is also being provided to the Coordination Committee through document WO/CC/55/1 Add.

JIU Recommendation 12:

“The Director General should ensure that the Internal Audit and Oversight Division:

- “a. Expands and fine tunes an Oversight Charter for approval by the Member States;
- “b. Elaborates audit and evaluation plans based on risks and opportunities for the Organization;
- “c. Establishes a follow-up system to ensure compliance by managers with oversight recommendations; and
- “d. Reports back to the General Assembly at its forthcoming session on all the measures taken.”

46. Recommendation 12a: This recommendation had already been implemented by WIPO through the submission, to the 2005 session of the Assemblies, of document A/41/11 entitled “Proposal on the Adoption of a WIPO Internal Audit Charter” and its approval at that session of the WIPO Assemblies (document A/41/17, paragraph 194(iii)).

47. Recommendation 12b to d: Further information on the implementation of these recommendations is contained in the document being presented to the current session of the WIPO Assemblies of Member States entitled “Report on Internal Oversight” (document A/42/8).

WIPO IT STRATEGY

48. With reference to the comments made by the JIU on IT management at WIPO, internal work has begun to revise and update the previous IT strategy entitled “Information Technology Strategic Implementation Plan” (see document SCIT/4/2) which was noted by the Standing Committee on Information Technologies (SCIT) at its plenary session in December 1999 (page 3 of document SCIT/4/8).

49. In September 2003 Member States approved the Program and Budget for the 2004/05 biennium in which the completion of, and adherence to, the IT strategic plan were proposed (page 155 of WO/PBC/7/2). The IT strategic plan, which initially covered the period until 2003, was extended until 2005.

50. With all IT projects concluded before the end of the 2004/05 biennium, it was proposed that the IT strategic plan and the various IT policies be revised and consolidated into a unified IT strategic document (page 94 of the Program and Budget for the 2006/07 biennium).

51. After the 2005 Assembly meetings, internal discussion started to identify business needs and challenges which should be addressed in a revised IT strategy. The revised IT strategy will update principal strategic elements from the following perspectives:

- realignment of general IT strategies to WIPO's overall strategy and business objectives;
- IT projects management strategies;
- IT systems strategies;
- IT applications strategies;
- IT security strategies;
- data management strategies;
- migration strategies; and
- internal and external coordination strategies.

52. Initial consultations with the Chairperson of the SCIT plenary on the formulation of an IT strategy were held in the first half of 2006. The Chairperson considered that Member States contributions to the IT strategy would be integrated in a two-stage process. In the first stage Member States would be requested to complete a questionnaire that solicits their expectations of the International Bureau in terms of standardization, cooperation and harmonization activities related to information technology systems. The second stage of the process will be the drafting of the text based upon the consolidation of responses to the questionnaire and the attribution of relative project priorities. The second stage would also produce a proposed implementation plan as well as an indication of the potential source of funding a proposal/project. Such consultations with Member States of the SCIT will be conducted later in 2006, and the conclusions will be presented at a SCIT plenary session scheduled for the first half of 2007.

53. The Assemblies of the Member States of WIPO and the Unions administered by WIPO are invited to note the information contained in the present document and its annexes.

[Annexes follow]