

WIPO General Assembly

Thirty-Ninth (20th Extraordinary) Session Geneva, September 20 to 29, 2010

REPORT OF THE WORKING GROUP ON AUDIT COMMITTEE RELATED MATTERS

prepared by the Working Group

1. The present document contains the Report of the Working Group on Audit Committee Related Matters, reproduced as it was submitted to the WIPO Program and Budget Committee (PBC) at its fifteenth session (September 1 to 3, 2010).
2. The recommendation of the PBC in respect of this report is included in the "Summary of Recommendations Made by the Program and Budget Committee at its Fifteenth Session Held from September 1 to 3, 2010" (document A/48/24).
3. *The WIPO General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of the Report of the Working Group on Audit Committee Related Matters, as recorded in document A/48/24.*

[Annex follows]

ANNEX

REPORT
WORKING GROUP ON
AUDIT COMMITTEE RELATED MATTERS

1. A meeting of the Working Group (WG) on Audit Committee Related Matters was held at the headquarters of WIPO on August 31, 2010.
2. The meeting was convened pursuant to a decision taken by the WIPO General Assembly its thirty-eighth session (September 22 to October 1, 2009), to:¹
 - “(i) renew the mandate of all members of the Audit Committee until January 2011;
 - (ii) review the process of the rotation and the size of the Audit Committee with a view to agreeing on the relevant changes at its 2010 session;
 - (iii) review the recommendations made by the Audit Committee for their implementation, as appropriate; and
 - (iv) establish a Working Group for the purpose of (ii) and (iii) above, composed of seven (7) group coordinators, interested Member States, the bureau of the PBC and the Chair of the Audit Committee (or the Vice-Chair, in his absence). The Working Group will submit its recommendation to the next session of the PBC (in 2010) to enable Member States to select the new members of the Audit Committee by December 2010”.

The recommendations are the following.

I. Audit Committee Recommendations

3. As per the roadmap outlined below, the discussions on the recommendations of the Audit Committee would be in continuation to the work of the Working Group on February 9-10, 2010, wherein:
 - (i) a recommendation was made to change the title of the Audit Committee to WIPO Independent Advisory Oversight Committee (IOAC) [with the word ‘surveillance’ in French]; and
 - (ii) it was agreed to “improve the interaction between the Audit Committee and Member States” and “institutionalize the information sessions between Member States and the Audit Committee at the end of each Committee meeting”; [ref. paragraph 3, Item 5 of the Chair’s Summary].
4. In order to facilitate the discussions as per the roadmap, the recommendations of the Audit Committee contained in “Assessment of the Work and Operations of the WIPO Audit Committee” (attached to document WO/GA/38/2, see paragraphs 70–81, pp. 21–22) will be taken up in the first instance. Among these, priority may be given to the following recommendations:
 - (i) Member States’ consideration for the establishment, within WIPO, of a new more functional governing body meeting more frequently than the Program and Budget Committee (PBC), with a possible membership of twelve to sixteen (paragraph 74);
 - (ii) Assistance to the Audit Committee from the WIPO Secretariat, and the status of the Audit Committee members within the WIPO structure (in line with paragraph 81).

¹ Document WO/GA/38/20, paragraph 30

5. With reference to the discussions held during the first session of the Working Group on Audit Committee-related Matters (February 9– 10, 2010), the extraordinary session of the PBC in January 2011 (see below) will continue to have discussions on the linkages with the Coordination and Monitoring Mechanism of the Development Agenda. In this context, the discussions on the Coordination and Monitoring Mechanism in the Committee on Development and Intellectual Property (CDIP) would be taken into account.
6. Following discussions on the recommendations contained in the “Assessment” report, the other recommendations of the Audit Committee will be taken up for discussions at subsequent stages.
7. In course of the discussions on the recommendations, the new Audit Committee may be asked to further update, review or revisit some of the recommendations in a time-bound manner.

II. Roadmap for Discussing Audit Committee Recommendations

8. An **extraordinary session of the PBC will be convened in January 2011** (preferably January 12 – 13 as per the indicative timeline below) to endorse the composition of the new Audit Committee and discuss the implementation of the recommendations of the Audit Committee contained in document WO/GA/38/2.
9. As stated above, the extraordinary session of the PBC in January 2011 may request the new Audit Committee to further update, review or revisit the Audit Committee’s recommendations to Secretariat before PBC session in June 2011.
10. As per the agreement reached at the first session of the Working Group (see above), Member States would be invited officially by the WIPO Secretariat to attend an **‘information session’ with the new Audit Committee**, preferably for a full day, within the given timeframe for each meeting of the Committee. These information sessions would also facilitate discussions on the Audit Committee’s recommendations.
11. The PBC Session in **spring 2011** will be preceded by a back-to-back two-day designated session of the PBC to continue discussions on the Audit Committee’s recommendations.
12. A similar two-day designated session will be convened immediately prior to the PBC session in **September 2011** to carry forward the discussions on the Audit Committee’s recommendations;
13. During the extraordinary session of the PBC in January 2011, Member States will consider agreeing on a regular and designated inter-governmental mechanism to discuss the Audit Committee’s recommendations beyond September 2011.

III. Audit Committee’s Composition and Selection

14. The Audit Committee will be composed of **seven members** from each of the seven geographical regions of WIPO Member States.
15. However, in case there is no qualified candidate available from any region, the position would be filled in by the highest ranking candidate in the Audit Committee’s assessment (see below) irrespective of his or her regional representation.
16. The limitation to seven members will come into effect in **January 2011**. For the sake of continuity, the services of the **two external experts** in the current Audit Committee will be retained until the end of 2011 (ref. A/41/10, Annex II). The external experts will have no right to vote in the Committee.
17. All seven members of the Audit Committee will be selected/ designated anew. WIPO will invite **applications** from interested candidates through a dual-track approach, i.e.:
 - (i) Placing **open advertisements** in WIPO and UN websites and as appropriate, other publications, according to existing UN practices.

- (ii) Sending a **letter from the Director General to all Member States** to consider forwarding applications from interested candidates with the understanding that such applications/ nominations from Member States would not be given precedence and will be treated at par with applications received through open advertisements.
18. All applications/ nominations received through this dual-track approach will be submitted to a Selection Panel (comprising seven representatives of Member States), to be set up by the PBC, for recommending seven new candidates on the basis of the selection criteria as defined in the 2007 revised Terms of Reference of the WIPO Audit Committee (document WO/GA/34/15).
 19. The PBC will request the Director General to invite nomination of one individual from each Regional Group to constitute the seven-member Selection Panel. The members of the Selection Panel should be competent enough to carry out their mandate.
 20. The Selection Panel will define its own Rules of Procedure. The Selection Panel will work in an independent manner, while maintaining transparency in its work.
 21. The Selection Panel will, in line with the revised Terms of Reference, develop an Evaluation Matrix in consultation with the WIPO Audit Committee and with the support of the WIPO Secretariat. The Evaluation Matrix will have in-built minimum qualifying thresholds developed by the Selection Panel in consultation with the Audit Committee.
 22. The Selection Panel will 'screen' all applications/ nominations and determine the eligibility of the candidates. The Selection Panel will then send the list of eligible candidates to the Audit Committee for a ranking-based assessment on the basis of Evaluation Matrix. While forwarding the list of eligible candidates to the Audit Committee, the Selection Panel will suppress some selected information, such as name and nationality, of the candidates for a fair and impartial assessment.
 23. The Secretariat will make necessary arrangements for the Audit Committee to undertake the assessment of the candidates. If need be, the Audit Committee may invite relevant external expert/s to assist them in the job and request for necessary funding for this purpose. The members of the Audit Committee would notify the Selection Panel, through the Director General, of any potential conflict of interest in assessing the candidates.
 24. The Selection Panel will receive the assessment done by the Audit Committee and regroup the candidates according to the seven geographical regions. The Selection Panel will recommend to the PBC seven new candidates, based on the Audit Committee's assessment.
 25. In making its final recommendation to the PBC, the Selection Panel will, if need be, interview (preferably by tele/ video-conferencing) the shortlisted candidates to ensure the collegiality, right mix of skills and expertise and gender balance in the overall composition of the Audit Committee. Due consideration should be given to the availability, commitment, professionalism, integrity and independence of the candidates.
 26. The PBC will take the final decision about the composition of the Audit Committee by nominating the seven candidates as recommended by the Selection Panel. In case the recommended candidate from a region is unable to assume the responsibility, the PBC will nominate the next qualified candidate from that region based on the Audit Committee's assessment. In case there is no such alternative candidate available, the highest ranking candidate in the Audit Committee's assessment will be nominated, irrespective of his or her regional representation;
 27. All the qualified candidates based on the Audit Committee's assessment will be included in a **roster/ pool of experts** for future use (including at the time of replacement in the Audit Committee).

IV. Audit Committee: Rotation and Review

28. A **rotation mechanism** for the Audit Committee members will be worked out along the following lines:
- (i) No member of the Audit Committee shall serve for more than six years in aggregate;
 - (ii) Four members of the new Audit Committee starting in February 2011 would serve a term of three years, renewable once and for a final term;
 - (iii) Three members of the new Audit Committee would serve a term of three years, non-renewable;
 - (iv) The term of the new members would be determined by drawing of lots at the first meeting of the Audit Committee in 2011;
 - (v) After the first three-year period, all members of the Audit Committee would continue to serve a term of three years, renewable once. This arrangement would ensure continuity in the work of the Audit Committee, while inducting new members into the Audit Committee at a regular interval of three years after the first three-year period;
 - (vi) Each member of the Audit Committee would be replaced by a candidate from the same geographical region that he or she belongs to;
 - (vii) The selection process outlined above would also be applied in case of selecting new members of the Audit Committee;
 - (viii) The roster/ pool of experts mentioned above may be used in case of resignation or demise of a member of the Audit Committee while serving his or her term.
29. There will be a **review mechanism** to examine the selection and rotation procedures outlined above [ref. Terms of Reference of WIPO Audit Committee (WO/GA/34/15, paragraph 13: Member States will review, every three years, the mandate, functioning and membership of the Audit Committee. However, Member States retain the possibility to ask for this review to be put on the Agenda of any session of the Program and Budget Committee)].

V. Timeline

30. An indicative timeline for selection and composition of the new Audit Committee is furnished below:

- Relevant PBC decision taken in the first week of September 2010 based on the recommendations of the Working Group on Audit Committee Related Matters;
- Approval by the General Assembly of the PBC recommendation end of September 2010;
- On 1 October 2010, the WIPO Secretariat invites applications/ nominations from the Regional Groups, one individual per region, for composition of the Selection Panel. The composition of the Selection Panel to be finalized and notified to Member States by October 8, 2010;
- The WIPO Secretariat invites applications or nominations for the new Audit Committee in the second week of October 2010;
- The Selection Panel convenes its first meeting in the 2nd week of October 2010 and adopts its TOR;
- The Selection Panel convenes its 2nd session in the third week of October 2010 and starts consulting with the current Audit Committee on developing the Evaluation Matrix based on the 2007 revised TOR of the WIPO Audit Committee;
- The deadline for finalization of the Evaluation Matrix set at November 5, 2010;
- The deadline for receiving applications/nominations set at November 5, 2010;
- The Selection Panel 'screens' the application/ nominations for determining the eligible candidates during the second week of November 2010 (8–12 November 2010);
- The list of eligible candidates along with their relevant particulars to be transmitted to the Audit Committee in the third week of November 2010;
- The Audit Committee to complete its assessment of the candidates as per the Evaluation Matrix during November – December 2010, and submit its assessment report to the Selection Panel by December 10, 2010;
- The Selection Panel to finalize its recommendations of seven candidates from each geographical region during December 13–17, 2010 and forward the same to the PBC;
- The extraordinary session of the PBC (preferably on January 12–13, 2011) to take the decision on the composition of the new Audit Committee based on the Selection Panel's recommendations, and also discuss the implementation of the Audit Committee's recommendations;
- The new Audit Committee to start functioning from February 2011.

31. The Program and Budget Committee is invited to recommend to the Assemblies of the WIPO Member States the approval and the implementation of the recommendations made by the Working Group on Audit Committee Related Matters as contained in paragraphs 3 to 30 of the Report of the Working Group.

[End of Annex and of document]