

Program and Budget Committee

Sixteenth Session

Geneva, January 12 and 13, 2011

REVIEW OF THE TERMS OF REFERENCE OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE

Document prepared by the Secretariat

1. Pursuant to the approval by the General Assembly (GA) of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), the Annex to the present document contains proposed revisions to the terms of reference (ToR) of the Independent Advisory Oversight Committee (IAOC), which has been prepared by the IAOC to align its current ToR with the GA's decision.
2. The IAOC wishes to draw Member States' attention to the fact that, whereas resignation or demise of an IAOC member is foreseen in paragraph 28(viii) of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), the IAOC's current ToR contain no provisions for this eventuality. Consequently, the Program and Budget Committee may wish to discuss this issue at a future session.

3. The Program and Budget Committee is invited to recommend to the General Assembly the approval of the revisions of the Terms of Reference of the WIPO Independent Advisory Oversight Committee as contained in the Annex of this document.

[Annex follows]

PROPOSED REVISIONS TO THE TERMS OF REFERENCE OF THE
WIPO ~~AUDIT~~INDEPENDENT ADVISORY OVERSIGHT COMMITTEE

<i>Existing¹</i>	<i><u>Proposed Revisions²</u></i>	<i>Comments</i>
A. PREAMBLE	A. PREAMBLE	
<p>1. In September 2005, the WIPO General Assembly approved the proposal of the Working Group of the Program and Budget Committee on the establishment of a WIPO Audit Committee in accordance with Annex II, A/41/10.</p>	<p>1. In September 2005, the WIPO General Assembly approved the proposal of the Working Group of the Program and Budget Committee on the establishment of a WIPO Audit Committee in accordance with Annex II, A/41/10. In October 2010, the WIPO General Assembly approved proposals contained in document WO/GA/39/13 to change the title of the Committee into Independent Advisory Oversight Committee and amend its composition and rotation procedures.</p>	<p>Change to title of Committee and new language to reflect decisions contained in the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.).</p>
B. FUNCTIONS AND RESPONSIBILITIES	B. FUNCTIONS AND RESPONSIBILITIES	
<p>2. The Audit Committee of WIPO is an independent, expert advisory and external oversight body. It aims to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO. Its mandate is as follows:</p>	<p>2. The Audit Committee<u>Independent Advisory Oversight Committee</u> of WIPO is an independent, expert advisory and external oversight body. It aims to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO. Its mandate is as follows:</p>	<p>Change to title of Committee.</p>
<p>(a) Promoting internal control by:</p>		
<p>(i) Systematic appraising of management's actions to maintain and operate appropriate and effective internal controls;</p>		
<p>(ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities;</p>		
<p>(iii) Reviewing the operation and effectiveness of the Financial Regulations;</p>		

¹ As approved by the Assemblies of the Member States of WIPO in 2007 (document WO/GA/34/15).

² In line with decisions contained in the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14) following a recommendation by the Program and Budget Committee (document WO/PBC/15/23).

Existing¹	<u>Proposed Revisions²</u>	Comments
(iv) Reviewing management's assessment and approach to risk;		
(v) Reviewing arrangements for checks and balances in areas such as ethics, financial disclosure, fraud prevention and misconduct.		
(b) Focusing assurance resources by:		
(i) Reviewing and monitoring the effectiveness of WIPO's internal audit function;		
(ii) Exchanging information and views with the external auditor, including his audit plan;		
(iii) Promoting effective coordination of activities between the internal and external audit function;		
(iv) 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) Overseeing audit performance by:		
(i) Monitoring the timely, effective and appropriate responses from management with regard to audit recommendations;		
(ii) Monitoring the implementation of audit recommendations;		
(iii) Monitoring the delivery and content of financial statements in accordance with the requirements of the Financial Regulations.		

Existing¹	<u>Proposed Revisions²</u>	Comments
<p>(d) The Program and Budget Committee may from time to time request the Audit Committee to review or oversee particular activities and projects, such as:</p> <ul style="list-style-type: none"> - the New Construction Project, - the WIPO desk-to-desk assessment, and - any other major project. 	<p>(d) The Program and Budget Committee may from time to time request the Audit Committee<u>Independent Advisory Oversight Committee</u> to review or oversee particular activities and projects, such as:</p> <ul style="list-style-type: none"> - the New Construction Project, - the WIPO desk-to-desk assessment, and - any other major project. 	<p>Change to title of Committee.</p>
<p>(e) 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.</p>	<p>(e) The Audit Committee<u>Independent Advisory Oversight Committee</u> shall make recommendations to the Program and Budget Committee on issues within the terms of reference of the Audit Committee<u>Independent Advisory Oversight Committee</u>, as it considers appropriate.</p>	<p>Change to title of Committee.</p>
<p>C. MEMBERSHIP AND QUALIFICATIONS</p>	<p>C. MEMBERSHIP AND QUALIFICATIONS</p>	
<p>3. The Audit Committee shall have nine members elected by the Program and Budget Committee.</p>	<p>3. As of February 2011, The the Audit Committee<u>Independent Advisory Oversight Committee shall have will be composed of nine</u>seven members, elected by the Program and Budget Committee<u>from each of the seven geographical regions of WIPO Member States. The seven members will be nominated by the Program and Budget Committee following a selection process carried out by a Selection Panel set up by the Committee for this purpose, to be assisted by the current WIPO Independent Advisory Oversight Committee. However, in case there is no candidate, who meets the criteria established by the selection panel in accordance with the General Assembly decision (recorded in paragraph 30, WO/GA/39/14) as contained in paragraphs 14, 15, 21, 22 and 26 of document WO/GA/39/13, available from any region, the position would be filled in by the highest ranking candidate in the Independent Advisory Oversight Committee's assessment irrespective of his or her regional representation. As per document WO/GA/39/13, the services of the two external experts of the existing Independent Advisory Oversight Committee will be retained until the end of 2011. The external experts will have no right to vote.</u></p>	<p>In line with decisions contained in paragraphs 14, 15, 16 and 26 of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.).</p>
<p>4. The nine members shall have an initial period of office of three years from appointment. The Program and Budget Committee will elect, as part of the renewal of the members, three new members effective 2009 with a third of the membership to be rotated annually thereafter bearing in mind the need for continuity and respect for geographical distribution. No member shall serve more than six years. Former members of the Audit Committee may be reappointed to the</p>	<p>4. The nine members shall have an initial period of office of three years from appointment. The Program and Budget Committee will elect, as part of the renewal of the members, three new members effective 2009 with a third of the membership to be rotated annually thereafter bearing in mind the need for continuity and respect for geographical distribution. No member shall serve more than six years. Former members of the Audit Committee may be reappointed to the Audit Committee subject to not serving more than six years in aggregate.<u>The rotation mechanism for the Independent Advisory Oversight Committee members will be as follows:</u></p>	<p>In line with decisions contained in paragraphs 27 and 28 of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.).</p>

Existing¹	<u>Proposed Revisions²</u>	Comments
<p>Audit Committee subject to not serving more than six years in aggregate.</p>	<ul style="list-style-type: none"> <li data-bbox="779 245 1487 300">(i) <u>No member of the Independent Advisory Oversight Committee shall serve for more than six years in aggregate;</u> <li data-bbox="779 316 1525 389">(ii) <u>Four members of the new Independent Advisory Oversight Committee, starting in February 2011, would serve a term of three years, renewable once and for a final term;</u> <li data-bbox="779 405 1458 478">(iii) <u>Three members of the new Independent Advisory Oversight Committee would serve a term of three years, non-renewable;</u> <li data-bbox="779 494 1520 568">(iv) <u>The term of the new members would be determined by drawing of lots at the first meeting of the Independent Advisory Oversight Committee in 2011;</u> <li data-bbox="779 584 1503 686">(v) <u>After the first three-year period, all members of the Independent Advisory Oversight Committee would be nominated for a term of three years, renewable once, except as provided under paragraph 4(iii) above;</u> <li data-bbox="779 702 1529 1043">(vi) <u>Each member of the Independent Advisory Oversight Committee would be replaced by a candidate from the same geographical region that he or she belongs to. If the departing member belongs to a Group that already has another representative, he/she will be replaced by a member originating from the Group(s) not represented in the Committee. However, in case there is no candidate, who meets the criteria established by the selection panel in accordance with the General Assembly decision (recorded in paragraph 30, of document WO/GA/39/14) as contained in paragraphs 14, 15, 21, 22 and 26 of document WO/GA/39/13, available from any region, the position would be filled in by the highest ranking candidate in the Independent Advisory Oversight Committee's assessment irrespective of his or her regional representation;</u> <li data-bbox="779 1059 1516 1184">(vii) <u>The selection process used for selection of new Committee members effective January 2011 as described in paragraph 28 of document WO/GA/39/13 will also be applied in the case of selection of new members of the Independent Advisory Oversight Committee, except as provided for in paragraph 4(viii) below;</u> <li data-bbox="779 1200 1516 1294">(viii) <u>A roster/pool of experts identified during the selection process may be used in case of resignation or demise of a member of the Independent Advisory Oversight Committee while serving his or her term.</u> 	

Existing¹	<u>Proposed Revisions²</u>	Comments
5. The members of the Audit Committee shall select a Chair and Deputy Chair.	5. The members of the Audit Committee <u>Independent Advisory Oversight Committee</u> shall select a Chair and Deputy Chair	Change to title of Committee
6. Member States in nominating candidates for election by the Program and Budget Committee shall ensure that the candidates possess relevant qualifications and experience, for example, in auditing, accounting, risk management, legal affairs, and other financial and administrative matters; expertise as well as geographical distribution and rotation should guide the selection process.	6. Member States <u>The Selection Panel</u> , in <u>recommending</u> candidates for <u>nomination</u> by the Program and Budget Committee shall ensure that the candidates possess relevant qualifications and experience, for example, in auditing, <u>evaluation</u> , accounting, risk management, legal affairs, <u>information technology, human resources management</u> and other financial and administrative matters; expertise as well as geographical distribution and rotation should guide the selection process. <u>In making its final recommendations to the Program and Budget Committee, the Selection Panel will try to ensure collegiality, the right mix of skills and expertise, and gender balance in the overall composition of the Committee. Due consideration shall be given to the availability, commitment, professionalism, integrity and independence of the candidates. Candidates must possess a demonstrated working knowledge of WIPO official languages, in particular English or French. When making its recommendations to the Program and Budget Committee the Selection Panel shall provide redacted Curricula vitae for all individuals being nominated for appointment to the Independent Advisory Oversight Committee.</u>	In line with decisions contained in paragraph 25 of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.) and with the 4 evaluation criteria adopted by the Selection Panel. The languages are those used in working documents submitted to the Committee as prepared by either the Secretariat or local contractors/consultants, such as correspondence with Local Authorities.
7. The Audit Committee should corporately possess the following competencies:	7. The Audit Committee <u>Independent Advisory Oversight Committee</u> should corporately possess the following competencies:	Change to title of Committee.
(a) Technical or specialist knowledge of 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;		
(e) Oversight or management experience at senior level in the United Nations system.		

Existing¹	<u>Proposed Revisions²</u>	Comments
	(f) International and/or intergovernmental experience.	Experience in Committee work could be added as an individual competency under paragraph 6 above. These competencies were used by the Selection Panel in selecting candidates.
8. New members should have or should acquire by a structured induction program organized by the WIPO Secretariat in consultation and with the participation of Member States an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it.		
D. MEETINGS AND QUORUM		
9. The Audit Committee will meet regularly every quarter in formal meeting.	9. The Audit Committee Independent Advisory Oversight Committee will meet regularly every quarter in formal meeting.	Change to title of Committee.
10. A minimum of five members of the Audit Committee are required to be present for a meeting of the Committee to be quorate.	10. A minimum of five four members of the Audit Committee Independent Advisory Oversight Committee are required to be present for a meeting of the Committee to be quorate.	Change to title of Committee. In view of the reduced size of the IAOC, a change to the number of members required to be present for a meeting to be quorate is also required.
11. The Audit Committee may invite officials of WIPO Secretariat or others to attend meetings.	11. The Audit Committee Independent Advisory Oversight Committee may invite officials of WIPO Secretariat or others to attend meetings.	Change to title of Committee.
E. REPORTING AND REVIEW	E. REPORTING AND REVIEW	Change to title of Committee.
12. The Audit Committee shall keep Member States informed of its work on a regular basis. In particular, following each of its formal meetings the Committee shall prepare a report for circulation to the Program and Budget Committee.	12. The Audit Committee Independent Advisory Oversight Committee shall keep Member States informed of its work on a regular basis. In particular, following each of its formal meetings the Committee shall organize a meeting with WIPO Member States and prepare a report for circulation to the Program and Budget Committee.	Change to title of Committee. Institutionalization of the Group Coordinator briefings in line with paragraphs 3 (ii) and 10 of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.).
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.	13. Member States will review, every three years, the mandate, functioning, membership, selection and rotation of the Audit Committee Independent Advisory Oversight 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.	Change to title of Committee. Addition of "selection and rotation" in line with paragraph 29 of the Report of the Working Group on Audit Committee Related Matters (document WO/GA/39/13), as adopted by the WIPO General Assembly (document WO/GA/39/14 Prov.).

<i>Existing¹</i>	<u><i>Proposed Revisions²</i></u>	<i>Comments</i>
F. SUPPORT BY THE WIPO SECRETARIAT	F. SUPPORT BY THE WIPO SECRETARIAT	
<p>14. Assistance shall be provided to the Audit Committee from the WIPO Secretariat. This assistance shall be outside of the Internal Audit and Oversight Division of WIPO, in accordance with the principles of accountability and transparency. Functions of such logistical and technical assistance shall include: (a) logistical and administrative support. This would entail preparing for and attending Audit Committee meetings and assisting with preparing draft reports; (b) substantive and technical work in preparation for Audit Committee meetings, which may include research and background position papers, and others, as may be requested by the Audit Committee.</p>	<p>14. Assistance shall be provided to the Audit Committee<u>Independent Advisory Oversight Committee</u> from the WIPO Secretariat, <u>which should be outside of the Internal Audit and Oversight Division of WIPO, in accordance with the principles of accountability and transparency. This assistance will be in the form of dedicated, independent Professional and General Service assistance serving on a part-time basis as secretariat for Independent Advisory Oversight Committee.</u> Functions of such logistical and technical assistance shall include: (a) logistical and administrative support. This would entail preparing for and attending Audit Committee<u>Independent Advisory Oversight Committee</u> meetings and assisting with preparing draft reports; (b) substantive and technical work in preparation for Audit Committee<u>Independent Advisory Oversight Committee</u> meetings, which may include research and background position papers, and others, as may be requested by the Audit Committee<u>Independent Advisory Oversight Committee.</u></p>	<p>Change to title of Committee.</p>
G. BUDGET	G. BUDGET	
<p>15. In its biennial budget WIPO shall provide a specific budget allocation for the Audit Committee, providing for costs on an annual basis associated with the approved activities and related expenditures as provided in the terms of reference, namely four formal meetings of four days each, attendance by Audit Committee members to the Program and Budget Committee and other meetings as required, secretarial and substantive support, and external consultancies.</p>	<p>15. In its biennial budget WIPO shall provide a specific budget allocation for the Audit Committee<u>Independent Advisory Oversight Committee</u>, providing for costs on an annual basis associated with the approved activities and related expenditures as provided in the terms of reference, namely four formal meetings of four <u>to five</u> days each <u>in principle</u>, attendance by Audit Committee<u>Independent Advisory Oversight Committee</u> members to the Program and Budget Committee and other meetings as required, secretarial and substantive support, and external consultancies.</p>	<p>Change to title of Committee. Duration of meetings changed to “four to five days each” in view of experience in the past two year. Addition of “in principle” to allow for shorter or longer meeting duration, as was the case, for example, with the Committee’s eighteenth (3 days) and nineteenth (7 days) meetings.</p>
<p>16. Expenses for members of the Audit Committee will be paid by WIPO in accordance with WIPO’s financial rules and regulations.</p>	<p>16. Expenses for members of the Independent Advisory Oversight Committee will be paid by WIPO in accordance with WIPO’s financial rules and regulations.</p>	<p>Change to title of Committee.</p>
H. INFORMATION REQUIREMENTS	H. INFORMATION REQUIREMENTS	
<p>17. Well in advance of each formal meeting, the WIPO Secretariat shall provide the Audit Committee with documents and information related to its Agenda, and any other relevant information.</p>	<p>17. Well in advance of each formal meeting, the WIPO Secretariat shall provide the Audit Committee<u>Independent Advisory Oversight Committee</u> with documents and information related to its Agenda, and any other relevant information. <u>The Committee shall have unhindered access to all staff and consultants of the Organization, as well as access to records.</u></p>	<p>Change to title of Committee.</p>

[End of Annex and of document]