

## **Program and Budget Committee**

### **Eighteenth Session Geneva, September 12 to 16, 2011**

#### **FINANCIAL SUPERVISION AUDIT OF HUMAN RESOURCES**

*Document prepared by the Secretariat*

1. In accordance with Article 11(10) of the Convention Establishing the World Intellectual Property Organization (WIPO), the designated External Auditors, the Swiss Federal Audit Office, have established for the year 2010 a “Financial Supervision Audit of Human Resources”, dated July 4, 2011, which is enclosed in the Annex.
2. The observations from the Secretariat in respect of the Recommendations made by the External Auditors are set out below, in the order in which they appear in the Audit Report.

#### **Recommendation 1**

3. *“I encourage WIPO to establish an ongoing analysis of the key risks in relation to human resources management, which takes account of the strategic objectives defined.”*
4. Observations by the Secretariat: the development of a risk management system will be addressed, in particular in the context of the Enterprise Resource Planning (ERP) project. The Secretariat, as part of the Strategic Realignment Program, is undertaking an initiative to strengthen risk management and internal controls. Risk management for the Human Resource Management Department will be addressed in this context, guided by WIPO’s risk management framework.

## Recommendation 2

5. *"I recommend WIPO to introduce an appropriate table containing indicators relating to human resources so as to facilitate HR management on an organizational, social and financial level."*

6. Observations by the Secretariat: the development of a dashboard containing HR indicators will be undertaken in the context of the ERP project.

## Recommendation 3

7. *"In the light of the different analyses put forward, I am of the opinion that WIPO should re-examine its policy of allocating portable telecommunication devices for work purposes."*

8. Observations by the Secretariat: the comments on the telecommunication devices policy have been noted and will be jointly considered by financial and information technology officials in order to identify greater efficiencies and cost savings.

## Recommendation 4

9. *"I encourage WIPO to seek, in accordance with Article 5.1.1 of the WIPO Staff Regulations and Staff Rules, a solution designed to settle clearly and unambiguously the cases in which the number of accumulated days over 90, prior to December 31, 2009, is carried over. This would equate to a "resetting of the counters to 90 days". Subsequently, WIPO could envisage that its Flexitime IT system does not allow anything in excess of the statutory 90 days to be carried over."*

10. Observations by the Secretariat: the Administration will identify possible solutions for enforcing the 90 day carry-over limit for annual leave.

## Recommendation 5

11. *"I invite WIPO to apply the provisions of the WIPO Staff Regulations and Staff Rules, by requiring, insofar as possible, a maximum reduction in the overtime accumulated by means of compensatory leave rather than by payment in cash. Moreover, I even encourage the Organization to review the current regulations applicable to overtime and to adapt them to the (less flexible) practices which are common within the United Nations."*

12. Observations by the Secretariat: the decision on whether to compensate overtime by cash or compensatory leave is made at the operational level taking into account the exigencies of the service concerned. That said, the comments have been noted and will be looked at in the context of the revision of the Staff Regulations and Staff Rules and related policies and procedures.

## Recommendation 6

13. *"I am of the opinion that WIPO should catalog all the knowledge and skills of its employees in a database kept periodically up to date so as to have available an overview of the know-how existing within the Organization."*

Observations by the Secretariat: in 2010, the Organization launched an e-Recruitment system, which contains the electronic career profiles of candidates. Staff members were encouraged to enter their profiles in the system and to keep them updated. This has provided the Administration with a database with the recent career profiles of a number of staff. Furthermore,

once the PMSDS evaluation system has fully taken root, the Administration will have an informed basis from which to develop a comprehensive knowledge, competency and skills database.

#### **Recommendation 7**

14. *“I am of the opinion that WIPO should take care better to anticipate the separation from service of a staff member occupying a key post or a particular function for which a transfer of knowledge or files would prove necessary.”*

15. Observations by the Secretariat: the comments have been noted and will be taken into consideration in the development of more systematic succession planning.

#### **Recommendation 8**

16. *“I encourage WIPO to seek synergies in the performance of the processing of files relating to allowances for study costs in order to increase productivity and the efficiency of the process in place.”*

17. Observations by the Secretariat: the Organization has recently enhanced the current Human Resources Information Technology system by further automating the processes to ensure a more efficient handling of education grant claims. The handling and treatment of education grants will be further improved and better integrated into the future ERP system.

18. *The Program and Budget Committee is invited to take note of this document.*

[Annex follows]

EIDGENÖSSISCHE FINANZKONTROLLE  
CONTRÔLE FÉDÉRAL DES FINANCES  
CONTROLLO FEDERALE DELLE FINANZE  
SWISS FEDERAL AUDIT OFFICE



## Report by the Auditor

# WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

## Financial supervision audit relating to human resources

*The mandate of external auditor of the World Intellectual Property Organization (WIPO) must be carried out by a member of the highest authority of public financial auditing of the selected country and it is assigned on an individual basis. On the strength of this provision and further to the WIPO General Assembly and the Assemblies of the Paris, Berne, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT and Vienna Unions, the Member State representatives have renewed the mandate of the Swiss Government as auditor of the accounts of WIPO and the Unions administered by WIPO, as well as the accounts of the technical assistance projects carried out by the Organization, up to and including 2011. The Government of the Swiss Confederation entrusted me, as Director of the Swiss Federal Audit Office ("my Office"), with the auditing of the accounts of WIPO.*

*My terms of reference are defined in Regulation 6.2 of the WIPO Financial Regulations as well as by the Additional Terms of Reference Governing Audit annexed to those Regulations. I carry out my duties autonomously and independently with the help of colleagues from my Office.*

*My Office carries out external audits of the accounts of WIPO in a completely independent manner from its role as the supreme organ of financial supervision of the Swiss Confederation. My Office employs a team of highly qualified professionals with broad experience of audits in international organizations.*

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Bern, July 4, 2011

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## **AUDIT SUMMARY**

A financial supervision audit relating to human resources (HR) management has been conducted at WIPO. The checks made by my colleagues show that the Organization's overall strategy includes the area of human resources. This strategy defines the medium-term policies undertaken. It is complemented by the introduction of a Performance Management and Staff Development System (PMSDS) which has just been implemented; it requires a further consolidation phase.

Furthermore, in my report I have detailed certain points which I considered it useful to develop in further detail. Firstly, I consider that WIPO should adopt a general risk-analysis policy and not limit itself to that of the management of the Internal Audit and Oversight Division (IAOD) when producing its internal audit program. Secondly, I think that the efficiency of the work of Human Resources would be improved by the formalization of processes, the introduction of an internal control system, the introduction of indicator tables and the cataloguing of the know-how of staff in a "databank".

Finally, I consider that the allocation of mobile telecommunication devices on a large scale together with the management of accumulated leave and other overtime should be reviewed by the Organization.

## **REGULATION, STANDARDS AND INFORMATION**

### **FINANCIAL REGULATIONS AND SUBJECT OF AUDIT**

1. In addition to the relevant provisions of the different Conventions, the accounting period 2010 was governed by the provisions of the WIPO Financial Regulations and Rules which entered into force on January 1, 2008 and were amended on October 1, 2009.

2. The examinations carried out in the area of human resources management, which are the subject of this report, consisted of a financial supervision audit using the auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI). These audit standards specify that "... auditing of the public sector includes regularity and performance audit ..." and that "... performance audit is concerned with the audit of economy, efficiency and effectiveness ...", which extend to the following areas:

- Examination of regulations and specific staff management processes with verification of their application.
- Verification of the existence of indicators or information systems for assessing profitability and efficiency, defining potential savings and evaluating the effectiveness of the results in the use of human resources.

3. The questions of minor importance which have been clarified and discussed with those responsible during the work done are not included in this report.

### **Acknowledgements**

4. I wish to express thanks for the information and documents received. The result of the audit was discussed on July 4, 2011, with Mr. Philippe Favatier, Chief Financial Officer (Controller), Mrs. Janice Cook Robbins, Head of Finance Services, Mr. Tuncay Efendioglu, Head of the Internal Audit Section, and Mrs. Thérèse Dayer, Deputy Director of Human Resources.

## **THE INTERNAL AUDITOR HAS ISSUED A REPORT ON THE FLEXITIME SYSTEM**

### **A detailed report on the flexitime system**

5. The WIPO Internal Audit and Oversight Division (IAOD) issued, on April 26, 2011, a detailed report concerning an audit of the Flexitime system and access to the Organization's equipment. The information which I regularly exchange with the Director of this Division has enabled the work done by

my colleagues to complement that done by Internal Audit, while guaranteeing the respective independence of the auditors.

## **AUDIT ENVIRONMENT**

### **The voluntary separation program was well received among staff members**

6. My colleagues noted that different organizational measures have been taken since March 2009 by the WIPO Director General to reform all the procedures linked to human resources management. The main measure was the implementation of the Voluntary Separation Program (VSP). The Program was devised to meet the Organization's need to reduce its staff more quickly than the natural reduction in staff numbers thanks to the offer of a severance package for early retirement. It concerns staff members holding a permanent or fixed-term contract, who have reached the age of 53 and who have paid at least five years' contributions to the United Nations Joint Staff Pension Fund (UNJSPF).

7. Of the 105 requests for separation from service submitted to the Director of Human Resources (HRMD), six requests were not approved, 11 requests were withdrawn and one request is still pending a decision. As a result, 87 staff members benefited from the VSP and were thus able to leave WIPO at the end of 2009 or during the first half of 2010.

8. The total cost of the program was some 22 million Swiss francs for WIPO. The savings made thanks to this program to reduce staff numbers are estimated at 13.9 million Swiss francs for the period 2010-2011. Thus, the program costs should, in principle, be redeemed in 2013.

9. I note that the innovation and technology sector (33 departures) and the administration and management sector (25 departures) have been particularly affected by the restructuring program.

10. The advantage of such a program is that the posts freed in this way should, in principle, allow WIPO to give fresh momentum to its staff numbers through the recruitment of new employees possessing requisite skills for the Organization's future tasks. By contrast, the disadvantage is that the temporarily or permanently vacant nature of certain posts may give rise to an excessive workload for the remaining staff. Furthermore, this may lead to a loss of know-how and skills in different directions. This has been observed, for example, following the departure within a few months of six staff members from HRMD. However, I will not make a specific recommendation regarding this program, since further on in this report I deal with the issues of anticipation and knowledge management.

### **The overall strategy of WIPO sets general objectives to be achieved by the Organization**

11. My colleagues noted that WIPO has defined an overall strategy which includes also the area of human resources. This strategy defines the main principles of a medium-term policy for the period 2010-2011. The Program and Budget relating to this period was submitted and validated on October 1, 2009 by the Member States of WIPO. It contains nine strategic objectives covering a total of 29 specific programs. As regards human resources management, WIPO developed a specific strategic objective, under number 9.

12. This strategic objective is, in overall terms, intended to define an effective administrative and financial support structure, allowing WIPO to carry out all the programs defined for the biennium. Detailed program No. 23 aims to provide services for all the other 28 specific programs. It includes activities relating to all the recommendations adopted as part of the Development Agenda. Its aim is also to allow more effective management of human resources, in order to encourage the development of a results-based and service-based culture within the Organization.

13. The 2010-2011 Program and Budget provides for income of 618.6 million Swiss francs, which is equivalent to a reduction in income of 1.6 per cent in relation to the revised 2008-2009 budget. The reduction in income is due to a reduction of 14.8 million Swiss francs in PCT income (international patents system). Thus, in order to balance its budget and not to incur a structural deficit, the 2010-2011 Program and Budget provides for different savings measures designed to reduce WIPO's

expenses. Consequently, WIPO proposed to Member States that expenditure be limited to 618.6 million Swiss francs, i.e., the balance between the proceeds and the expenses. This situation leads to a reduction in expenditure of 9.8 million Swiss francs, which affects inter alia personnel expenditure.

**The absence of a risk analysis at WIPO does not allow the coverage of all significant risks to be guaranteed**

14. WIPO does not have any risk analysis in relation to the Organization in general, or for human resources in particular. The only risk analysis available was produced by IAOD as part of the preparation of its annual internal audit program.

15. As regards the area of human resources, I am of the opinion that the key risks should be mentioned in the different processes such as:

- hiring and release of staff members (termination of labor relations, retirement, redundancy);
- data transfers (basic data, salary data, allowances and benefits, for example);
- management of working time and overtime;
- management of salaries and wages.

**Recommendation No. 1**

I encourage WIPO to establish an ongoing analysis of the key risks in relation to human resources management, which takes account of the strategic objectives defined.

**A performance management and staff development system has been implemented and is being consolidated**

16. During 2009, WIPO introduced a Performance Management and Staff Development System (PMSDS). In this particular case, a consolidation phase concerning the application of the new management tool is scheduled for the first half of 2011.

17. Since the effective implementation of a PMSDS should occur in the medium term, I consider essential the fact that the whole system should be systematically evaluated so as to determine whether the strategic objectives set by the management are in fact achieved. Only an enterprise culture favoring change, innovation and the continuous acquisition of professional skills may guarantee, over the long term, effective human resources management.

18. In addition, I wish to emphasize that the principle of setting objectives should result from the WIPO strategy with a continuous top-down process. Since the introduction of the PMSDS system is still in its infancy, I understand that the aims for 2010 have not yet been formally set for all staff members. However, in future it should be ensured that the annual objectives are discussed with staff members at the latest at the beginning of the year concerned, then at the end of that year during the evaluation of their performance. It is, moreover, advised to provide an interim review allowing the situation to be updated during the particular period.

**The regulator environment governing the area of human resources appears on the WIPO intranet site**

19. The regulatory environment applicable to the areas of human resources is accessible to any WIPO staff member on the Organization's Intranet site. In this regard, the main reference is the "WIPO Staff Regulations and Staff Rules"<sup>1</sup>. In addition to the provisions contained in this document, there are different office circulars which complement them. Valid office instructions also appear on the Intranet. In certain cases, internal memoranda may also specify certain rules applicable to WIPO regarding human resources. On the whole, the information available to any person accessing the

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<sup>1</sup> August 1991 Edition, revised in December 2009.

WIPO Intranet allows him to understand the environment of the personnel area, with the duties, obligations, privileges and other conditions in general by which he is bound.

### **The existence of tables containing indicators would promote human resources management**

20. My colleagues noted that HRMD does not regularly issue tables containing indicators. The only information officially drawn up by Human Resources is not, in my opinion, sufficient to guarantee the development of the indicators linked to human resources management. There is a table allowing the monthly changes in certain indicators to be seen, but this table does not link the operational objectives for human resources.

### **Recommendation No. 2**

I recommend WIPO to introduce an appropriate table containing indicators relating to human resources so as to facilitate HR management on an organizational, social and financial level.

## **PROFITABLY AND ECONOMY**

### **Fairly broad and uneconomic allocation of portable telecommunication devices**

21. The allocation of portable telecommunication devices is governed by Office Instruction No. 21/2010 "Policy on usage of mobile telecommunication devices" of June 1, 2010. This document defines the principles applicable to and the criteria for allocating such devices. At WIPO, my colleagues noted that the provision of such devices was on the increase in 2010, compared to 2008 and 2009. As a whole, the number of WIPO telecommunication devices allocated is now approaching the threshold of 350 units. The telephone taxes paid during the years under review are as follows:

<b>Designation</b>	<b>2008</b>	<b>2009</b>	<b>Sep.1, 2010</b>
<b>Annual costs of portable</b>	<b>522,289.46</b>	<b>427,680.61</b>	<b>296,003.51</b>
<b>Private contributions</b>	<b>30,869.00</b>	<b>21,769.69</b>	<b>18,990.40</b>
<b>% of private contributions to costs</b>	<b>5.91%</b>	<b>5.09%</b>	<b>6.42%</b>

As the above table shows, I note that the proportion of private contributions paid is relatively low, since only part of the staff declare private phone calls and for relatively insignificant amounts. The percentage of reimbursements made by means of a deduction from the salary of the employee concerned is between five per cent and 6.5 per cent.

22. The observation made by my colleagues in support of additional analyses shows that less than 45 per cent of those holding a portable telecommunication device in 2009, and 33 per cent in the current year 2010 respectively, declared private communications during the period concerned. I also note that during the year, only 50 devices were billed at an average of more than 200 Swiss francs per month, while the invoices concerning another 50 devices were between 100 and 200 Swiss francs. The individual bills of all the other portable telecommunication devices were less than 100 Swiss francs a month, or even for insignificant amounts. In view of the information gathered, I am of the opinion that WIPO should review the principle of allocating portable telecommunication devices by taking various measures such as:

- a reduction in the number of WIPO devices;
- negotiation of flat rates with an operator for the devices with a high rate of billing.

23. The principle of deducting private communications from salaries is cumbersome. It requires a lot of manual work on the part of several WIPO employees in order to recover the costs of quite a small number of private communications annually (20,000 to 30,000 Swiss francs per year according to the above table). Taking that into account and although I do not have a more precise calculation of profitability in this regard, I consider that WIPO should also analyze the relevance of the deduction process currently in place. For reasons of "cost-benefit", it could even be envisaged to eliminate billing for private telephone calls from the staff members who have notified them.



### **Recommendation No. 3**

In the light of the different analyses put forward, I am of the opinion that WIPO should re-examine its policy of allocating portable telecommunication devices for work purposes.

#### **It is possible to accumulate accumulated leave beyond the statutory limit**

24. My colleagues provided an opinion on the number of accumulated days of leave by some 1,100 WIPO staff members. They noted that more than 130 employees each had an accumulated leave balance that was carried over of more than 90 days. Article 5.1.1 "Annual leave", of the WIPO Staff Regulations and Staff Rules, revised version of December 2009, stipulates that annual leave days may be accumulated, provided that the total number of annual leave days carried over from one calendar year to the next does not exceed 90.

25. My colleagues noted that leave was carried over automatically from one year to the next without taking account of the limit of 90 days. Nor did they find any available clarifications or frames of reference concerning the processing of excess surpluses.

### **Recommendation No. 4**

I encourage WIPO to seek, in accordance with Article 5.1.1 of the WIPO Staff Regulations and Staff Rules, a solution designed to settle clearly and unambiguously the cases in which the number of accumulated days over 90, prior to December 31, 2009, is carried over. This would equate to a "resetting of the counters to 90 days". Subsequently, WIPO could envisage that its Flexitime IT system does not allow anything in excess of the statutory 90 days to be carried over.

26. Furthermore, I note that, as at December 31, 2009, more than 80 staff members carried over a negative balance of up to 10 days per individual in the sense of advance leave. This is authorized by Rule 5.1.1 which also provides that, if the number of days is greater than 10, that subsequently leads to a reduction in salary. Apart from one case of 12.5 days, my colleagues noted that this provision of the Staff Regulations was respected.

#### **The process of deducting overtime can potentially be improved**

27. My colleagues audited the figures relating to overtime. The payment of overtime at WIPO represented about 2.2 million Swiss francs for all categories of staff in the 2008-2009 biennium.

28. In general terms, the existing internal control system for the production and follow-up of the overtime figures contains certain gaps. My colleagues noted that there were significant discrepancies between the hours proven and the hours authorized. Furthermore, the explanations concerning the hours proven were not always sufficient. The system of accounting for overtime in force is governed by paragraph 3.9.3 of the WIPO Staff Regulations and Staff Rules.<sup>2</sup>

29. Furthermore, it should be noted that nine staff members each carried over more than 100 hours at the end of 2009. For such purposes, a special clause is contained in provision 3.9.3.

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<sup>2</sup> (a) *Staff members in the General Service category who have been required to work overtime shall, as far as possible, be given compensatory leave. Such leave shall be granted as promptly as the exigencies of the service permit and in any event not later than six months after the overtime is worked. If the superior responsible for the staff member concerned certifies that, owing to exceptional circumstances, the exigencies of the service do not permit the grant of compensatory leave within the prescribed period of six months, the overtime shall be compensated in cash. The staff member may, however, choose to be compensated in cash after a period of two months if the superior responsible for him certifies that the exigencies of the service have not permitted the grant of compensatory leave within that period. The part of overtime worked which exceeds 100 hours within the calendar year in accordance with special authorization procedures to be fixed by the Director General in an Office Instruction shall always be given as compensatory leave and must be taken within the prescribed period of six months.*

(b) *The duration of compensatory leave shall be equal to time-and-a-half for ordinary overtime and to double time for special overtime. Compensation in cash shall be paid at the rate of one and a half times the hourly salary of the middle step of the staff member's grade for each hour of ordinary overtime, and twice that salary for each hour of special overtime.*

(c) *In the calculation of daily overtime, periods of less than 15 minutes shall be disregarded. The total overtime shall be calculated each week in hours and half-hours, periods of less than 30 minutes being disregarded.*

(d) *Compensatory leave can only be taken in units of half a day, equal to four hours of compensatory leave, after previous written authorization of the supervisor.*

30. As reported to me, the provisions relating to overtime are more flexible at WIPO than in other United Nations agencies, in particular as regards the right to compensation in cash. I note that overtime is unavoidable in an organization such as WIPO. However, I am of the opinion that the regulations in force should be reconsidered and that adapting the provisions in accordance with the good practices prevalent in the United Nations would allow certain principles to be reviewed more strictly. The challenge could be a reduction in costs (hourly rates are multiplied by 1.5 or even 2) and a reduction in hours carried over respectively. It should be noted that for 2010, the amounts entered in the two accounting systems concerned are close to 400,000 Swiss francs.

31. My colleagues conducted a detailed analysis of the two accounting systems concerned during the 2008-2009 biennium. The result of this analysis is included in the following two tables:

<b>Recapitulation 2008-2009, account 71014 (fixed staff)</b>	
Overall amount paid to 323 staff => <b>100%</b>	<b>Sfr. 1,662,626.25</b>
including 55 ( <b>17%</b> ) cases above Sfr. 10,000 => <b>50.87%</b>	<b>Sfr. 845,722.70</b>
including eight ( <b>2,48%</b> ) cases above Sfr. 20,000 => <b>12.47%</b>	<b>Sfr. 207,289.90</b>

<b>Recapitulation 2008-2009, account 71514 (ST and SLC)</b>	
Overall amount paid to 160 staff => <b>100%</b>	<b>Sfr. 552,671.25</b>
including five ( <b>3.13%</b> ) cases above Sfr. 10,000 => <b>13.03%</b>	<b>Sfr. 72,035.10</b>
including five ( <b>3.13%</b> ) cases of between Sfr. 8,000 and 10,000 => <b>7.94%</b>	<b>Sfr. 43,885.40</b>

32. As shown above, more than 480 staff members in the fixed-term, ST and SLC staff categories received payment in cash for overtime. Among these cases, eight individual staff members received more than 20,000 Swiss francs and 60 other staff more than 10,000 Swiss francs, each during the accounting period which elapsed. The percentages of the representative nature of the sums received are quoted directly in the tables.

#### **Recommendation No. 5**

I invite WIPO to apply the provisions of the WIPO Staff Regulations and Staff Rules, by requiring, insofar as possible, a maximum reduction in the overtime accumulated by means of compensatory leave rather than by payment in cash. Moreover, I even encourage the Organization to review the current regulations applicable to overtime and to adapt them to the (less flexible) practices which are common within the United Nations.

#### **Bonuses for knowledge of languages are justified**

33. The surveys carried out by my colleagues in the accounts for bonuses for language knowledge made it clear that such bonuses were paid to those entitled, in accordance with the provisions of Article 3.7 of the WIPO Staff Regulations and Staff Rules.

34. My colleagues noted that HRMD did not have a complete list of the fixed and temporary staff receiving a monthly bonus for knowledge of languages with, opposite their names, the amount received in the course of a year and their rate of occupation respectively. In this regard, as for other lists requested, I am of the opinion that HRMD should have available such information, on the basis of which they may carry out audits, since the payments are prepared by Finance. I will nevertheless not make a recommendation and leave the services concerned to rectify the situation themselves.

## **EFFICIENCY**

### **Knowledge management is not catalogued**

35. The audit issue was to know to what extent the work processes promote the transfer of know-how and knowledge aimed at improving the efficiency with which operational work is done. WIPO does not have a "data bank" cataloguing the training, know-how and operational experience of staff members. The availability of such a knowledge management tool would allow the Organization to familiarize itself with the strengths and linguistic and technical knowledge of its employees. In the case of a vacancy or opening-up of a post, or in the case of reorganization of services respectively, the information contained in this data bank could serve as support in the internal search for a competent person to occupy another function.

#### **Recommendation No. 6**

I am of the opinion that WIPO should catalog all the knowledge and skills of its employees in a database kept periodically up to date so as to have available an overview of the know-how existing within the Organization.

### **Separations from service are not anticipated so as to promote the transfer of knowledge from one staff member to another**

36. Just as I had already observed in my report "Financial supervision audit of surface and infrastructure management" of February 18, 2010, I note that WIPO does not anticipate sufficiently early the replacement of key posts. This situation may lead to the lack of a replacement for key posts, a lack of efficiency in the performance of tasks and the non-transmission of knowledge following retirement for example. In order to remedy these negative effects, WIPO has agreed, on a temporary basis, to reassign one or other of the staff members as an external consultant, for example.

#### **Recommendation No. 7**

I am of the opinion that WIPO should take care better to anticipate the separation from service of a staff member occupying a key post or a particular function for which a transfer of knowledge or files would prove necessary.

### **A description of work processes would promote its performance and the transfer of knowledge**

37. My colleagues noted that the work processes are not described. Each service works according to the common sense of its activities and with its know-how. The formalization of the work processes and the introduction of an internal control system are part of one of WIPO's objectives. I will not therefore make any recommendation on this subject in this report, but reiterate the importance of introducing a formalized internal control system, guaranteeing standardized treatment of tasks, eliminating redundancies and other duplications in the performance thereof.

### **Allowances for study fees, a manual system of treatment which is quite cumbersome**

38. The allowances for study fees entered in account 71050 "Education Grant" were 10.257 million Swiss francs during the 2008-2009 biennium. The transactions on this account exceeded 2.72 million Swiss francs at the beginning of November 2010 and concerned allowances paid to the families of schoolchildren and students. My colleagues audited by means of surveys the documentary evidence for these requests and did not note any errors in the allowances paid to the persons concerned.

39. However, they note that this process is entirely manual, which generates somewhat cumbersome processing. They are of the opinion that better synergy in the performance of the work between HRMD and Finance Services would increase productivity in the processing of cases. Partial automation of the processing procedure would also promote the achievement of this aim.

#### **Recommendation No. 8**

I encourage WIPO to seek synergies in the performance of the processing of files relating to allowances for study costs in order to increase productivity and the efficiency of the process in place.

## INDICATOR FIGURES

40. As part of this audit, my colleagues were obliged to make several comparisons of indicator figures in the field of human resources. For my part, these comparisons do not give rise to any particular comment or recommendation, for which reason I attach them to this report.

## SATISFACTION SURVEY

### Are staff members satisfied with the human resources services?

41. Owing to a lack of available documents on this subject and in order to determine the impact of human resources management, my colleagues conducted a satisfaction survey among WIPO staff members. It should be specified immediately that this survey was not carried out in a purely scientific manner. The results cannot therefore be characterized as representative from a strictly statistical point of view. The aim pursued was simply to analyze, on the basis of a sample, whether staff members were satisfied with the services offered by the human resources management, to have an opinion on the Performance Management and Staff Development System (PMSDS) and to assess the level of satisfaction of staff as regards salaries, allowances and overtime.

42. My colleagues therefore sent to a random sample of WIPO employees various closed questions, while leaving them with the possibility of completing the responses with comments. The rate of return of the questionnaires was quite low, since during the performance of the audit, the views of about 20 staff members were returned, despite an interim reminder to the people sought by this survey. I should also specify that employees' participation was optional.

43. The degree of satisfaction with the human resources services was assessed moderately by staff members. In support of the specific comments made, I note that the different requests made to Human Resources are dealt with slowly or go unanswered. The same observation was, moreover, made by my colleagues during their audit mission. In this regard, I consider that the reorganization under way among the management may explain the situation encountered.

44. The assessment of the "PMSDS" system leaves a number of WIPO staff members a little puzzled, despite the fact that in overall terms it is well received. It should be specified that this staff management tool is still in its initial phase and that a consolidation phase will take place in 2011. The formalized fixing of objectives for 2010 was not yet an essential requirement across the board.

45. In relation to salaries, allowances and benefits, most of the responses to the questionnaires are positive, although the difference in treatment which exists between fixed staff and temporary employees was referred to. Temporary employees do not enjoy the same benefits as permanent staff members, even where some of them have been working in the Organization for many years.

## CONCLUSION

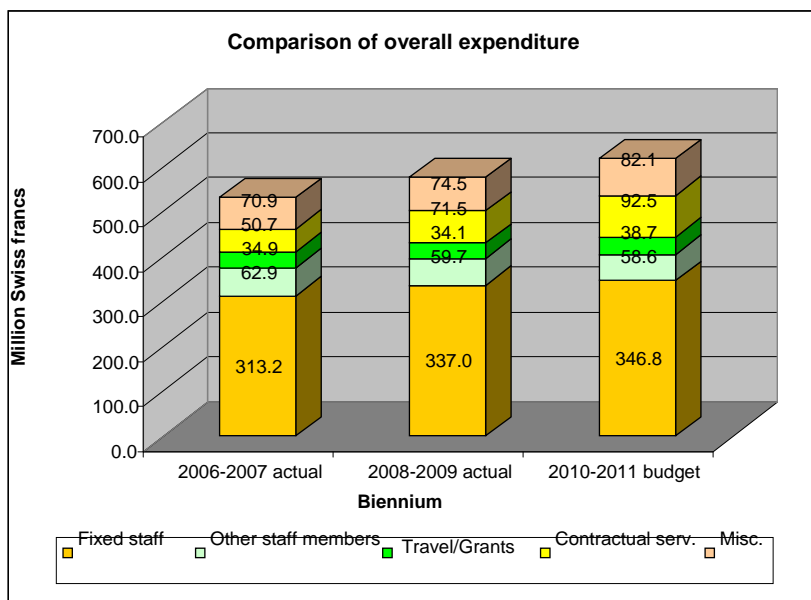
46. This financial supervision audit represents an approach applied for the third time at WIPO. I considered that an analysis of this subject could have greater value for the Member States. Since this work lies outside the usual framework of the auditing of WIPO's annual accounts, I have decided to issue a separate report. This report obviously does not include an audit opinion, since such an opinion is issued only following the final audit of the financial statements.

K. Grüter  
Director  
Swiss Federal Audit Office  
(External Auditor)

**Annex to 1.10195.944.00333.02**

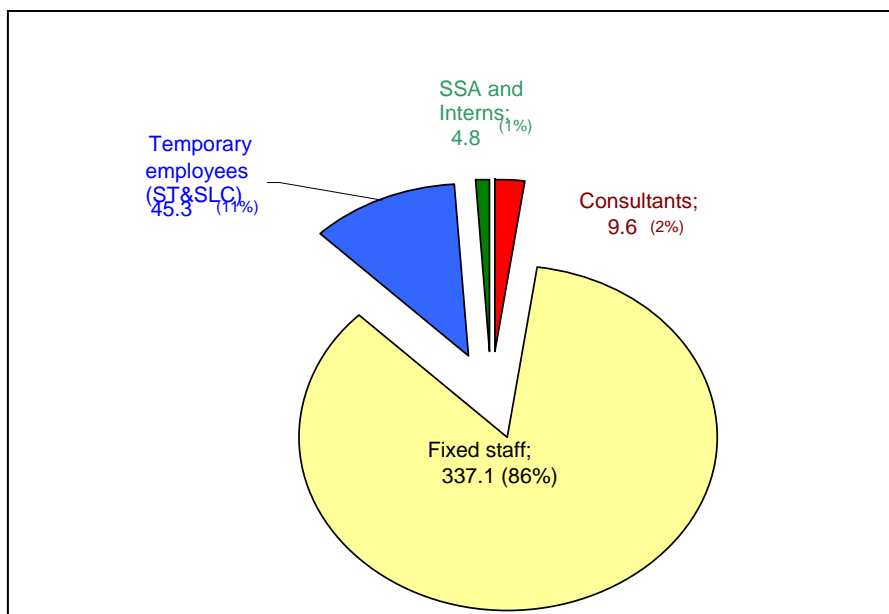
**Indicator figures**

As shown by the actual data for the 2006-2007 and 2008-2009 biennia, compared to the budgeted values for the 2010-2011 biennium, fixed personnel costs increased by 10.7 per cent, whereas those for other staff members employed at WIPO fell slightly.



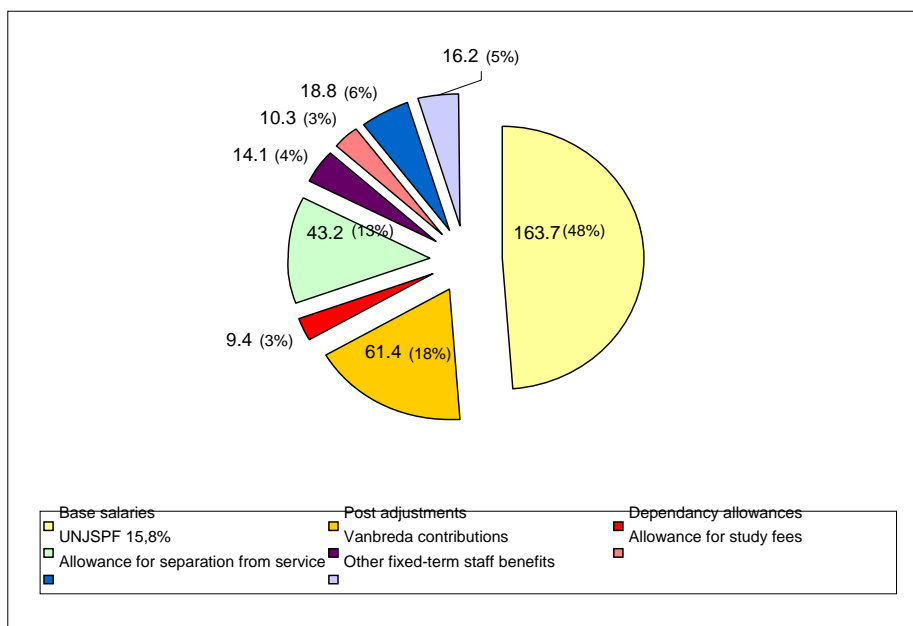
**Graph 1: personnel costs, 2008-2009 biennium**

The graph below shows that the personnel costs for the 2008-2009 biennium stood at 396.8 million Swiss francs. The distribution of expenditure by categories of personnel is as follows. It should be noted that the amounts mentioned are indicated in millions of francs; the representative nature of the headings is expressed in percentage terms.



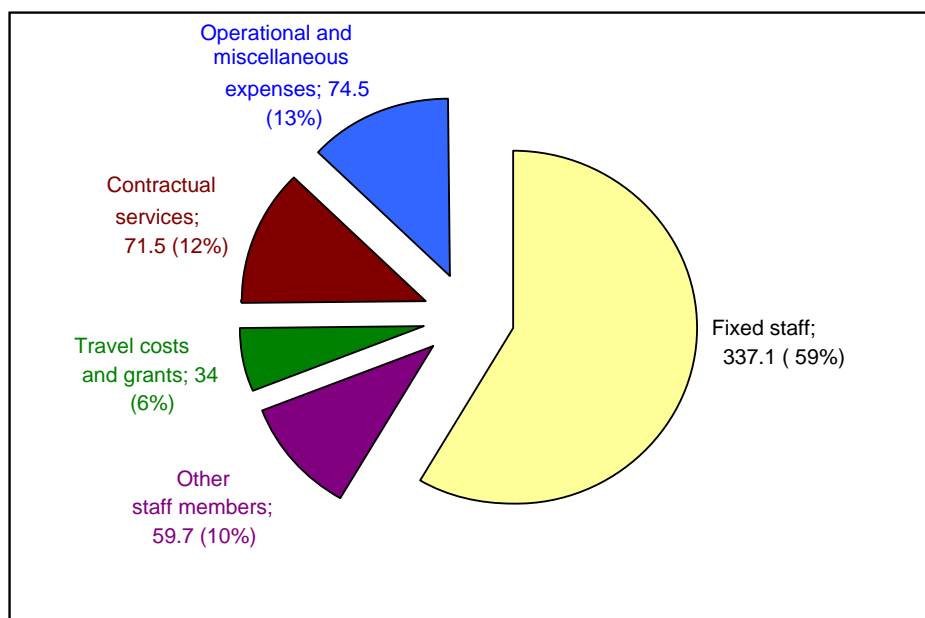
**Graph 2: personnel costs, 2008-2009 biennium**

As mentioned in Graph 1, the costs of WIPO fixed-term staff alone represented almost 337.1 million Swiss francs for the whole of the 2008-2009 biennium. The more detailed distribution thereof below according to various accounting systems or groups of accounts is displayed in millions of francs:



**Graph 3: charges for fixed-term staff, 2008-2009 biennium**

Overall WIPO expenditure during the 2008-2009 biennium was close to 577 million Swiss francs. Personnel costs alone in general (fixed-term staff and other employees) represented almost 70 per cent of the Organization's overall costs, as shown by the graph below.



**Graph 4: WIPO overall costs, 2008-2009 biennium**