WIPO

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

PROGRAM AND BUDGET COMMITTEE

Informal Session
Geneva, July 20 – 22, 2009

INFORMATION TECHNOLOGY AUDIT

Document prepared by the Secretariat

1.   As part of the regular activity for the external audit of the financial accounts of the World Intellectual Property Organization (WIPO), an information technology audit of WIPO's automated accounting systems (*Administration Integrated Management System*, AIMS, and all its interfaces with the Organization's applications systems, which are associated with it (for example those of the PCT, Madrid and The Hague)) was carried out in November 2008 by the External Auditor appointed by the General Assembly, i.e. the Government of the Swiss Confederation, which entrusted this mandate to the Director of the Federal Audit Office.

2.   In a letter of January 21, 2009, the Secretariat received the Report of the External Auditor entitled "Information Technology Audit AIMS-PeopleSoft", dated December 23, 2008.

3.   In the conclusion of his report, the External Auditor states the following:

"35.   Further to the work carried out, I am in a position to certify that WIPO has implemented a number of recommendations, either in part or in full. The development of the AIMS ERP has been described in a separate strategy, but its implementation can only be considered in the 2010–2011 budget. I have reiterated certain recommendations, in particular the need to establish with due diligence an IT strategy for WIPO. The systematic application of project and incident and change management methods, including regular monitoring by senior management, is a means of enhancing the quality and efficiency of IT projects as well as improving management of IT services.

36.   With the approval of the revised 2008–2009 budget, the Organization should be in a position to ensure compliance with the IPSAS accounting standards scheduled to go into force in 2010, as well as with the new Financial Regulations and Rules which were introduced in January 2008. As WIPO is currently behind in preparations for the switch to the IPSAS accounting standards, all possible steps should be taken to ensure the successful completion of this project. I invite WIPO to launch the IT project in January 2009, and I have proposed several steps to reduce the risk of project failure.

37.   My colleagues noted by random sampling that the fees in force for the Madrid and Hague Unions are properly applied and that the interfaces of the MAPS system with the AIMS system are in order and periodically monitored to ensure synchronized results within the two systems. As regards the MAPS/DMAPS modernization project, it would be appropriate to consider the possibility of directly including the production of distribution breakdowns by country for each Union, in order to reduce the interface solely to automated and semi-automated account entry operations for reconciling invoicing with customer payments. As regards the project to describe the internal processes and checks to be carried out, the distribution process should be described by means of an exhaustive list.

38.   I encourage WIPO to continue its efforts aimed at modernization and harmonization in the IT field in close cooperation with the business applications concerned, and to derive maximum benefit from the sound skills of its staff.”

4.   In the detailed report which is produced in full in the Annex, the External Auditor makes the following recommendations.

Recommendation No. 1:

“I wish to reiterate the recommendations contained in my report on the 2006 IT audit which are currently on hold or in progress, in particular:

- the continuation of the development of the AIMS administrative system in order to reduce the diversity of the IT landscape and decrease the number of interfaces;
- the development of the IT strategy;
- systematic application of methods for project and incident and change management, as well as regular monitoring by senior management.”

5.   The Information, Communication and Technology (ICT) Program of the Secretariat, under the leadership of the new Chief Information Officer (CIO), will develop a comprehensive WIPO strategy that is responsive to organizational and business needs. The development of the strategy will consider a variety of factors including resource requirements (staff and non-staff), IT security requirements, technical infrastructure standards and direction and application architecture. It will also consider the key recommendations of the core IT Program Assessment that was conducted by an external agency.

6.   An organization-wide project management methodology has been acknowledged, and the PRINCE2 methodology has been selected. The PRINCE2 methodology is used increasingly in IT projects. The Financial Regulations and Rules and International Public Sector Accounting Standards project (FRR/IPSAS project) follows the PRINCE2 methodology.

7.   Most IT staff have acquired an IT Infrastructure Library (ITIL) Foundation Certificate, whilst others have ITIL Manager Certification. The Administrative Applications Section has developed an ITIL-based Request Management System (RMS), which deals with the whole life-cycle of Incidents and Requests for Change. The RMS is now used by Finance Services, the Procurements and Contracts Division (PCD) and the Office of the Controller. An incremental implementation of ITIL at the WIPO Helpdesk is under way.

Recommendation No. 2:

As WIPO is currently behind on preparations for the switch to IPSAS accounting standards, initially scheduled for 2010, all possible steps should be taken to complete this project on time. I invite WIPO to launch the IT project in January 2009 and to consider the following proposals in order to reduce the risk of project failure:

- In accordance with best practices, it is a good idea to have a full-time project team, headed by an experienced project leader who deals exclusively with the project. Project team members should have good operational skills and know how to use the AIMS accounting system. They should be aware of the business requirements and be empowered to take any decisions of use in their area of operations. The project team is composed of the Asset Management and Procurement teams, and also consists of technical specialists as well as external consultants with knowledge of management best practices, particularly on the operational and technical levels.

- The person representing procurement should be absolutely familiar with WIPO purchasing rules and be capable of tailoring them to fit the standard industrial procedures available in the Procurement module.

- Work to consolidate data from the different inventories in use at WIPO should start as soon as possible.

- To ensure the success of the project, there is a need to provide the project team with shared work premises, with a view to facilitating communication and reducing the number of coordination meetings.

- The number of participants in meetings who define configuration specifications should be reduced to a minimum in order to ensure rapid decision-making.

- A single committee should be in charge of implementing the Financial Regulations and Rules and the IPSAS accounting standards.

- The necessary decisions should be taken rapidly by the Steering Committee consisting of a limited number of senior management staff representing the key operating areas and chaired by the Executive Sponsor.

- Only those parts of the Procurement module which are necessary for the implementation of the new Financial Regulations and Rules and the IPSAS accounting

standards should be implemented in 2009. WIPO directors have recognized the need for minimal customization, based on standard configuration and the governance best practices already available in these modules. I strongly support this approach, which should be followed for the duration of the project. This is necessary owing to the very high cost of a release change in a non-standard module stemming from customization.

- It is important to ensure that everyone who works on this complex project applies a uniform project management methodology such as Prince2, in order to use the same language and thereby enhancing efficiency and effectiveness.

"These recommendations are prerequisites for completing the project on time".

8. The recommendations of the Auditors have been duly noted by the Secretariat who would like to state the following:

The FRR/IPSAS Project started in February 2009. The objectives of this Project include:

- Implementation of the PeopleSoft Procurement and Asset Management modules to support the Financial Regulations and Rules for WIPO and compliance with the International Public Sector Accounting Standards (IPSAS);

- Introduction of best-practice procurement based on a more effective and simplified means of requisitioning and purchasing;

- Integration between procurement and financials;

- Improved budget monitoring and control;

- Initiate staff development through the introduction of best practices based on an ERP (Enterprise Resource Planning) solution.

The Project is currently in the Design Stage and is being implemented in accordance with the Prince 2 methodology with a well-defined project structure which includes, at its apex, a Project Board appointed by the Director General.

Recommendation No. 3:

"With regard to the MAPS/DMAPS modernization project, it would be appropriate to consider the possibility of directly including the production of distribution breakdowns by country for each Union, in order to reduce the interface solely to automated and semi-automated account entry operations for reconciling invoicing with customer payments".

9. The Secretariat recognizes that the need for the further automation of the monthly Madrid and Hague distribution (approximately 10 million Swiss francs monthly) should be investigated. The proposed payment could theoretically be generated in the Madrid Agreement and Protocol Systems and the Designs for this System (MAPS/DMAPS), or more fully in AIMS, but the limiting factor has been that the final execution requires intervention by Finance Services. Amounts need to be controlled with General Ledger balances and

netting requests are regularly made for Finance Services to intervene (e.g. for contributions due from the Member States). This may result in the blocking of payments due to bank reference problems. Payees may request yearly payments only or a special distribution process (Office for Harmonization in the Internal Market (OHIM), etc.).

10. However, it is felt that an automated solution would be very complex as the annual Madrid distribution (approximately 35 million Swiss francs per annum) requires an extensive and iterative (multi-step) calculation. A significant coding effort would be needed to reflect the logic within this yearly process, and due to the frequent individual designation discrepancies, could require multiple re-runs of the entire process as each difference (albeit minor) would affect the overall calculation itself (weighting, etc.).

>   Recommendation No. 4:
>
>   "With regard to the project for describing the internal processes and checks carried out or to be carried out at WIPO, the distribution process should be described with an exhaustive list of internal auditing procedures to be implemented. In particular, the person or persons who calculated the distributions and/or payments should receive written discharge by means of a report. This discharge procedure for distributions could for example be established by a deputy appointed and trained for this specific task."

11. The Secretariat considers that the discharge is given once the first signature is appended to the paper payment authorization (soon on the electronic system of data transmission, DTA). Indeed the check of distribution reports, the control sheet, the control of the balance to distribute as well as the individual or State fees instructions files are themselves the vouchers which assure the integrity of our payments. In the future, the control sheet will indicate the name of the person responsible for its preparation (and the date). In addition, Finance Services will request the Internal Audit and Oversight Division (IAOD) to review the annual distribution and, on a random basis, the monthly distributions.

12. In effect, AIMS acts as a control of MAPS/DMAPS. Financial operations in AIMS should 'match' the equivalent operations in MAPS/DMAPS. All differences are investigated.

13. Detailing the yearly distribution procedure in writing will form part of the work of documenting internal controls in Finance Services.

> *14. The Program and Budget Committee is invited to note the content of this document and of its Annex, and to put forward any possible observations.*

[Annex follows]

ANNEX

WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

GENEVA

AUDIT OF INFORMATION TECHNOLOGIES

2008–2009 BIENNIUM

Report of the Auditor
to the Assemblies of the Member States of WIPO

GENERAL REMARKS

Mandate

1. At the forty-third series of meetings, held in Geneva from 24 September to 3 October 2007, the General Assembly of the World Intellectual Property Organization (WIPO), the WIPO Coordinating Committee and the Assemblies of the Unions of Paris, Berne, Madrid, the Hague, Nice, Lisbon, Locarno, the International Patent Classification (IPC), the Patent Cooperation Treaty (PCT) and Vienna, renewed the Swiss Government's mandate up to 2011 inclusive, as Auditor of the accounts of WIPO and the Unions administered by WIPO, and also the accounts for the technical assistance projects carried out by the Organization (paragraph 273 of document A/43/16).

2. The Swiss Government has entrusted me, as Director of the Federal Audit Office, with the task of auditing the accounts of WIPO and the aforementioned Unions. I have instructed several qualified colleagues from the Federal Audit Office to conduct an IT audit, at the headquarters of the International Bureau (IB) in Geneva, during the month of November 2008. The auditing work was completed on November 27, 2008.

3. My mandate is stipulated in Chapter 8 of the WIPO Financial Regulations and Rules and is defined by the Terms of Reference Governing Audit, attached to those Regulations.

Auditing Standards and Subject of Audits

4. The audits have been carried out in accordance with the international IT audit standards "Control Objectives for Information and Related Technology (CobiT)" developed by the Information Systems Audit and Control Association (ISACA - www.isaca.org). In addition, the Auditing Guide for IT Applications (« Guide d'audit des applications informatiques ») of the Swiss Fiduciary Chamber (SFC) has been used as a reference tool during the audit.

5. According to SFC Audit Standard No. 401, the auditor must possess sufficient knowledge of IT to plan, manage, supervise and review the work done. The use of IT in an organization influences above all "the assessment of the accounting and internal audit systems, the situation with regard to risks, and the planning and performance of the audit procedures" of the auditor. Thus, this audit work is also of use to financial auditors.

6. The checks made related to the follow-up of the recommendations from the IT audit of 2006 (see report dated February 15, 2007), included the IT accounting system[1], the International Public Sector Accounting Standards (IPSAS) and the Madrid and Hague distribution. In my report of July 14, 2008 on the 2006–2007 biennium, I had already reiterated some of the recommendations included in my report of February 15, 2008.

1. The aim of this audit was not to conduct a full audit in terms of applications, technology and information security. My colleagues did, however, run a number of checks on the AIMS accounting system further to the risks identified in previous audits and at WIPO's request.

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[1] Administration Integrated Management System (AIMS). This is an integrated software package, known as Enterprise Resource Planning (ERP) – produced by the American supplier PeopleSoft. In 2005, Oracle took over the firm PeopleSoft.

7. The information gathered and the analyses conducted led me to make a number of recommendations in order to continue consolidating the IT situation and to make productivity gains in the medium and long term. I wish to emphasize that all of the recommendations do not have the same importance. This is because of the risk factor, on the one hand, and the urgent need for implementation, on the other. The audit findings were discussed with the WIPO representatives concerned at a meeting held on November 27, 2008.

Information and Documents

8. I wish to express my satisfaction at the willingness with which all of the WIPO staff who were requested to do so provided information and documents of use in the performance of my mandate.

2. My colleagues received a considerable amount of documentation and held numerous interviews within the Organization. They had the opportunity to participate in live presentations of certain IT procedures and systems.

9. The confidential or minor issues, such as questions relating to the payment software, which were clarified and discussed with representatives during the audit, are not included in this report.

FOLLOW-UP OF THE RECOMMENDATIONS FROM THE 2006 IT AUDIT

10. Patent Cooperation Treaty (PCT): *I encourage WIPO to continue promoting the use of modern technologies by the national offices of Member States* (Recommendation No. 1, 2006).

Implementation of this recommendation is in progress. Today, some 75 per cent of all patent applications from national patent offices are delivered electronically. The old CASPRO and CASPIA mainframe systems have been replaced by a new system, BibAdmin, in the Office of the PCT. It is planned to introduce this system for all users by March 2009 and to phase out CASPIA and CASPRO in June 2009.

11. Trademarks and Industrial Designs: *I invite WIPO to include a project in the strategic plan to modernize the user interfaces. Furthermore, it would be desirable to seek possible synergies with the reprogramming of the CASPRO and CASPIA applications, which is in progress* (Recommendation No. 2, 2006).

Implementation of this recommendation is in progress. In 2007, WIPO tasked an outside firm with developing a strategy to replace the IT systems underpinning the MAPS (trademarks) and DMAPS (industrial designs) business applications. In 2007, the Assemblies approved the implementation of phase I (2008–09 biennium) of the programme for an estimated amount of CHF 5.03 million. The total estimated cost comes to CHF 15.3 million. The project to replace the MAPS system got under way in January 2008, and work on certain sub-projects is in progress.

12. In their 2006 auditing work, my colleagues made a number of recommendations concerning the replacement of several old systems and the pursuit of efforts to develop the AIMS administrative system in order to reduce the diversity of the IT landscape and decrease the number of interfaces (Recommendation No. 11, 2006). In practical terms, these recommendations concerned the following points:

The introduction into the strategic plan of a project to replace the old publications database (Recommendation No. 3, 2006).

The introduction into the strategic plan of a project for the forthcoming replacement of Sigagip – the personnel management system – and the introduction of a modern human resources software management package (Recommendation No. 4, 2006).

The rationalization and streamlining of the purchasing procedure through the introduction of the PeopleSoft Purchasing module (Recommendation No. 5, 2006).

The replacement of the current inventory application with the PeopleSoft Assets module (Recommendation No. 6, 2006).

Implementation of these recommendations has been put on hold. In May 2007, the Director General approved the Strategy for the Implementation of Enterprise Resource Planning (ERP) systems in WIPO, which provides the basis for the development of the AIMS accounting system and which is to form an integral part of the IT strategy. However, the execution of the project has had to be postponed to the 2010–2011 biennium, subject to the adoption of the budget. It will be noted that the Assets Management module and a very small part of the Procurement module will be implemented in 2009/2010, with a view to aligning financial procedures with the new Financial Regulations and Rules and IPSAS accounting standards. Recommendations Nos. 5 and 6 will be covered in detail in the following chapter. WIPO has already introduced a new Vendor Registration System (VRS), which will be incorporated into the Procurement module at a later stage.

13. *I support WIPO's initiative to introduce a detailed IT strategy with a timeframe of four to six years in order to carry out continuous planning. This strategy should provide for an IT investment plan with coherent, prioritized and coordinated projects, and for implementation within a realistic timeframe. This information should be made an integral part of the documentation made available to Member States so as to allow them to prepare and take all the necessary IT-related decisions. In the same context, the Organization should ensure that it budgets, in line with the future strategic plan, for amounts sufficient to modernize and harmonize the IT infrastructure, and to take account of personnel resource needs* (Recommendation No. 7, 2006).

Implementation of this recommendation has been put on hold. An outside firm has conducted a Core IT Program Assessment. WIPO's IT Board will decide on the implementation of the recommendations of this report. On this basis, it is planned to draw up an IT strategy by the end of 2009.

14. *I invite the Organization to solve the issue of insufficient resources for the Information Security Section in order to ensure that all of the tasks necessary for the protection of WIPO's assets can be carried out as well as possible* (Recommendation No. 8, 2006).

Implementation of this recommendation is in progress. I have taken due note that the vacant posts, including that of section head, are to be filled shortly.

My colleagues have taken note of the two IT security audits which the Internal Audit and Oversight Division carried out with the help of external IT security experts. I welcome this

initiative and encourage WIPO to continue its efforts to optimize and strengthen IT security according to good practices in this field.[2]

15. In 2006, I encouraged WIPO *"to use throughout the Organization a uniform project method such as HERMES (www.hermes.admin.ch) or PRINCE2 (www.prince2.com) in order to make the preparation of complex projects more professional and to facilitate communication between the different specialized services"* (Recommendation No, 9, 2006)*.* Likewise, I invited WIPO *"to use throughout the Organization a uniform incident and change management method such as ITIL* (www.itil.org) *in order to harmonize procedures and make those procedures more professional"* (Recommendation No. 10, 2006)*.*

Implementation of these recommendations is in progress. My colleagues took note that a number of colleagues had undergone training in the Prince2 project management method or incident and change management based on the British method ITIL - Information Technology Infrastructure Library. WIPO should see to it that these methods and standards are promulgated throughout WIPO. Their systematic application should be monitored regularly by top management. In this context, my colleagues noted that the team in charge had taken major steps with regard to the AIMS system. The Request Management System (RMS) introduced in 2007 provides a means of managing incidents and changes relating to the accounting system according to the best practice stipulated by ITIL.

16. *In my opinion, it would be useful to introduce consolidated summary documentation linking the business processes to the financial operations covered by the AIMS accounting system* (Recommendation No. 13, 2006).

This recommendation was implemented in March 2008 by the AIMS team. There is now a document linking business processes to the AIMS accounting system.

17. *I invite WIPO to introduce a more formal procedure for the management of users, in particular for the requests for authorization and departure announcements, and to restrict the use of the system only to people using these functions* (Recommendation No. 14, 2006).

This recommendation has been implemented as far as the AIMS accounting system is concerned. In particular, access management for program managers has been improved.

18. **Recommendation No. 1:** I wish to reiterate the recommendations contained in my report on the 2006 IT audit which are currently on hold or in progress, in particular:

The pursuit of the development of the AIMS administrative system in order to reduce the diversity of the IT landscape and decrease the number of interfaces;

The development of the IT strategy;

Systematic application of methods for project and incidence and change management, as well as regular monitoring by top management.

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[2] For example, Information Security Governance: Guidance for Boards of Directors and Executive Management, 2nd Edition, IT Governance Institute, Rolling Meadows, IL 60008, USA

IMPLEMENTATION OF THE NEW FINANCIAL REGULATIONS AND RULES AND THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

19. *In order to allow the introduction of the new IPSAS accounting standards, WIPO should replace the current application with the PeopleSoft Assets module (Recommendation No, 6, 2006) AND: In order to rationalize and streamline the purchasing procedure, WIPO should introduce the Purchasing module during 2007 following the PeopleSoft Upgrade by referring – if possible – to the experience of other international organizations such as the High Commissioner for Refugees which already uses this module (Recommendation No. 5, 2006).*

    Work has begun on the implementation of these recommendations. It is planned to launch the IT project in January 2009. The new IPSAS accounting standards are to be introduced by January 1, 2010. In view of the importances of Recommendation No. 6 (Asset Management module) and No. 5 (Procurement module), my colleagues have extended their checks in this field.

20. At their September 2007 session, the Member States approved the adoption of the International Public Sector Accounting Standards (IPSAS). At the same session, the Member States adopted WIPO's new Financial Regulations and Rules and their enabling regulations. The latter entered into force on January 1, 2008.

    In my report on the 2006 IT audit, I recommended introducing a project into the strategic plan in order to provide for the development of the AIMS system, by incorporating the other "satellite" administrative solutions so as to benefit more from the advantages of an ERP system and to achieve productivity gains (Recommendation No. 11). In Recommendation No. 6, it was noted that – in order to allow the introduction of the new IPSAS accounting standards – WIPO should replace the current application with the PeopleSoft Assets module. In addition, Recommendation No. 5 mentioned that – in order to rationalize and streamline the purchasing procedure, WIPO should introduce the Purchasing module during 2007 following the PeopleSoft upgrade.

21. **Steps taken by WIPO.** The document ***Strategy for the Implementation of Enterprise Resource Planning (ERP) systems in WIPO***, which forms an integral part of the new IT strategy, was approved by the Director General in May 2007. Subsequently, the Proposal for the Implementation of an Enterprise Resource Planning (ERP) System, with a budget of CHF 20.7 million, was submitted to the Programme and Budget Committee so that that body might recommend its approval. However, the proposal to introduce an enterprise resource planning system at WIPO and finance it out of available reserves was neither examined nor approved at that session. A new revised budget for 2009, including a "reduced" budget of CHF 4.2 million for the implementation of the Asset Management and Purchasing modules, was accepted by the Assembly of Member States at its forty-sixth series of meetings on December 12, 2008.

22. Provided that the revised 2009 budget is approved by the Member States, the actual execution of the reduced ERP project, which covers compliance with the new Financial Regulations and Rules and the IPSAS accounting standards, is due to begin in early 2009 and finish by January 2010. The document Strategy for the Implementation of Enterprise Resource Planning (ERP) Systems in WIPO explains the need for compliance with IPSAS accounting standards. WIPO has conducted a Gap Analysis, which was completed at the end of June 2008. Work has begun on the drafting of functional specifications, and the definition of technical specifications is scheduled to follow in the course of 2009.

23.   The proposal adopted at the December 2008 meetings contains a succinct plan for the introduction of the IT project from 2009 onwards. **Among other things, it contains the following key points:**

IPSAS implementation requires changes with regard to accounting standards and procedures and will entail key changes in the fields of buildings and materials.

Account entries for products: it may prove necessary to change the interfaces between the AIMS system and the operating systems used in the PCT, Madrid and Hague systems.

Implementation of sectoral accounting will entail a change in the accounting plan.

There is a clear lack of structured support for the purchasing process at WIPO with insufficient pre-encumbrance and monitoring of spending by project leaders. I already flagged purchasing-related shortcomings in my report on the IT audit conducted in 2006 and my 2008 report on inventory (No. 7435).

I agree with the analysis of the situation described above.

24.   **Recommendation No. 2:** As WIPO is currently behind on preparations for the switch to IPSAS accounting standards, initially scheduled for 2010, all possible steps should be taken to complete this project on time. I invite WIPO to launch the IT project in January 2009 and to consider the following proposals in order to reduce the risk of project failure:

In accordance with best practices, it is a good idea to have a full-time project team, headed by a project leader who deals exclusively with the project. Team members should have good operational skills and know how to use the AIMS accounting system. They should be aware of the business requirements and be empowered to take any decisions relating to their area of operations. The project team is composed of the Asset Management and Purchasing teams, and consists of technical specialists as well as external consultants with knowledge of management best practices, particularly on the operational and technical levels.

The person representing procurement should be absolutely familiar with WIPO purchasing rules and be capable of tailoring them to fit the standard industrial procedures available in the Purchasing module.

Work to consolidate data from the different inventories in use at WIPO should start as soon as possible.

To ensure the success of the project, there is a need to provide the project team with shared work premises, with a view to facilitating communication and reducing the number of coordination meetings.

The number of participants in meetings who define configuration specifications should be reduced to a minimum in order to ensure rapid decision-making.

A single committee should be in charge of implementing the Financial Regulations and Rules and the IPSAS accounting standards.

The necessary decisions should be taken rapidly by the Steering Committee consisting of a limited number of top management staff representing the key operating areas and chaired by the Executive Sponsor.

Only those parts of the Purchasing module which are necessary for the implementation of the new Financial Regulations and Rules and the IPSAS accounting standards should be implemented in 2009. WIPO directors have recognized the need for minimal customization, based on standard configuration and the governance best

practices already available in these modules. I strongly support this approach, which should be followed for the duration of the project. This is necessary owing to the very high cost of a release change in a non-standard module stemming from customization.

It is important to ensure that everyone who works on this complex project applies a uniform project management methodology such as Prince2, thereby enhancing efficiency and effectiveness.

These recommendations are prerequisites for completing the project on time.

APPLICATION AUDITS

Upgrading the AIMS system

25. *WIPO should implement these managed hosting plans with the ICC as quickly as possible so as to increase support, ensure continuity of operations and the separation of functions between the developers and the operation* (Recommendation No. 12)*.*

    This recommendation to implement the managed hosting of AIMS with the United Nations International Computing Centre (ICC) in order to ensure the availability of operating equipment 24 hours a day, seven days a week, a recovery and continuity plan as well as a clearer separation of functions between developers and administrators was successfully implemented in September 2007. This migration required an upgrade of the ORACLE databank from version 9 to version 10 and was followed by an upgrade of the AIMS modules from version 8.4 to version 8.9. The parties concerned conducted extensive tests before implementing this last upgrade.

26. Upgrading the AIMS modules from version 8.4 to version 8.9 required ten months' preparation as a result of the high degree of customization of the PeopleSoft modules, in particular the "Income" module, since the PCT and the Madrid and Hague Unions specifically asked to maintain existing processes. Accordingly, the costs for two external consultants employed on a 2/3 basis came to CHF 481,500. To this must be added the internal cost of the personnel resources taken up during this period, that, is approximately 1.5 persons on a half-time basis. It is estimated that the total cost of this upgrade (release change) is in the neighbourhood of CHF 800,000 to CHF 900,000.

Madrid and Hague distribution

27. **Processes**: My colleagues ascertained by checking cases that the fees in force were properly applied. The processes are described rather summarily. In particular, there is no detailed description of the processes with their internal auditing points. This comment was already made in the course of previous audits.

    The Madrid and Hague Unions generated the following income during the 2006–2007 biennium:

Annual distributions in CHF 000s	2006	2007	Total biennium
Supplements and additional fees	30 745	32 599	63 344
Total monthly Madrid distributions (individual fees)	105 486	121 187	226 673
Total monthly Hague distributions	1 449	1 489	2 938
Total distributed to the countries	**137 680**	**155 275**	**292 955**

Income and expenditure WIPO 2006–2007 biennium	Income	Expenditure	Balance
Madrid Union	97 264	72 623	24 641
Hague Union	5 385	6 110	-725
Total WIPO main income and expenditure	**102 649**	**78 733**	**23 916**

28. **Interfaces**: The MAPS/DMAPS interfaces – the business applications for the Madrid and Hague Unions – with the AIMS accounting system are in order in both directions: accounting data are identical between MAPS or DMAPS and AIMS. These interfaces are checked periodically to ensure that results are synchronized in the two systems.

29. **Annual and monthly distributions**. Distributions are based on the AIMS accounting data via downloading from the data bank once the accounting period has closed. This downloading from the data bank generates detailed breakdowns by Union and by country and adds up the amounts to be paid out or credited. Individual payments of distributions are handled via Excel tables filled with the amounts due per Union depending on the payment mode requested for each country. Each payment is made manually with the corresponding papers. The calculations of distributions in the Excel table are in order and match the amounts for the accounts concerned. As the financial part is handled by the Finance Department, the Trademark Department does not check the results of the distribution, given that it sees to the operational processing of each application by applying the fees in force. Internal checking of the results of distributions and payments is generally handled informally by another member of the Finance Department who is familiar with the distribution mechanisms. However, there is no internal document on the procedures applied. Nor is there a record attesting that distribution has been properly checked.

30. **Recommendation No. 3**: With regard to the MAPS/DMAPS modernization project, it would be appropriate to consider the possibility of directly including the production of distribution breakdowns by country for each Union, in order to reduce the interface solely to automated and semi-automated account entry operations for reconciling invoicing with customer payments.

31. **Recommendation No. 4**: With regard to the project for describing the internal processes and checks carried out or to be carried out at WIPO, the distribution process should be described with an exhaustive list of internal auditing procedures to be implemented. In particular, the person or persons who calculated the distributions and/or payments should receive written discharge by means of a report. This discharge procedure for distributions could for example be established by a deputy appointed and trained for this specific task.

Payment cycle and software

32. For handling payments to banks, WIPO uses a market software accredited by banks. Via an interface with AIMS, files are loaded in this payment system then dispatched to the respective banks. My colleagues noted that the planned new security structure respects the separation of duties and that a number of additional steps have been taken. The new structure will be definitely installed in early 2009 once user training has been completed. I propose that WIPO document the internal control system linked to the underlying payment cycle and IT systems.

CONCLUSION

33. Further to the work carried out, I am in a position to certify that WIPO has implemented a number of recommendations, either in part or in full. The development of the AIMS ERP has been described in a separate strategy, but its implementation can only be considered in the 2010–2011 budget. I have reiterated certain recommendations, in particular the need to establish with due diligence an IT strategy for WIPO. The systematic application of project and incident and change management methods, including regular monitoring by top management, is a means of enhancing the quality and efficiency of IT projects as well as improving management of IT services.

34. With the approval of the revised 2008–2009 budget, the Organization should be in a position to ensure compliance with the IPSAS accounting standards scheduled to go into force in 2010, as well as with the new Financial Regulations and Rules which were introduced in January 2008. As WIPO is currently behind in preparations for the switch to the IPSAS accounting standards, all possible steps should be taken to ensure the successful completion of this project. I invite WIPO to launch the IT project in January 2008, and I have proposed several steps to reduce the risk of project failure.

35. My colleagues noted by checking cases that the fees in forces for the Madrid and Hague Unions are properly applied and that the interfaces of the MAPS system with the AIMS system are in order and periodically monitored to ensure synchronized results within the two systems. As regards the MAPS/DMAPS modernization project, it would be appropriate to consider the possibility of directly including the production of distribution breakdowns by country for each Union, in order to reduce the interface solely to automated and semi-automated account entry operations for reconciling invoicing with customer payments. As regards the project to describe the internal processes and checks to be carried out, the distribution process should be described by means of an exhaustive list.

36. I encourage WIPO to continue its efforts aimed at modernization and harmonization in the IT field in close cooperation with the business applications concerned, and to derive maximum benefit from the sound skills of its staff.
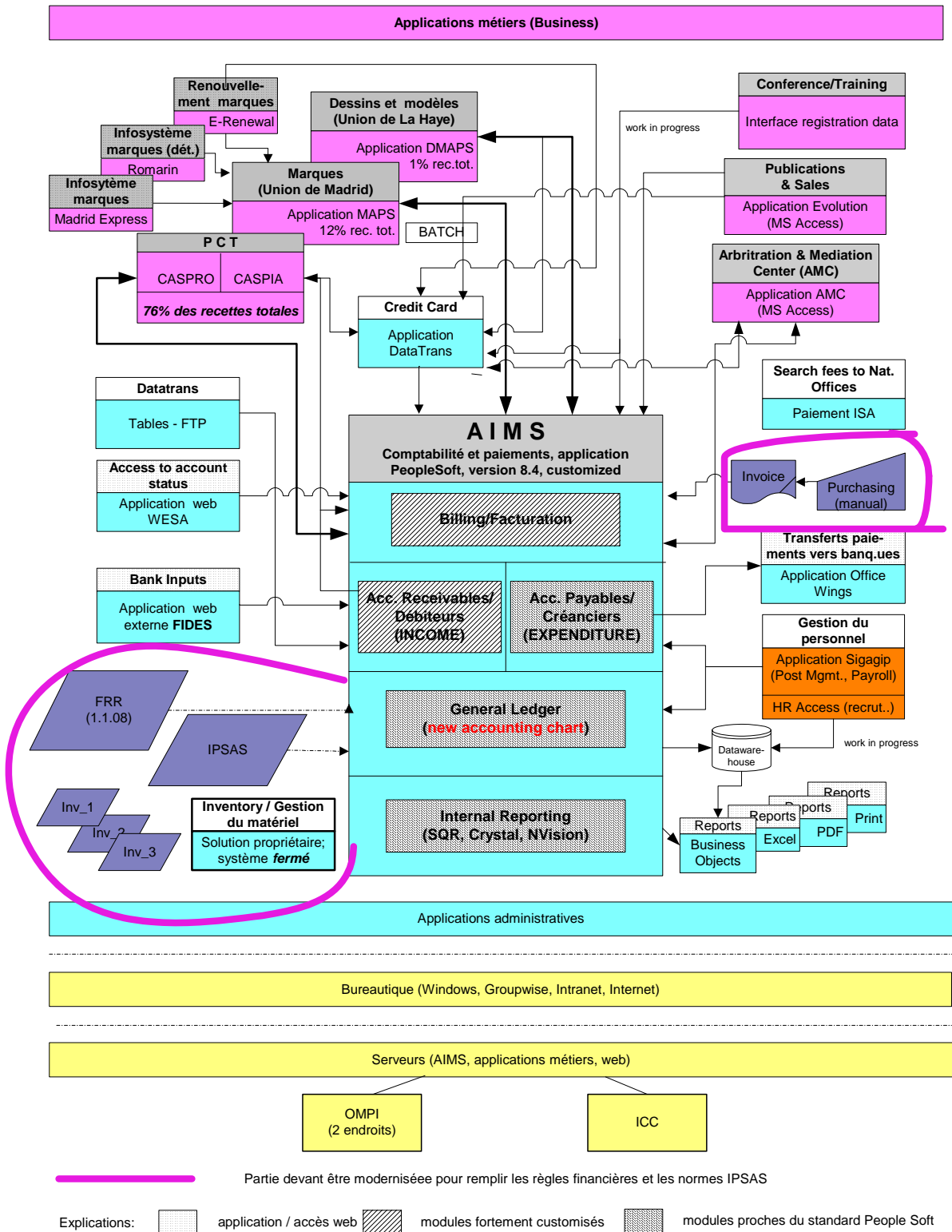
K. Grüter

Director of the
SWISS FEDERAL AUDIT OFFICE

(Auditor)

Attachment: Map of the AIMS PeopleSoft accounting system environment

Map of the AIMS PeopleSoft account system environment
(as of 03.12.2008)

Applications métiers (Business)

Renouvelle-ment marques — E-Renewal

Infosystème marques (dét.) — Romarin

Infosytème marques — Madrid Express

Dessins et modèles (Union de La Haye) — Application DMAPS 1% rec.tot.

Marques (Union de Madrid) — Application MAPS 12% rec. tot.

BATCH

Conference/Training — Interface registration data

work in progress

Publications & Sales — Application Evolution (MS Access)

Arbitration & Mediation Center (AMC) — Application AMC (MS Access)

P C T — CASPRO — CASPIA — *76% des recettes totales*

Credit Card — Application DataTrans

Search fees to Nat. Offices — Paiement ISA

Invoice — Purchasing (manual)

Datatrans — Tables - FTP

Access to account status — Application web WESA

Bank Inputs — Application web externe **FIDES**

A I M S
Comptabilité et paiements, application PeopleSoft, version 8.4, customized

Billing/Facturation

Acc. Receivables/ Débiteurs (INCOME)

Acc. Payables/ Créanciers (EXPENDITURE)

General Ledger (new accounting chart)

Internal Reporting (SQR, Crystal. NVision)

Transferts paie-ments vers banq.ues — Application Office Wings

Gestion du personnel — Application Sigagip (Post Mgmt., Payroll) — HR Access (recrut..)

work in progress

Dataware-house

FRR (1.1.08)

IPSAS

Inv_1 — Inv_2 — Inv_3

Inventory / Gestion du matériel — Solution propriétaire; système *fermé*

Reports — Business Objects — Excel — PDF — Print

Applications administratives

Bureautique (Windows, Groupwise, Intranet, Internet)

Serveurs (AIMS, applications métiers, web)

OMPI (2 endroits)

ICC

Partie devant être moderniséee pour remplir les règles financières et les normes IPSAS

Explications: — application / accès web — modules fortement customisés — modules proches du standard People Soft

[End of Annex and of document]