

# WIPO



WO/PBC/WG/07/3

ORIGINAL: English

DATE: July 3, 2007

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
GENEVA

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## WORKING GROUP OF THE PROGRAM AND BUDGET COMMITTEE

Geneva, April 27, 2007

### REPORT

*adopted by the Working Group*

1. A formal session of the open-ended Working Group of the Program and Budget Committee (PBC), hereinafter referred to as “the Working Group”, was held at the headquarters of WIPO on April 27, 2007. The list of participants is annexed to the present document (Annex I).

#### ELECTION OF A CHAIR

2. The Working Group elected Mr. Usuma Sarki (Nigeria) as *Ad hoc* Chair. Mrs. Carlotta Graffigna (Executive Director and Controller, WIPO) acted as the Secretary.

#### ADOPTION OF THE AGENDA

3. The Agenda was adopted as annexed (Annex II).

## REVIEW OF THE TERMS OF REFERENCE OF THE WIPO AUDIT COMMITTEE

4. The Secretariat recalled the present session continued a follow up to the September 2006 decision of the Assemblies to convene an open-ended Working Group of the PBC (paragraph 188(c) of document A/42/14). The Working Group was to review the terms of reference of the Audit Committee and prepare a proposal on adequate resources for the Audit Committee, including the possibility of an independent secretariat. The Working Group would review the Internal Audit Charter, and review the structure and resources required for effective internal audit and oversight in WIPO.

5. The Working Group had met for the first time on December 14, 2006, to discuss these topics. The Report and papers of that meeting appear in document WO/PBCWG/07/2.

6. Since then, the Audit Committee had examined its Methods of Work and reviewed its Terms of Reference during its fourth meeting in Geneva, from March 26 to 29, 2007. The proposed changes by the Audit Committee are attached (Annex III).

7. The delegations of Algeria, Brazil, Canada, France, Germany, India, Mexico, Morocco, Netherlands, Pakistan, Russian Federation, Spain, Switzerland, Tunisia, United Kingdom and the United States of America took the floor on this item of the agenda.

8. *The Working Group:*

(i) *took note of the presentation made by the Audit Committee and the comments made by a number of delegations;*

(ii) *noted that the Audit Committee would consider the comments concerning the terms of reference of the Audit Committee made by delegations, at the fifth meeting of the Audit Committee in July 2007.*

(iii) *requested the Secretariat to convene a one-day session of the Working Group in September 2007, and to provide to the Working Group a further document presenting the amendments that the Audit Committee may wish to recommend in respect of changes considered necessary to its terms of reference;*

(iv) *agreed that at the September meeting, the Working Group would consider again the Audit Committee's recommendations concerning revision of the Audit Committee's terms of reference.*

REVIEW OF THE WIPO INTERNAL AUDIT CHARTER, AND STRUCTURE AND RESOURCES FOR INTERNAL AUDIT AND OVERSIGHT AT WIPO

9. The Director of IA OD introduced this item of the agenda. He noted that the Audit Charter is required to be reviewed two years after its adoption (paragraph 28 of the Audit Charter). The WIPO Secretariat is currently considering changes that may be needed to the Audit Charter. These will be provided for consideration by the Audit Committee at its fifth meeting in July 2007, and thereafter the September 2007 meeting of the Working Group.

10. The Audit Committee had made proposals for changes to the Internal Audit Charter at the Working Group of the Program and Budget Committee, held on December 14, 2007 (see document WO/WG/PBC/07/2).

11. The delegations of Netherlands and Switzerland requested that changes proposed by the Secretariat and the Audit Committee be represented in a “track change” type format.

ADJOURNMENT OF THE SESSION

12. The session was adjourned.

[Annexes follow]

I. ÉTATS MEMBRES/MEMBER STATES

*(dans l'ordre alphabétique des noms français des États/  
in the alphabetical order of the names in French of States)*

ALGERIE/ALGERIA

Boumediene MAHI, premier secrétaire, Mission permanente, Genève

ALLEMAGNE/GERMANY

Li-Feng SCHROCK, Senior Ministerial Counsellor, Trade Mark and Unfair Competition, Federal Ministry of Justice, Berlin

ARGENTINE/ARGENTINA

Inés Gabriella FASTAME (Srta.), Secretario de embajada, Misión permanente, Ginebra

BANGLADESH

Muhammed Enayet MOWLA, Counsellor, Permanent Mission, Geneva

BRÉSIL/BRAZIL

Guilherme de AGUIAR PATRIOTA, Counsellor, Permanent Mission, Geneva

Cristiano BERBERT, Second Secretary, Permanent Mission, Geneva

CANADA

Sara WILSHAW (Mrs.), First Secretary, Permanent Mission, Geneva

CHINE/CHINA

WANG Ying (Ms.) Project Administrator, International Cooperation Department, State Intellectual Property Office of the People's Republic of China, Beijing

EL SALVADOR

Martha Evelyn MENJIVAR CORTEZ (Srta.), consejera, Misión permanente, Ginebra

ESPAGNE/SPAIN

Victoria Dafaue MENÉNDEZ (Dña), Jefe de Servicio de Relaciones Internacionales  
OMPI-OMC, Departamento de Coordinación Jurídica y Relaciones Internacionales, Oficina  
Española de Patentes y Marcas, Ministerio de Industria, Turismo y Comercio, Madrid

ÉQUATEUR/ECUADOR

Sofia MORENO (Mrs.), Intern, Permanent Mission, Geneva

ÉTATS-UNIS D'AMÉRIQUE/UNITED STATES OF AMERICA

Lisa CARLE (Ms.), Economic Counselor, Permanent Mission, Geneva

FÉDÉRATION DE RUSSIE/RUSSIAN FEDERATION

Ilya GRIBKOV, troisième secrétaire, Mission permanente, Genève

Maxim KOCHETKOV, Attaché, Mission permanente, Genève

FRANCE

Gilles BARRIER, premier secrétaire, Mission permanente, Genève

Patricia RENOUL (Mme), conseiller, Mission permanente, Genève

GRÈCE/GREECE

Aristoteles VOUSCOUCAS, Attaché/Intern, Permanent Mission, Geneva

HAÏTI/HAITI

Gladys FLORESTAL (Ms.), premier secrétaire, Mission permanente, Genève

INDE/INDIA

Mohinder GROVER, Deputy Permanent Representative, Permanent Mission, Geneva

IRAN (RÉPUBLIQUE ISLAMIQUE D')/IRAN (ISLAMIC REPUBLIC OF)

Yazdan NADALIZADEH, Second Counsellor, Permanent Mission, Geneva

ITALIE/ITALY

Augusto MASSARI, premier secrétaire, Mission permanente, Genève

JAPON/JAPAN

Tsuyoshi ISOZUMI, Deputy Director, International Affairs Division, Japan Patent Office, Tokyo

MAROC/MOROCCO

M'hamed SIDI EL KHIR, conseiller, Mission Permanente, Genève

MEXIQUE/MEXICO

Juan Manuel SÁNCHEZ, Second Secretary, Permanent Mission, Geneva

NIGÉRIA/NIGERIA

Usman SARKI, Minister, Permanent Mission, Geneva

NORVÈGE/NORWAY

Gry Karen WAAGE (Ms.), First Secretary, Permanent Mission, Geneva

PAKISATAN

Syed Ali Asad GILLANI, First Secretary, Permanent Mission, Geneva

PAYS-BAS/NETHERLANDS

Irene KNOBEN (Mrs.), First Secretary, Permanent Mission, Geneva

PORTUGAL/PORTUGAL

Elpídio SANTOS, Director, Directorate of Organization and Management, National Institute of Industrial Property, Ministry of Economy and Innovation, Lisbon

QATAR

Nasser I. AL-LANQAWI, Commercial Attaché, Permanent Mission, Geneva

RÉPUBLIQUE DE CORÉE/REPUBLIC OF KOREA

PARK Seong-Joon, First Secretary, Permanent Mission, Geneva

ROUMANIE/ROMANIA

Livia PUSCARAGIU (Ms.), Second Secretary, Permanent Mission, Geneva

ROYAUME-UNI/UNITED KINGDOM

Dave WOOLF, C1 Policy Advisor, Intellectual Property Office, London

Pamela TARIF (Ms.), Second Secretary, Permanent Mission, Geneva

SINGAPOUR/SINGAPORE

Pai Ching KOONG (Ms.), First Secretary, Permanent Mission, Geneva

SUISSE/SWITZERLAND

Alexandra GRAZIOLI (Mme), conseillère juridique, Division droit et affaires internationales, Institut fédérale de la propriété intellectuelle, Berne

Muriel SAKKAL (Ms.), attaché, Division multilatérale, Mission permanente, Genève

THAÏLANDE/THAILAND

Supavadee CHOTIKAJAN (Ms.), Second Secretary, Permanent Mission, Geneva

TUNISIE/TUNISIA

Mohamed Abderraouf BDIQUI, conseiller, Mission permanente, Genève

TURQUIE/TURKEY

Ismail GÜMÜS, Patent Examiner, Turkish Patent Institute, Ankara

Yesim BAYKEL (Mrs.), Legal Advisor, Permanent Mission, Geneva

III. COMITÉ D'AUDIT DE L'OMPI/  
WIPO AUDIT COMMITTEE

Geoffrey DRAGE

Gian Piero ROZ

IV. BUREAU/OFFICERS

Président/Chairman: Usman SARKI (Nigéria/Nigeria)

Secrétaire/Secretary: Carlotta GRAFFIGNA (Mme/Mrs.) (OMPI/WIPO)

V. BUREAU INTERNATIONAL DE L'ORGANISATION MONDIALE DE LA  
PROPRIÉTÉ INTELLECTUELLE (OMPI)/INTERNATIONAL BUREAU  
OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

Carlotta GRAFFIGNA (Mme/Mrs.), directrice exécutive et contrôleur, Bureau du  
contrôleur/Executive Director and Controller, Office of the Controller

Nicholas TREEN, directeur, Division de l'audit et de la supervision internes/ Director,  
Internal Audit and Oversight Division

[L'annexe II suit/Annex II follows]



**WIPO**



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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

**WORKING GROUP OF THE  
PROGRAM AND BUDGET COMMITTEE**

**Geneva, April 27, 2007**

AGENDA

*prepared by the Secretariat*

1. Opening of the session
2. Election of a Chair
3. Adoption of the agenda
4. Review of the terms of reference of the WIPO Audit Committee
5. Review of the WIPO Internal Audit Charter, and structure and resources for internal audit and oversight at WIPO
6. Closing of the session

[Annex III follows]

ANNEX III

PROPOSED AMENDED TERMS OF REFERENCE OF THE WIPO  
AUDIT COMMITTEE\*

1. Preamble

In its September 2005 General Assemblies, WIPO Member States 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.

2. Functions and Responsibilities

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:

~~2. The Audit Committee of WIPO shall have the following terms of reference:~~

(a) *Promoting internal control* by:

- (i) Systematic appraising of management's actions to maintain and operate appropriate and effective internal controls;
- (ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities;
- (iii) Reviewing the operation and effectiveness of the Financial Regulations;
- (iv) Reviewing management's assessment and approach to risk;
- (v) ~~Overseeing the new construction project~~ Reviewing arrangements for checks and balances in areas such as ethics, financial disclosure by certain categories of staff, fraud prevention and misconduct.

(b) *Focusing assurance resources* by:

- ~~(i) Agreeing and approving the audit plans and arrangements for internal and external audit;~~
- ~~(ii) Encouraging liaison between the internal and external audit functions;~~
  - (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;

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\* Suggested additions to the original terms of reference of the WIPO Audit Committee are underlined and appear in red; suggested deletions are struck through; unchanged text is unmarked.

~~(iii)~~(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) ~~Monitoring~~Overseeing audit performance by:

(i) ~~Ensuring~~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.

~~(iii)~~ Confirming that audit recommendations have been implemented;

~~(iv)~~ Monitoring the Secretariat's implementation of the recommendations made by the Joint Inspection Unit (JIU);

~~(v)~~ Overseeing the desk-to-desk review recommended by the JIU.

(d) The Program and Budget Committee may from time to time request the Audit Committee to review or oversee particular activities, such as the New Construction Project and the WIPO desk-to-desk assessment, and any other major project.

~~(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.

3. ~~The Working Group of the Program and Budget Committee further~~

~~— Recommends that the Audit Committee meet regularly, in general every quarter, and keep Member States informed of its work on a regular basis;~~

~~Recommends that the members of the Audit Committee have the qualifications and skills required, and be elected for a period of two years. Members should possess relevant qualifications and experience in auditing, accounting, risk management and other financial and administrative matters;~~

~~Recommends that the said members should have or acquire soon an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it;~~ 3. Membership

The Audit Committee shall have nine members elected by the Program and Budget Committee.

The nine members shall have an initial period of office of three years from appointment. The Program and Budget Committee will elect three new members effective 2009 with the membership to be rotated 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.

The members of the Audit Committee shall select a Chair and Deputy Chair for an initial term of three years. In selecting the Chair, the Audit Committee members will be mindful of the requirements for the Chair to be present in Geneva from time to time between Audit Committee meetings.

Member States in nominating candidates for election by the Program and Budget Committee shall ensure such candidates possess relevant qualifications and experience in auditing, accounting, risk management and other financial and administrative matters; expertise as well as geographical distribution should guide the selection process.

~~Recommends that the~~ The Audit Committee should corporately possess the following competencies:

- (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.

New members should have or should acquire by a structured induction program organized by the WIPO Secretariat an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it.

#### 4. Expenses

Expenses for members of the Audit Committee will be paid by WIPO in accordance with WIPO's financial rules and regulations.

#### 5. Meetings and Quorum

The Audit Committee will meet regularly and at least every quarter in formal meeting. The Chair of the Audit Committee may convene additional meetings, if and when needed.

A minimum of five members of the Audit Committee, including the Chair or Vice-chair, are required to be present for a meeting of the Committee to be quorate.

The Audit Committee may invite officials of WIPO Secretariat or others to attend meetings.

~~Recommends that the Audit Committee shall have nine members and that they shall be selected as follows:~~

~~(a) Seven members shall be nominated by Member States and elected by the Program and Budget Committee. Expertise as well as geographical distribution should guide the selection process.~~

~~(b) One member shall be selected by the above mentioned seven members of the Audit Committee based on his/her qualifications as a senior oversight professional or senior manager in the United Nations system.~~

~~(e) — One member shall be selected by the above mentioned seven members of the Audit Committee based on his/her qualifications as a senior oversight professional or senior manager from outside of the United Nations system.~~

~~*Recommends that the Controller and the External and Internal Auditor of WIPO and any other person if required may attend meetings on the invitation of the Audit Committee. The WIPO Internal Audit Division shall provide support services to the Committee;*~~

~~*Recommends that the Chair of the Audit Committee be selected by the members of the Committee;*~~

## 6. Reporting and Review

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.

The Audit Committee shall review, at least every three years, the adequacy of its present terms of reference and resources, and where necessary propose changes to the Program and Budget Committee for consideration and approval.

The Terms of Reference and mandate of the Audit Committee shall be subject to periodic review and renewal by the General Assemblies.

~~— *Recommends to review the mandate, functioning and membership of the Audit Committee at the end of two years.*~~

## 7. Secretariat and Budget

Assistance shall be provided to the Audit Committee from the WIPO Secretariat on a part-time basis. This assistance shall be outside of the Internal Audit and Oversight Division of WIPO. Functions of such part-time Secretariat shall include logistical and administrative support. This would entail attending the Audit Committee meetings and preparing draft reports. Moreover, assistance from a professional staff shall be provided for substantive work including research and background position papers, and others, as requested by the Audit Committee, shall also be provided by the WIPO Secretariat.

The Audit Committee may where appropriate obtain independent third party expert advice.

In its biennial budget WIPO shall provide a specific program for the Audit Committee, providing for costs on an annual basis associated with at least four formal meetings of four days each and several information meetings, with appropriate Secretariat support.

## 8. Information Requirements

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.