



Internal Oversight Division

Reference: IA 2019-03

Audit Report

Financial Closure Process

Date: December 24, 2019

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LIST OF ACRONYMS

AIMS	Administrative Integrated Management Systems
ASHI	After Service Health Insurance
DPPF	Department of Program Planning and Finance
ESD	Enterprise Solutions Division
FS	Financial Statement
HRMD	Human Resources Management Department
HRPI	Human Resources Pension and Insurance
ICS	Individual Contractual Services
IIA	The Institute of Internal Auditors
IOD	Internal Oversight Division
IP	Intellectual Property
IPSAS	International Public Sector Accounting Standards
PMSDS	Performance Management and Staff Development System
PO	Purchase Order
PCT	Patent Cooperation Treaty
PTD	Procurement and Travel Division
TAM	Travel and Meeting Management System
TMS	Travel and Missions Support
UNDP	United Nations Development Program
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

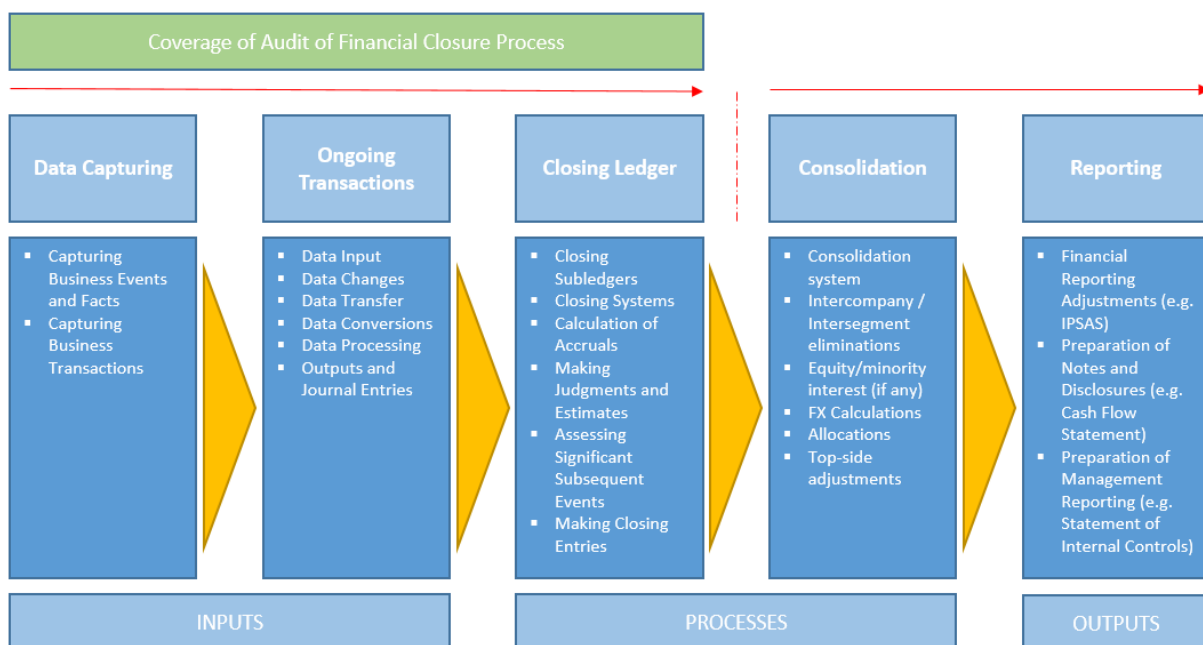
1. The Internal Oversight Division (IOD) notes a number of positive developments in the overall Financial Closure Process of the World Intellectual Property Organization (WIPO). This includes successive unqualified opinions from external independent auditors; active engagement of Finance, Procurement, and Travel Divisions in closure of Purchase Orders; and increased automation of monitoring processes, which has enhanced the quality of Financial Closure. While the audit found that overall, the Financial Closure Process is functioning well, there are opportunities to further enhance management of the Procure-to-Pay cycle.
2. IOD would like to firstly emphasize on the importance of the ownership and accountability of Program Management and alternates in the commitment made within the context of the Management Representation Letter, regarding the maintenance of an effective functioning internal controls to among others, help achieve the Program Expected Results and compliance with WIPO Regulations and Rules. Fifty-four per cent of Program Managers and Alternates invited to attend the 2019 Annual Closure information session, were present. Program Managers and their designated alternates are expected to be fully informed on, and address any challenges or needs concerning financial closures and related cycles as part of their commitment to effective and efficient internal controls at WIPO. Addressing the following would help support that commitment.
3. IOD observed an increase of the Purchase Orders (PO) closure workload before and after the year-end (backlog from prior year) indicating more effort needed from Programs to monitor and regularly clean-up during the year. The analysis of PO creation between January and October 2019 shows an increase in the number of creation of PO lines in October 2019 comparing to other months (58% increase compared to September 2019). This may indicate possible efforts to intensify purchases in order to either compensate for insufficient performance, unforeseen change in work plan, or inefficient planning and monitoring.
4. The analysis of statistics on budget implementation for the biennium 2018-2019 at department level shows that some departments have executed less than 80 per cent of their budgets as at October 31, 2019. Although some budgets are low in significance, and/or their activities do not foresee "linear" budget execution over time, it would be relevant to ensure that these levels of execution are appropriately justified and do not become an incentive to intensify the use of funds in order to reach full or close to full implementation levels.
5. It would be relevant for Programs to designate backup staff and ensure, where applicable, that transferred staff members complete a handover note on pending actions, including those relating to requisitions, in order to address some instances where long outstanding requisitions persist due to among others, internal staff movements.
6. Discussions with staff members involved in the requisition process indicate the need to provide requestors and other relevant stakeholders with a broader picture of the purchase to pay cycle and relevant training and guidance to be active first lines of defense. Stakeholders interviewed were favorable to the establishment of a focal point within each Sector to liaise with the Finance Division and the Procurement and Travel Division, to better coordinate and support the various cycles.
7. Finally, IOD would also emphasize on the need to ensure continual alignment between the administrative processes and the business requirements, without compromising effective risk management and internal controls; and in order to support the achievements of the strategic goals of the Organization.

1. BACKGROUND

8. In accordance with Regulation 6.5 of the Financial Regulations and Rules of the World Intellectual Property Organization (WIPO), the Director General shall submit the Organization's annual financial statements for each calendar year of the financial period to the External Auditor and the Independent Advisory Oversight Committee, no later than March 31st following the end of the calendar year to which they relate. The annual financial closure is thus a high priority time bound statutory exercise.

9. The financial closure is a set of sequential steps requiring alignment and a clear direction across the organization. Each step in the process has dependencies on others, and delays have direct impact on subsequent activities, pushing them back and resulting in additional efforts and decreased efficiency and transparency. Organizations that are able to monitor and effectively react throughout the year and during the financial closure cycle can contribute to the annual reporting process in a more timely, effective and efficient manner. The figure below illustrates the typical Financial Reporting Cycle in WIPO.

Figure A: Financial Reporting Cycle in WIPO¹



10. WIPO prepares an office instruction on an annual basis, outlining the responsibilities of Staff involved in the process, deadlines and milestones for specific process activities as well as mandatory training/learning requirements for Requestors, Certifying Officers, Program Managers and their Alternates in relation to the annual closure. The instruction mainly covers Requisitions cycle, while Revenue and other accounting and financial reporting cycles are not covered by the abovementioned instruction – these are communicated to the relevant staff through other means such as internal memoranda, trainings, and information sessions. While the financial closure is a collective effort, final accountability for the process rests with managers of respective Programs. The figures below illustrate the year-end closure calendars for years 2018 and 2019.

¹ Based on IOD Analysis

Figure B: 2018 Year-end Closure Calendar Program²

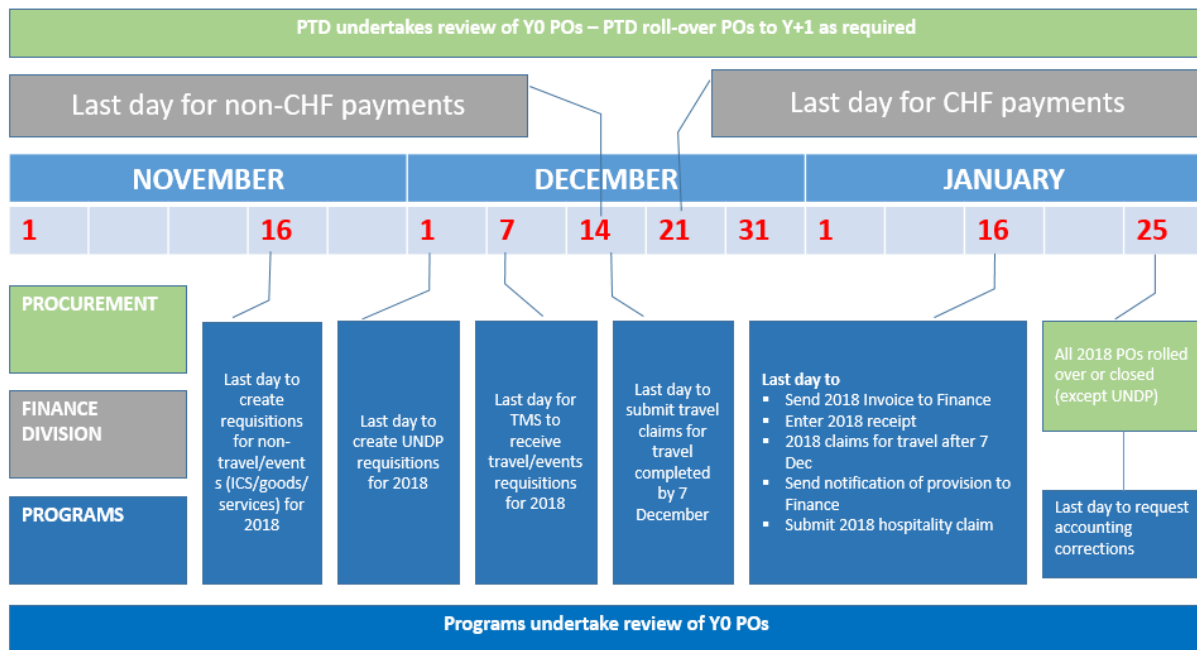
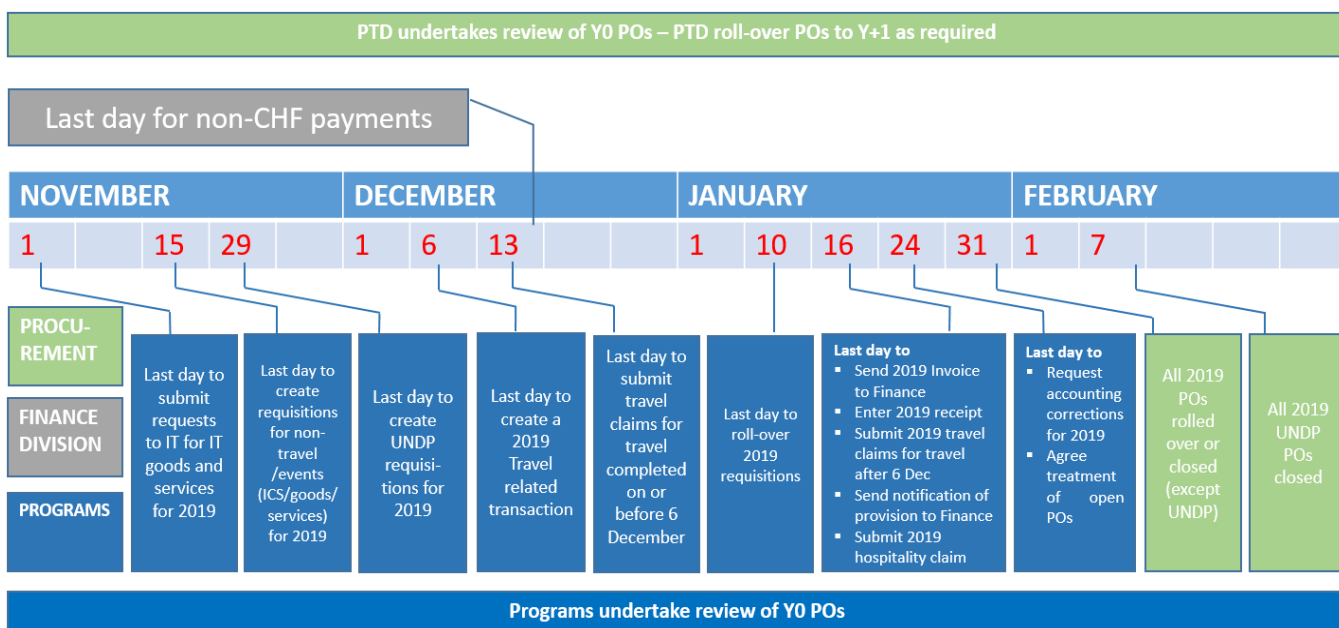


Figure C: 2019 Year-end Closure Calendar Program³

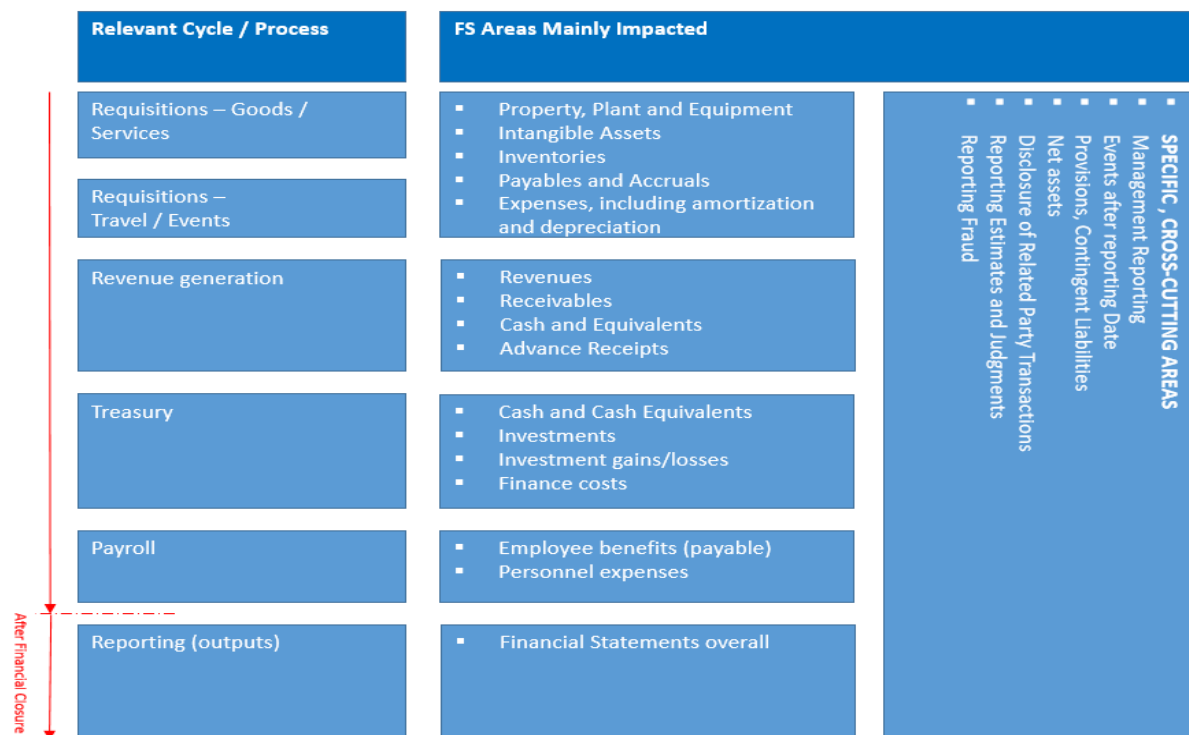


11. Based on the review of relevant documentation, Internal Oversight Division (IOD) has obtained an understanding of the main Financial Statement (FS) areas affected by relevant accounting and financial reporting cycles as follows:

² Data source: Office Instruction N° 25/2018 Annual closure 2018

³ Data source: Office Instruction N° 28/2019 Annual closure 2019

Figure D: 2019 Financial Statement Areas Affected by Relevant Accounting and Financial Reporting Cycles⁴



2. AUDIT OBJECTIVES

12. The objectives of the audit were to:

- Assess effective and efficient governance, management of the Financial Closure Process;
- Verify establishment of clear roles, responsibilities, and accountability; and
- Verify that related risk management and internal controls function as expected.

3. AUDIT SCOPE AND METHODOLOGY

13. The audit scope covered the Financial Closure Process for 2018, and also examined control activities that were operational during the first 10 months of 2019, with a view to contributing to the 2019 Financial Closure Process.

14. Areas reviewed included among others, risk management including fraud risk and internal controls.

15. The methodology included interviews with stakeholders, analyses and review of relevant supporting documentation as well as tests of a sample of data and supporting documents, with a view to:

⁴ Based on IOD analysis

- (a) Assessing the governance, risk management and control environment surrounding the financial closure process;
- (b) Verifying whether staff members involved in the process know their roles and responsibilities and are receiving sufficient training and guidance to perform their duties concerning the financial closure;
- (c) Assessing the design and implementation of controls over ensuring that activity deadlines and milestones are respected; and
- (d) Assessing organization's ability to capture on timely basis all significant information needed for the financial closure.

16. Due to the significant volume of operations, the sample selection was based on our risk assessment and professional judgement. Substantive tests were conducted to among others, assess validity and capture potential risks that could materialize and affect the financial closure process. Identified risks were reconfirmed through corroborative inquiries with relevant staff and stakeholders supported by analyses of relevant data.

4. AUDIT RESULTS

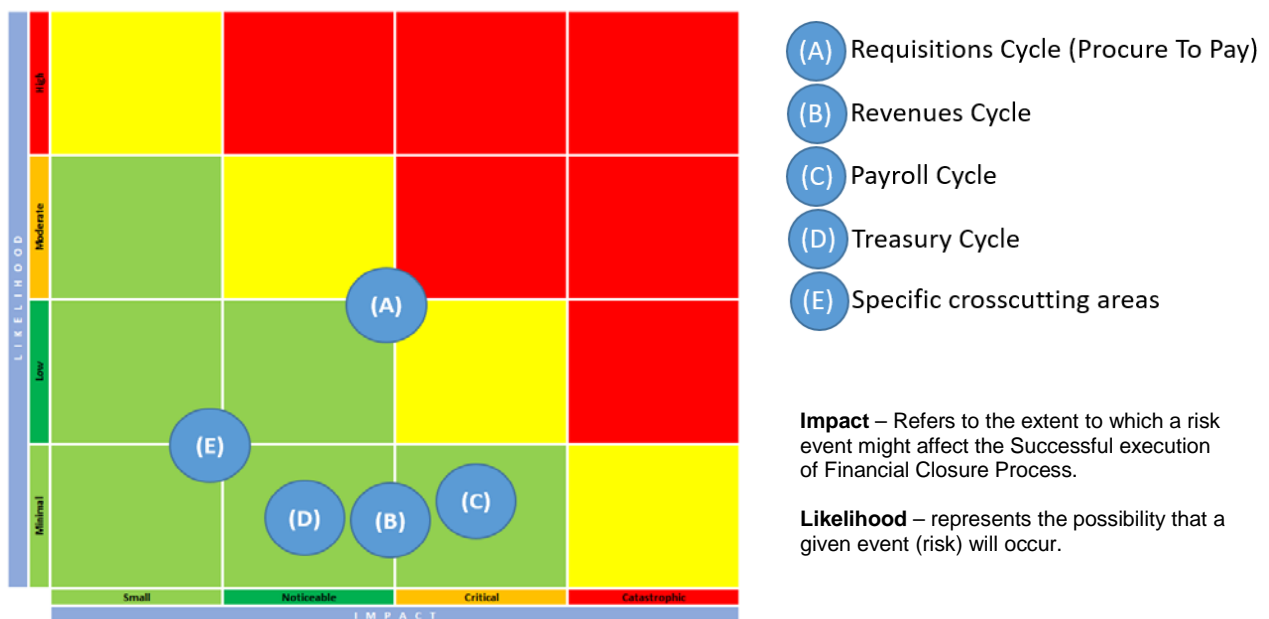
17. The process of financial closure is cross-functional and is affected by, and dependent on, various other processes and practices for effective performance. IOD performed a risk analysis of different financial cycles and financial statements areas in terms of their potential impact on financial closure process.

18. The assessment classified the following cycles and processes against a risk map:

- (a) Requisition Cycle (Procure to Pay);
- (b) Revenue Cycle;
- (c) Payroll Cycle;
- (d) Treasury Cycle; and
- (e) Specific crosscutting areas.

19. The Risk Scale Chart below summarizes results of the performed assessment.

Figure E: Risk Scale Chart⁵ - Assessment of the Impact of Financial Cycles on Financial Closure Process



5. AUDIT RESULTS - POSITIVE DEVELOPMENTS

20. IOD notes the following positive developments with regard to the Financial Closure Process:

21. No significant issues were found in closing processes that concern among others revenue, receivables, assets, personnel expenses and related liabilities, treasury and investments, and provisions. More detail on these cycles and processes is provided under Annexes II to VI.

- (a) For preceding periods and the period under review, WIPO has had unqualified opinions on its Financial Statements from independent Financial Auditors;
- (b) The Procurement and Travel Division (PTD) has enhanced their activities regarding automated and manual closure of Purchase Orders throughout the year; and introduced various queries and reporting tools to facilitate preventive and monitoring controls related to Financial Closure
- (c) WIPO has further enhanced automation of financial processes leading to increased efficiencies, data accuracy and speed of processing. For example, the Patent Cooperation Treaty (PCT) translation purchase orders auto-sourcing or the WIPO Academy Intellectual Property (IP) Expert platform, which is currently in the development stage.

⁵ For visualization purposes, IOD used WIPO Corporate risk scale developed by the Office of Financial Controller (WIPO Risk Management Policy, Office instruction N° 41/2017). Risks are displayed based on their significance in terms of Likelihood to materialize and Potential Impact on Financial Closure process. Risk Impact was assessed mainly using the "Financial" and "Reputational" dimensions in line with WIPO Risk and Internal Control Management Manual. According to WIPO Risk Appetite Statement (WO/PBC/29/5), WIPO has "Low" risk appetite (Green in the "Heat Map") for "non-compliant financial and operational environment, and any potential weakening of the checks and balances in place". Accordingly, IOD applied "Low" risk appetite in the assessment of risks associated with the Purchase Order (PO) Closing process.

6. AUDIT RESULTS - OBSERVATIONS AND RECOMMENDATIONS

(A) REQUISITIONS CYCLE (PROCURE-TO-PAY)

22. The review of Requisitions Cycle, including testing of underlying transactions, analysis of data, and staff inquiries, identified the following risks:

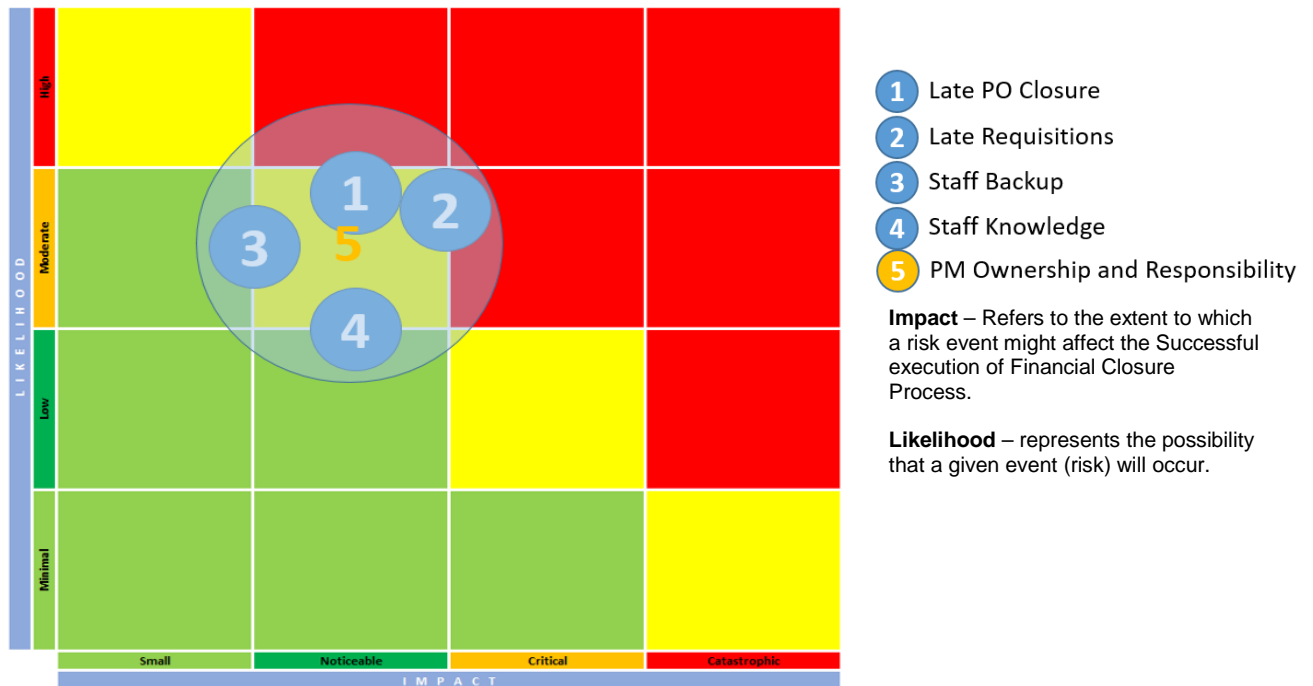
- 1 Follow-up of requisition, leading to late receipts and subsequently - late payments to vendors and late PO closure
 - 2 Insufficient or inconsistent execution (work plan implementation) throughout the year and / or lack of proper Acquisitions planning for the year, leading to incentive to intensify requisitions at year-end
 - 3 Insufficient measures regarding staff backup causing delays
 - 4 Lack of knowledge can impact the process, causing delays or additional corrective work (Knowledge and Competence)
- 5**

Ownership and Responsibility of Program Managers

Rule 105.5

23. In more detail, the Risk Scale Chart below shows the likelihood and potential impact of these risks on the Financial Closure Process in the event that they materialize.

Figure F: Risk Scale Chart - Assessment of the Impact of Identified Risks on Financial Closure Process



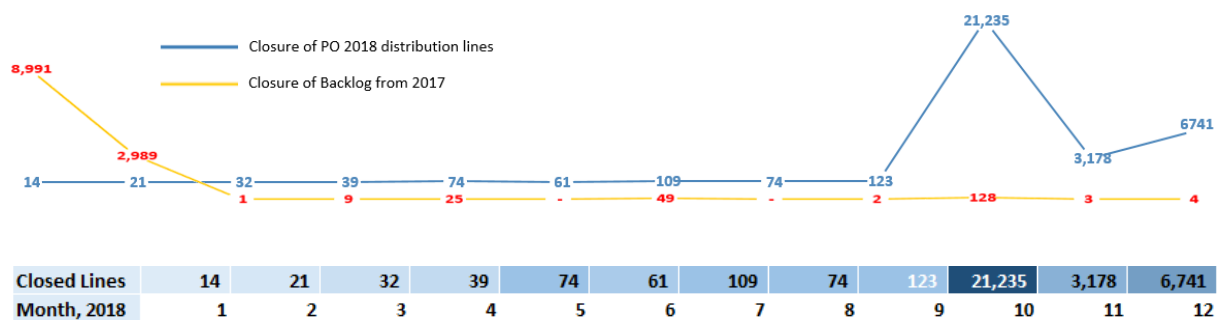
24. The observations that follow further detail the identified risks.

(i) Closing Purchase Orders

25. According to best practices, and in order to more efficiently manage up-to-date requisition information and enable the timely and efficient release of remaining encumbrances, Purchase Orders (PO) for received goods and/or services should be regularly monitored and closed. Timely closure of POs also reduces the administrative workload at year-end. Finally, delayed closure of POs may lead to late release of unused encumbrances and encourage end of year spending with the aim to fully utilize allocated budgets.

26. IOD analysis of historical data on PO closure dynamics in 2018 and 10 months of 2019 is depicted in the graphs that follow.

Figure G: PO Closure Dynamics in Number of Distribution Lines for Closed Purchase Orders⁶ – 2018



27. The above trend shows that 67 per cent of 2018 PO closure occurred in October 2018. As explained by PTD, the 2018 closing process figures were not corresponding to the optimized regular operations schedule defined with AIMS Support team. A background 'batch' daily process which was supposed to close the POs which are fully liquidated automatically, did not run during the period from January to September 2018 - it was only reactivated in October 2018, partially explaining the low volume of closing activities of 2018 related purchase orders and significant increase in closed PO lines in October 2018.

28. In addition, we can observe a significant PO closure workload in January and February due to closing of POs, related to prior year budget (Figure G above displays the backlog effect from year 2017 and Figure H below – the backlog from year 2018).

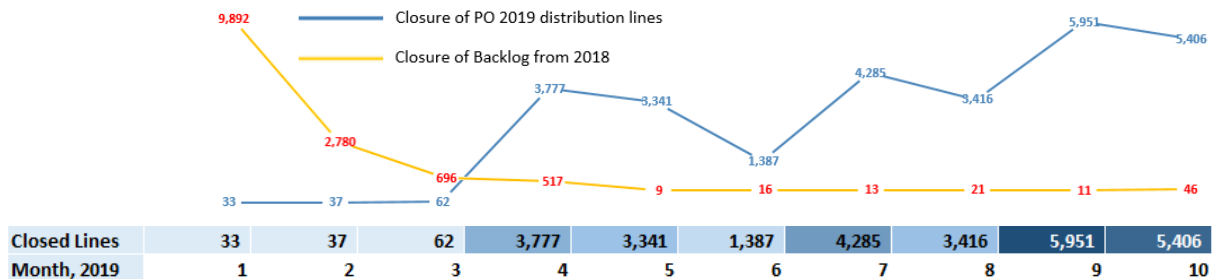
29. Increase of the PO closure workload before and after the year-end confirms that Programs did not regularly clean-up during the year and only began this process closer to year-end, coinciding with the launch of the financial closure process. Regular monitoring and closing of applicable POs would reduce the effort and potential additional workload required during the financial closure process.

A review of the trend for January to October 2019 in figure H below shows a notable improvement in the distribution of closed POs when compared to 2018. For instance, the month of October 2019 shows that only 20 per cent of POs closure occurred in that period, compared to 2018. One of the main reasons for this improvement is the more active role taken by second line actors such as Finance and Procurement in supporting Programs to monitor and close these POs. Similarly to Figure G, we can observe a significant POs

⁶ Data source for 12 months of 2018: AIMS Query (Complete purchase orders that relate to 2018 requisitions for 2018 budget).

closure workload in January and February due to closing of POs, related to prior year budget (backlog from prior year).

Figure H: PO Closure Dynamics in Number of Distribution Lines for Closed Purchase Orders⁷ – 2019 (10 Months)



30. For the full detail analysis of dynamics of closed PO lines by Program in 2018 and 2019 (10 months), refer to Annex VII and Annex VIII respectively.

31. IOD reviewed a sample of 78 PO requisition lines to identify purchase orders, which could be closed earlier than they were actually closed. Results of the review showed that there is still a room for improving the timeliness of PO closure. While there was a number of external factors, which “slowed” the PO closure process (for example, slow communication on vendors’ side), some POs could be closed earlier if more actively followed-up by Programs.

32. IOD also notes that the Administrative Integrated Management System (AIMS) does not close POs automatically when goods or services are delivered, and invoiced amounts do not exactly match with PO data. These POs have to be closed manually by Programs. In certain cases where POs are not closed and have leftover encumbrances, there is a tendency to delay the closure of these POs in order to among others ensure that there are no unforeseen/additional costs. Annexes X and XI show trends on PO ageing and closures.

(ii) Creating Requisitions, Purchase Orders and Execution of the Work Plan

33. One of indicators of the effective budget planning and execution is the ability to “balance efforts” – to distribute the budget execution as evenly as possible throughout the year in order to avoid excessive workload at the end of the financial period. While this is not always possible in practice, due to among others, the changing business environment, it is however relevant to closely monitor the program implementation and take immediate actions as and when required.

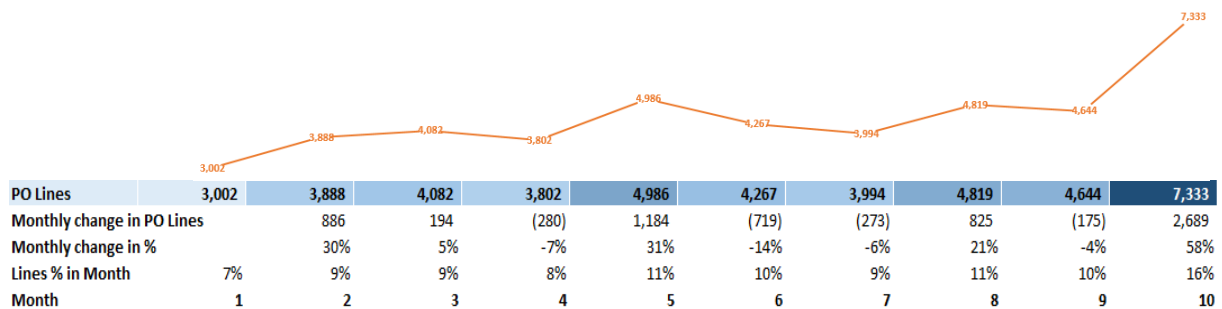
34. Insufficient program implementation throughout the budgetary cycle and/or planning of acquisitions during the period may increase incentive to intensify requisitions near the end of the reporting period; hence increased potential to make purchases that are not aligned with the work plans, including a risk on transparent and compliant procurement practices. This may also affect the administrative workload, related to the financial closure at the year-end.

35. **Year-end purchases** – The analysis of PO creation between January and October 2019 depicted in the figure below shows an increase in the number of creation of PO lines in October 2019 comparing to other months (58% increase compared to September 2019). This indicates possible efforts to intensify purchases in order to either compensate for

⁷ Data source for 10 months of 2019: AIMS Query (Complete purchase orders that relate to 2019 requisitions for 2019 budget).

insufficient performance, unforeseen change in work plan, or inefficient planning and monitoring.

Figure I: PO Creation Trend – PO Distribution Lines Created Between January and October 2019⁸



PO Lines	3,002	3,888	4,082	3,802	4,986	4,267	3,994	4,819	4,644	7,333
Monthly change in PO Lines		886	194	(280)	1,184	(719)	(273)	825	(175)	2,689
Monthly change in %		30%	5%	-7%	31%	-14%	-6%	21%	-4%	58%
Lines % in Month	7%	9%	9%	8%	11%	10%	9%	11%	10%	16%

Table 1: Non-Travel Requisitions, Related to 2018 Budget and Made After November 16, 2018⁹

36. **Requisitions after closure deadline** - According to the Office Instructions N° 25/2018 on the 2018 Financial Closure, the deadline for non-travel requisitions was set to November 16, 2018.

37. The review of a sample of non-travel requisitions made after the deadline showed that while a number of requisitions had reasonable justifications, efforts can be made to further reduce these late requests where possible.

38. The volume and amounts for requisitions from Program 5 mainly relate to Translation PO auto-sourcing, which processes translation jobs with a 2 weeks life cycle, enabling Program 5 to raise requisitions after the closure deadlines; although this is not explicitly mentioned in the office Instruction on Financial Closures. This process was assessed as low risk to the financial closure process.

Program	Value of requisition lines, CHF	Program	Count of requisition lines
5	1,485,447	5	435
9	137,642	27	66
27	91,622	9	43
25	82,308	24	38
24	42,546	11	26
23	38,283	4	21
16	30,775	30	13
11	22,082	20	11
4	18,722	23	11
15	18,672	6	6
30	16,235	28	4
28	14,539	15	4
6	13,812	17	3
20	13,342	3	3
7	6,409	7	3
3	6,400	10	2
10	3,503	25	2
14	3,401	2	2
2	2,174	1	2
31	1,239	16	2
17	858	14	2
1	797	31	1
12	486	12	1
Grand Total	2,051,293	Grand Total	701

⁸ Data source: AIMS Query (Non-cancelled purchase orders created in 2019 that relate to 2019 budget). Refer to Annex IX for PO creation trends by Program.

⁹ Data source: AIMS Query (Requisitions, created after November 16, 2018 that relate to 2018 budget). Please, take into account that the volume of transactions also depend on the overall size of the program. Bigger programs will have higher number of transactions.

39. **Budget Implementation.** The analysis of statistics on budget implementation for the biennium 2018-2019 at department level shows that some departments have executed less than 80 per cent of their budgets as at October 31, 2019.

Table 2: Departments With Budget Implementation Below 80% as at October 31, 2019¹⁰

Department	Program	Biennium Budget 2018-2019	Actuals, 2018 + 10M2019	Biennium Budget execution as of 31 October 2019
0092 - Security & Info Assurance Division	28	6,393,368	5,032,908	79%
0065 - Singapore Office	20	478,404	356,438	75%
0115 - ERP PMO	22	2,240,996	1,643,939	73%
0068 - External Relations Division	20	416,064	303,310	73%
0071 - Office of the Legal Counsel	21	1,276,553	929,924	73%
0005 - Copyright Infrastructure Division	03	3,076,969	2,227,778	72%
0030 - Office of the DDG - Development Sector	09	766,766	554,138	72%
0023 - Legal Section	31	256,785	184,252	72%
0089 - Carbon Neutrality and Accessibility	24	158,143	113,349	72%
0010 - PCT Legal Division	05	866,800	614,847	71%
0122 - PCT Information Systems Service	05	13,046,084	8,852,760	68%
0124 - Independent Advisory Oversight Committee	22	446,600	256,084	57%
0099 - Conference Section	27	877,353	364,889	42%
0084 - Office of the ADG - Administration and Management Sector	24	123,500	45,208	37%
0137 - WIPO Nigeria Office	20	300,000	45,000	15%
0072 - Office of the Ombudsman	21	31,720	4,264	13%

40. While budgets of some departments are insignificant and/or their activities do not foresee “linear” budget execution over time, it would be relevant to ensure that these levels of execution are appropriately justified and do not become an incentive to intensify the use of funds in order to reach full or close to full implementation levels.

(iii) Outstanding Requisitions due to Staff Transfer or Departure

41. The review of a sample of requisitions identified a number of long outstanding requisitions, which were not timely closed. Following discussions with relevant staff, IOD noted that the lack of backup and/or incomplete “handover” when a staff leaves or is transferred, was mentioned as one of the key reasons for these long outstanding requisitions. The feedback received also indicated that staff is not fully aware of any existing procedures in place to address this situation. It would be relevant for Programs to designate backup staff and ensure, where applicable, that transferred staff members complete a handover note on pending actions, including those relating to requisitions.

42. The new Travel and Meeting (TAM) management system partially remediates this condition with regards to travel POs, by giving more flexibility and visibility to the treatment of meeting and travel related PR/POs, where administrative assistants of the same Group/Program have visibility over meeting requests and related transactions.

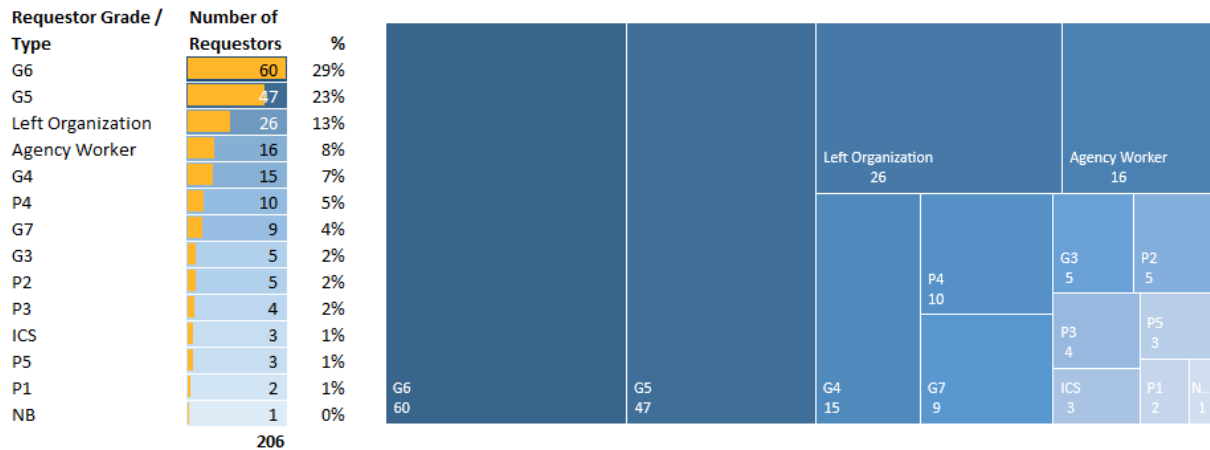
(iv) Staff awareness of Procure to Pay Cycle

43. Discussions with staff members involved in the requisition process indicate the need to provide requestors and other relevant stakeholders with a broader picture of the purchase to pay cycle. IOD noted instances of lack of understanding as to why Purchase Orders with leftover encumbrances should be closed timely. While most of staff members are aware about Annual Financial Closure instructions and Information Sessions organized by the Finance Division, some commented on the need for more hands-on guidance and practical examples.

¹⁰ For the full listing of departments and their budget implementation as at October 31, 2019, refer to **Annex XII**.

44. For reference, 206 different requestors have been involved in requisitions made between January and October 2019, with the majority being General Staff members as depicted below.

Figure J: Requisitions in January – October 2019: Number of Requestors and Their Grading¹¹



45. IOD notes that only one ELM training (refresher training) on non-travel requisitions with four participants and one PTD-AIMS Requesters Training for 16 participants was organized in 2019, and there is no general training on requisitions organized except for travel related requisitions.

46. Some Staff also noted that when they were designated “Requestors”, they received informal training from a colleague, whilst they would have preferred more formal guidance and support. It would be relevant for management to be proactive in requesting formal training for newly designated requestors. There is no readily available up-to-date and comprehensive guidance on the Procure to Pay process with practical examples. Furthermore, information on the intranet is not organized in such a manner as to facilitate intuitive searches on the subject matter.

47. Furthermore, a number of staff interviewed were favorable to the establishment of a focal point within each Sector to liaise with Finance, Procurement and Travel Division, to better coordinate and support the various cycles.

(v) Ownership, Responsibility and Accountability

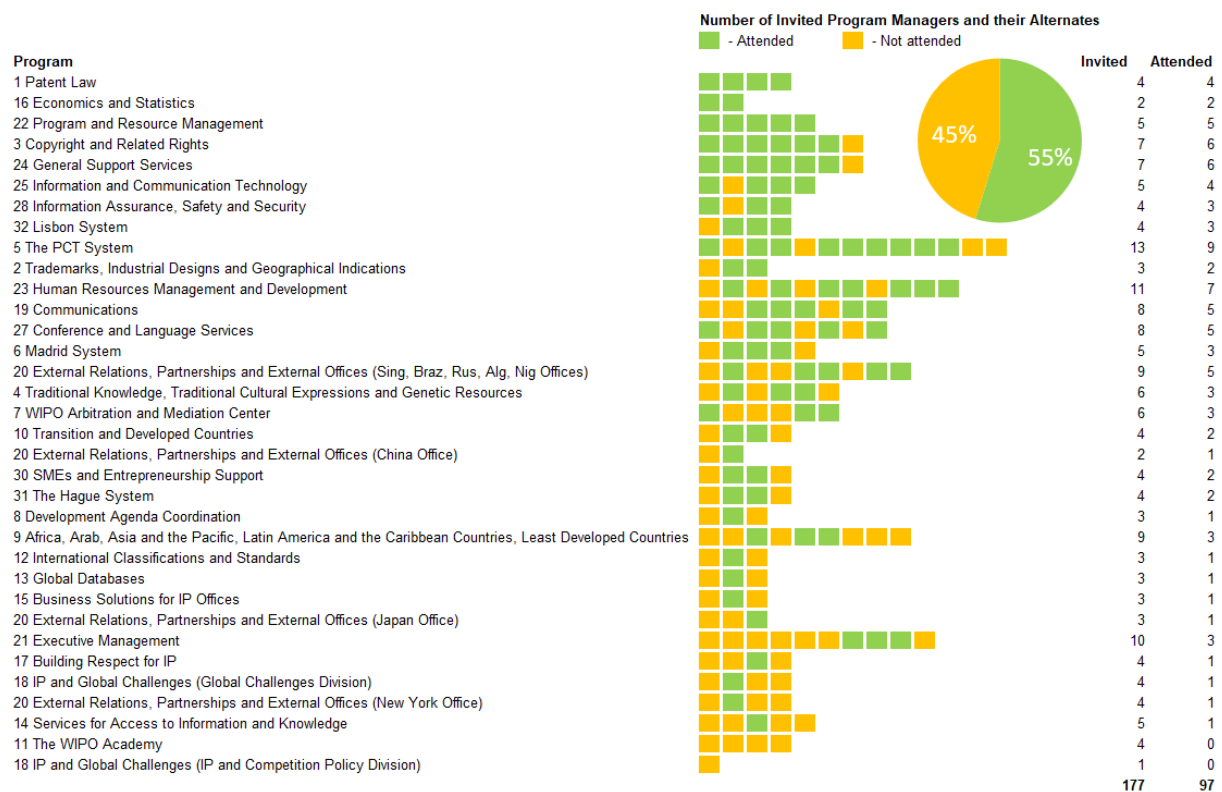
48. Program Managers are accountable and responsible for the effective management of their Programs. For instance, Program Managers and their designated alternates are expected to be fully informed on any challenges or needs concerning financial closures and related cycles. We found that 54 per cent of Program Managers and Alternates invited to attend the 2019 Annual Closure information session, were present.

49. IOD would like to emphasize on the importance of the ownership and accountability of Program Management and alternates in the commitment made within the context of the Management Representation Letter, regarding the maintenance of an effective functioning of internal controls to among others, help achieve the Program objectives and compliance with WIPO Regulations and Rules. This requires that Programs take due care in ensuring that

¹¹ Data source: AIMS Query (Requisitions from 01/01/2019 to 31/10/2019. Excluded transactions with Requestor code “REPbatch” and Buyer codes “ICS AUTOSOURCING”, “PCT- AUTOSOURCING”, “PTD-PROC-DEFAULT”, “REPbatch”).

controls and compliance measures are implemented and monitored, and staff in their areas is adequately trained and informed to be active first lines of defense.

Figure K: Attendance of Program Managers and their Alternates¹² to the 2019 Annual Closure Information Session



50. Finally, IOD would also emphasize on the need to ensure continual alignment between the administrative processes and the business requirements, without compromising effective risk management and internal controls. For example, 2019 Financial Closure deadlines have been tightened compared to prior year, with the first closure deadline (last day to submit IT related requisitions) set at November 1. While recognizing the importance of high-quality reporting and timely financial closure, it is also relevant to ensure that the calendar is discussed and is aligned with the business to get full buy-in and ownership to better support effectiveness and efficiency. As of November 1, there are still two months of annual work-plan engagements.

Recommendation (s)

1. WIPO Programs should work with the Department of Program Planning and Finance (DPPF) and Procurement and Travel Division (PTD) to better plan and execute requisitions throughout the year in order to enhance the procure-to-pay cycle and reduce the potential build-up of year-end work. Effectiveness and improvement can be measured by establishing trend analyses of requisitions, including PO creation, ageing and closure at regular intervals. (Priority: Medium)
2. The Administration and Management Sector should:
 - (a) Update the Procure to Pay Manual (dated 2014) and other relevant

¹² Data source: Finance Division, attendance sheets - table includes only Invited Program managers and their Alternates in line with WIPO Programmatic Designations Report as at November 1, 2019.

documents, such as the, E-Procurement Requisition “How to do” procedure dated May 2016, and ensure that related links are up-to-date on Intranet (for example, How to Requisition Goods and/or Services on the PTD Homepage);

- (b) Work with relevant stakeholders to establish pertinent mandatory training for newly designated requestors, through in-class, online, or shadowing as applicable.

(Priority: Medium)

- 3. The Department of Program Planning and Finance (DPPF) and Procurement and Travel Division (PTD) should:

- (a) Work with relevant Programs and Sectors to assess the benefits and costs of establishing Sector focal points with a view to proposing a framework for designating a procurement and finance focal point for each Sector with clear roles and responsibilities;
- (b) Consider activities such as Mid-Year PO “soft closure” exercises for relevant Programs; and
- (c) Consider opportunities to further automate processes, contributing to enhance effective and efficient Financial Closure process, and the overall management of PRs and POs.

(Priority: Medium)

- 4. WIPO Program Managers should:

- (a) Establish internal procedures to designated backup staff for requisitions, and establish systematic preparation of handover notes on pending actions, including requisition related actions, prior to staff departure and/or transfers.
- (b) Develop internal performance targets linked to the PMSDS of relevant Managers of their respective Sectors, to measure efficiency and effectiveness of their respective closure process in particular Procure to Pay.

(Priority: High)

ACKNOWLEDGMENT

IOD wishes to thank all relevant members of staff for their assistance, cooperation and interest during this assignment.

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Approved by: Rajesh Singh, Director, IOD.

TABLE OF RECOMMENDATIONS

No.	Recommendations	Priority	Person(s) Responsible	Other Stakeholder	Management Comments and Action Plan	Deadline
1.	<p>WIPO Programs should work with the Department of Program Planning and Finance (DPPF) and Procurement and Travel Division (PTD) to better plan and execute requisitions throughout the year in order to enhance the procure-to-pay cycle and reduce the potential build-up of year-end work. Effectiveness and improvement can be measured by establishing trend analyses of requisitions, including PO creation, ageing and closure at regular intervals.</p>	Medium	To Be Determined (TBD)	TBD	TBD	TBD
2.	<p>The Administration and Management Sector should:</p> <p>a) Update the Procure to Pay Manual (dated 2014) and other relevant documents, such as the, E-Procurement Requisition “How to do” procedure dated May 2016, and ensure that related links are up-to-date on Intranet (for example, How to Requisition Goods and/or Services on the PTD Homepage);</p>	Medium	TBD	TBD	TBD	TBD

No.	Recommendations	Priority	Person(s) Responsible	Other Stakeholder	Management Comments and Action Plan	Deadline
	<p>b) Work with relevant stakeholders to establish pertinent mandatory training for newly designated requestors, through in-class, online, or shadowing as applicable.</p>					
3.	<p>The Department of Program Planning and Finance (DPPF) and Procurement and Travel Division (PTD) should:</p> <p>a) Work with relevant Sectors to assess the benefits and costs of establishing Sector focal points with a view to proposing a framework for designating a procurement and finance focal point for each Sector with clear roles and responsibilities; Consider activities such as Mid-Year PO “soft closure” exercises for relevant Programs; and</p> <p>b) Consider opportunities to further automate processes, contributing to enhance effective and efficient Financial Closure process, and the overall management of PRs and POs.</p>	Medium	TBD	TBD	TBD	TBD

No.	Recommendations	Priority	Person(s) Responsible	Other Stakeholder	Management Comments and Action Plan	Deadline
4.	<p>WIPO Program Managers should:</p> <p>a) Establish internal procedures to designated backup staff for requisitions, and establish systematic preparation of handover notes on pending actions, including requisition related actions, prior to staff departure and/or transfers.</p> <p>b) Develop internal performance targets linked to the PMSDS of relevant Managers of their respective Sectors, to measure efficiency and effectiveness of their respective closure process in particular Procure to Pay.</p>	High	TBD	TBD	TBD	TBD

ANNEXES

ANNEX I.	Risk Rating and Priority of Audit Recommendations
ANNEX II.	Requisitions (Procure-To-Pay) Cycle
ANNEX III.	Revenues Cycle
ANNEX IV.	Payroll Cycle
ANNEX V.	Treasury Cycle
ANNEX VI.	Specific Crosscutting Areas
ANNEX VII.	Purchase Order Closure Trends in Number of Distribution Lines of Closed Purchase Orders by Program – 2018 (12 Months)
ANNEX VIII.	Purchase Order Closure Trends in Number of Distribution Lines of Closed Purchase Orders by Program – 2019 (10 Months)
ANNEX IX.	Purchase Order Creation Trend – PO Distribution Lines Created by Programs Between January and October 2019
ANNEX X.	Aging of Open POs by Last Activity Date and by Program, in Swiss Francs
ANNEX XI.	Aging of Open POs, where PO Receipt Status Indicates “Received”, by Program in Swiss Francs
ANNEX XII	2018-2019 Biennium Budget Implementation Of Program Departments as at October 31, 2019

[Annexes follow]

ANNEX I: RISK RATING AND PRIORITY OF AUDIT RECOMMENDATIONS

The risk ratings in the tables below are driven by the combination of likelihood of occurrence of events and the financial impact or harm to the organization's reputation, which may result if the risks materialize. The ratings for audit recommendations are based on the control environment assessed during the audit.

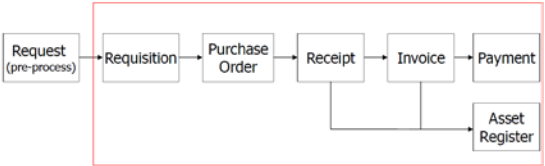
Table I.1: Effectiveness of Risks/ Controls and Residual Risk Rating

		Compound Risk Rating (Likelihood x Impact)		
		Low	Medium	High
Control Effectiveness	Low	Low	Medium	High
	Medium	Low	Medium	High
	High	Low	Low	Medium

Table I.2: Priority of Audit Recommendations

Priority of Audit Recommendations	Residual Risk Rating
Requires Urgent Management Attention	High
Requires Management Attention	Medium
Routine in Nature	Low

ANNEX II: REQUISITIONS (PROCURE-TO-PAY) CYCLE

Relevant Significant FS areas	Overall description and Control Environment																					
<p>Expenses</p> <p>Payables</p> <p>Accruals</p>	<p>Chapter 5 (Utilization of Funds) of the WIPO Financial Regulations and Rules and the underlying Office Instructions, policies and procedures regulates this Financial Statement (FS) Area.</p> <p>Complexity of the area. Complexity of the area (and therefore – increased associated risks) is explained by the fact that requisitions are made by practically all Programs of the Organization and therefore a number of staff members (with different knowledge and skills in finance and project management) have varying degrees of involvement in the process.</p> <p>Budget Execution and KPI. The area is of high importance from the perspective of budget execution and reporting of different key performance indicators to stakeholders. This carries a number of risks such as, incentive to show better budget execution; incentive to fully consume the allocated budget in order to avoid a potential allocation reduction in the next budgetary cycle.</p> <p>Requisitions. The Requisitions cycle starts with the creation of Requisition by the requestor - engagement involving an earmarking of funds against resources of the Organization (WIPO Financial Regulations and Rules). The table below displays roles and responsibilities within the process.</p> <table border="1" data-bbox="397 1003 1292 1224"> <thead> <tr> <th>WHO</th> <th>WHAT</th> <th>TRANSACTION</th> </tr> </thead> <tbody> <tr> <td>Requestor</td> <td>Create Requisition</td> <td>Pre-Encumbrance - Amount held on Requisition</td> </tr> <tr> <td>Program Manager</td> <td>Approve Requisition</td> <td></td> </tr> <tr> <td>Buyer (Certifying Officer)</td> <td>Purchase Order</td> <td>Encumbrance - Amount held on PO</td> </tr> <tr> <td>Requestor</td> <td>Receipt</td> <td></td> </tr> <tr> <td>Finance</td> <td>Voucher</td> <td>Expense - Amount invoiced on Voucher</td> </tr> <tr> <td>Finance</td> <td>Payment</td> <td></td> </tr> </tbody> </table> <p>Process steps are displayed in the chart below.</p>  <pre> graph LR A[Request (pre-process)] --> B[Requisition] B --> C[Purchase Order] C --> D[Receipt] D --> E[Invoice] E --> F[Payment] D --- G[Asset Register] E --- G </pre> <p>Non-travel Requisitions. Requisitions are initiated and followed-up by dedicated requestors within each Program. Monitoring is performed in different ways outside the AIMS system (manual paper files; excel spreadsheets; specifically developed software). While the requestor mainly monitors simple requisitions (e.g. one-time requisition of non-specialized inventory item), requisitions that are more complex need significant involvement of Program/Project Manager.</p> <p>Travel Requisitions. Until August 2019, travel and meeting related requisitions were made in “e-Work” – a bespoke travel management tool. Since September 2019, a new software was introduced - Travel & Meeting (TAM) management system. This new application, which is integrated in AIMS, is used to raise travel and meeting requests, as</p>	WHO	WHAT	TRANSACTION	Requestor	Create Requisition	Pre-Encumbrance - Amount held on Requisition	Program Manager	Approve Requisition		Buyer (Certifying Officer)	Purchase Order	Encumbrance - Amount held on PO	Requestor	Receipt		Finance	Voucher	Expense - Amount invoiced on Voucher	Finance	Payment	
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Finance	Payment																					

	<p>well as used for any statutory travel, such as Home Leave. The tool is designed to, among others:</p> <ul style="list-style-type: none"> ▪ Enable Travel and Meeting requests to be processed directly in AIMS, avoiding the use of a non-integrated tool; ▪ Reduce the average time required for these processes, through streamlined and partially automated data entries and calculations; ▪ Benefit from an improved and user-friendly AIMS front end; and ▪ Include managerial approvals for travel and meetings requests in the current AIMS portal. <p>No major issues have been noticed regarding the functioning of the platform reported so far.</p> <p>Accuracy and Completeness of Payables and Accruals at year-end (Financial Closure). The accuracy and completeness of payables and accruals depends on the quality of communication between the Vendor and the team of Requestors and Program/Project managers. For complex projects, more extensive follow-up is needed in order to determine the percentage of project completion (percentage of receipt).</p>
<p>Property, Plant and Equipment</p> <p>Depreciation</p>	<p>Land and Buildings represent the major part of this FS area. Apart from WIPO Financial Regulations and Rules, WIPO Policy on Property Management (OI No. 9 /2017 Rev) and WIPO Property Management Manual (Version 01/2016) regulate management of Property, Plant and Equipment.</p> <p>Fixed Assets Inventory. According to WIPO Policy on Property Management, a qualified third party service provider carries out end of year property and equipment inventory. Any significant differences are investigated and corrected. Assets counts are organized as close as possible to year-end in order to contribute to the financial closure process.</p> <p>Capturing fixed assets. WIPO capitalizes all items that meet the criteria of Property, Plant and Equipment, and whose value exceeds the threshold of 5,000 Swiss francs. Requestors and Project / Program managers are required to identify and capitalize acquired items in AIMS if they meet the criteria. As a second line of control, Finance Division performs an analysis of transactions to identify not captured items in order to capitalize these items.</p> <p>Construction in Progress. One of the tasks performed during the financial closure process is to determine the percentage of completion of unfinished construction. This depends on project management skills and follow-up capability of the Project Manager and on the overall information exchange between the Project Manager and the Vendors (analyzed in the FS area “Expenses, Payables and Accruals). Currently there are no known significant Constructions in Progress.</p> <p>Depreciation. Depreciation is charged to write-off the full cost of equipment over its estimated useful life using the straight-line method. Different useful lives are applied to the different classes of equipment. The calculation process is of low complexity. The Finance Division verifies depreciation charge at year-end.</p>
<p>Intangible Assets</p>	<p>Intangible assets include externally acquired and internally developed software, as well as licenses and rights. Accounting of intangibles is performed in line with the IPSAS 31 Intangible Assets.</p> <p>Capturing assets. WIPO capitalizes all externally acquired intangible assets, which meet the criteria of Intangibles and whose value exceeds the threshold of 20,000 Swiss francs. Internally developed software is recognized as an asset if it meets the threshold of 1 million</p>

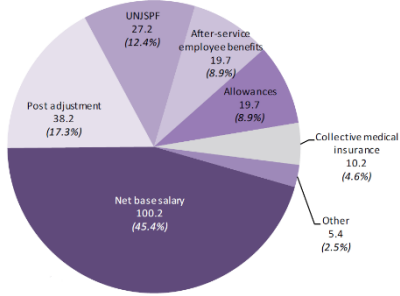
	<p>Swiss francs or more. Requestors and Project / Program Managers are required capitalize acquired items in AIMS if they meet the criteria. As a second line of control, Finance Division performs an analysis of transactions in order to identify and capitalize uncaptured items. The Finance Division is also responsible for the inventory of Intangible Assets for the year-end financial reporting purposes.</p> <p>Development in Progress. Determination and costing of the percentage of completion of unfinished development works (mainly – software) is a complex task. This depends on the project management skills and follow-up capability of Programs and on the overall information exchange with Vendor (please, refer to the FS area “Expenses, Payables and Accruals).</p>
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ANNEX III: REVENUES CYCLE

Relevant Significant FS areas	Overall description and Control Environment																								
<p>Revenues Receivables</p>	<p>Unlike the majority of UN Agencies, WIPO generates most of its revenues from fees that are paid by users of its intellectual property services for patents, trademarks and industrial designs among others. These services are provided primarily through three systems:</p> <ul style="list-style-type: none"> ▪ Patent Cooperation Treaty (PCT); ▪ Madrid system; ▪ Hague system; <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div data-bbox="402 646 803 1010" style="width: 45%;"> <p style="font-size: small; color: blue;">Composition of 2018 revenue on an IPSAS basis (in millions of Swiss francs)</p> <table border="1" style="font-size: x-small; margin-top: 10px;"> <caption>2018 Revenue Composition (in millions of Swiss francs)</caption> <thead> <tr> <th>Category</th> <th>Amount</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>PCT system fees</td> <td>321.4</td> <td>74.6%</td> </tr> <tr> <td>Madrid system fees</td> <td>74.3</td> <td>17.3%</td> </tr> <tr> <td>Assessed contributions</td> <td>17.4</td> <td>4.1%</td> </tr> <tr> <td>Voluntary contributions</td> <td>11.6</td> <td>2.7%</td> </tr> <tr> <td>Hague system fees</td> <td>4.9</td> <td>1.1%</td> </tr> <tr> <td>Other revenue</td> <td>1.0</td> <td>0.2%</td> </tr> <tr> <td>Total</td> <td>430.6</td> <td>100%</td> </tr> </tbody> </table> </div> <div data-bbox="828 636 1412 1031" style="width: 45%;"> <p>In 2018, fees from these activities represented 93.0 per cent of the Organization’s total revenue, with PCT system fees alone representing 74.6 per cent. The driver for revenue from these fee-based services is the international demand for intellectual property titles, which is the most important external factor, influencing the Organization’s revenue. This demand is influenced by the performance of the global economy. Although since 2010 global intellectual property filing activity has continued to grow despite uneven economic recovery from the global financial crisis that began in 2008. Latest</p> </div> </div> <p>available statistics up to the end of 2018 show that worldwide patent and trademark applications have grown each year since 2010. Other external factors that may influence the Organization’s revenue from its fee-based services include research and development investment levels, technological confidence levels and exchange rate fluctuations. For the PCT system in particular, other important factors include the level of PCT fees as compared to those offered by other filing routes, the attractiveness and value of PCT services as compared to other filing routes, and individual corporate patent strategies.</p> <p>Revenue transactions from each of the three systems are performed on different platforms, tailored for the needs of each system. Each platform sends revenue data to the main accounting software AIMS (PeopleSoft). The process of financial closure and reporting is performed at AIMS level.</p> <div data-bbox="1019 1318 1401 1612" style="width: 45%; margin-top: 20px;"> <pre> graph TD PCT[PCT Platform (PCT Fees)] --> AIMS MIRIS[MIRIS Platform (Madrid Fees)] --> AIMS HBO[HBO Platform (Hague Fees)] --> AIMS AIMS((AIMS - Other Revenues, Contributions - IPSAS Adjustments)) </pre> </div> <p>The Income Section of the Finance Division in close cooperation with revenue generating Programs verifies completeness and accuracy of revenues and receivables through a number of controls and crosschecks such as, revenue recalculations, reconciliations with data generated by the different platforms, and reconciliation with incoming payments. A planning memorandum for the financial closure is used on an annual basis to ensure that the necessary actions are taken within the set timelines.</p>	Category	Amount	Percentage	PCT system fees	321.4	74.6%	Madrid system fees	74.3	17.3%	Assessed contributions	17.4	4.1%	Voluntary contributions	11.6	2.7%	Hague system fees	4.9	1.1%	Other revenue	1.0	0.2%	Total	430.6	100%
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	<p>The Financial Reporting Section of Finance Division acts as another layer of controls to ensure proper data presentation for reporting purposes and performs recalculations and adjustments of revenues for IPSAS purposes.</p> <p>PCT Revenues. The PCT Platform – a customized IT solution, which administers PCT fees. There are two main revenue streams – revenues from the International Bureau of WIPO and those generated through Receiving Offices. All PCT applications are registered in the platform, which also calculates fees based on predefined price-lists. This ensures the Completeness and Accuracy of revenues for reporting purposes. Each International patent application is attributed a unique reference number from the system. This increases the traceability of incoming payments to settle receivables. On a monthly basis, generated revenues are compared with amounts actually collected. Interaction between PCT platform and AIMS is done through flat files. Data is transferred two-three times a day, which contributes to reducing the revenue “cut-off” and “periodization” risk for Financial Closure purposes. Platform is accounting revenues regardless the “Stage of completion”. For this purpose, Financial Reporting Section of Finance Division performs “IPSAS adjustments”.</p> <p>Madrid Fees. The MIRIS Platform – a customized IT solution, which is used to administer Madrid fees. The functioning of the platform and set of controls over ensuring the completeness and accuracy of revenues is comparable to PCT; However, payments may be sent to WIPO before a Madrid platform reference number has been recorded and therefore application references are not always mentioned in incoming bank payments. Additional manual work is needed to allocate incoming payments to appropriate customers. Currently this issue is addressed by allocating more staff to the process, and a more automated solution is under investigation using EPAY2.</p> <p>Hague Fees. The Hague Back Office (HBO) Platform introduced in 2018 is used to administer fees for the Hague. The Platform ensures a practically live synchronization with AIMS. The traceability of Received fee payments is ensured through the integrated payment platform EPAY2, which allows viewing and payment processing through the WIPO IP Portal. Accounting of Hague Fees is covered by similar set of controls as for PCT and Madrid systems.</p> <p>Contributions and Other Revenues. Contributions, other Revenues and related Receivables represent a relatively insignificant part of income. The number of transactions is low and the accounting process is transparent. Standard controls such as reconciliations and confirmations are carried out, thus contributing to minimize the risk of material misstatement to acceptable level for Financial Reporting and Financial Closure purposes.</p>
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ANNEX IV: PAYROLL CYCLE

Relevant Significant FS areas	Overall description and Control Environment																								
<p>Personnel Expenses</p>	<p>WIPO Staff Regulations and Rules and Chapter 5 (Utilization of Funds) of the WIPO Financial Regulations and Rules and the underlying Office Instructions, policies and procedures mainly regulate this FS Area.</p> <p>According to the 2018 WIPO Financial statements, personnel expenditure are the largest expense for the Organization, totaling of 220.6 million Swiss francs and representing 58.7 per cent of total expenses.</p> <p>Main elements of Personnel expenditure:</p> <ul style="list-style-type: none"> ▪ Net base salary and post adjustments for staff in posts or temporary positions. In 2018 represented 138.4 million Swiss francs or 62.7 per cent of total personnel expenditure. ▪ Contributions to the United Nations Joint Staff Pension Fund (UNJSPF) - 27.2 per cent in 2018. WIPO contributes 15.8 per cent of staff members' pensionable remuneration ▪ After-service employee benefits – mainly represent the cost to the Organization of ASHI (After-Service Health Insurance), also - repatriation grant and travel, and accumulated annual leave. ▪ Allowances - include principally dependency allowances, education grant and home leave. ▪ Organization's contribution to monthly collective medical insurance premiums for active staff. ▪ Other personnel expenditure – in 2018, this mainly included the recognition of provisions for the litigation concerning the pay-cut of WIPO personnel. <div style="text-align: right;"> <p><i>Composition of 2018 personnel expenditure on an IPSAS basis (in millions of Swiss francs)</i></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Composition of 2018 personnel expenditure on an IPSAS basis (in millions of Swiss francs)</caption> <thead> <tr> <th>Category</th> <th>Value (Millions)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Net base salary</td> <td>100.2</td> <td>45.4%</td> </tr> <tr> <td>Post adjustment</td> <td>38.2</td> <td>17.3%</td> </tr> <tr> <td>UNJSPF</td> <td>27.2</td> <td>12.4%</td> </tr> <tr> <td>After-service employee benefits</td> <td>19.7</td> <td>8.9%</td> </tr> <tr> <td>Allowances</td> <td>19.7</td> <td>8.9%</td> </tr> <tr> <td>Collective medical insurance</td> <td>10.2</td> <td>4.6%</td> </tr> <tr> <td>Other</td> <td>5.4</td> <td>2.5%</td> </tr> </tbody> </table> </div> <p>Salary, post adjustments, contributions to the UNJSPF, allowances. These are rather stable monthly costs monitored by Pay and Entitlements Unit of the Finance Division, which performs the verification and execution of payroll for all staff. The process is rather fine-tuned and in terms of Financial Closure, it does not differ significantly from any other month throughout the year. Reconciliation and Recalculation controls ensure information accuracy for financial reporting purposes.</p> <p>Medical Insurance. The process is rather transparent and does not involve a big number of transactions. Human Resources Pension and Insurance (HRPI) manages the medical insurance with WIPO insurance provider. Each month, HRPI updates the payroll system and reconciles these monthly changes. Finance processes the monthly payment based on the reconciliation of the monthly payroll results reconciled by HRPI.</p>	Category	Value (Millions)	Percentage (%)	Net base salary	100.2	45.4%	Post adjustment	38.2	17.3%	UNJSPF	27.2	12.4%	After-service employee benefits	19.7	8.9%	Allowances	19.7	8.9%	Collective medical insurance	10.2	4.6%	Other	5.4	2.5%
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Other	5.4	2.5%																							

Employee Benefits	<p>Employee benefit liabilities represented 334.1 million Swiss francs at the end of 2018. Liabilities are mainly comprised of the ASHI liability representing around 90.7 per cent of the total employee benefits liability. The liability reflects the acquired future cost of WIPO's share of collective medical insurance premiums for both existing WIPO retirees and the projected number of active WIPO staff, who will retire in the future.</p> <p>In order to obtain sufficient assurance for year-end Financial Closure, WIPO has a contractual arrangement with an independent actuary, who performs the calculation of actuarial liability at year-end, utilizing the projected unit credit methodology of valuation and reports to WIPO. Reporting deadlines are set in order to avoid delays with the year-end financial reporting.</p> <p>An external independent actuary is also contracted to calculate repatriation grants and long-term accumulated annual leave liabilities.</p>
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ANNEX V: TREASURY CYCLE

Relevant Significant FS areas	Overall description and Control Environment																				
<p>Cash and Equivalents</p> <p>Investments</p> <p>Investment gains/losses</p>	<p>Chapter 4 (Custody of Funds) of the WIPO Financial Regulations and Rules and the underlying Office Instructions, policies and procedures regulates this FS Area.</p> <p>The Organization’s cash, cash equivalents and investments balance, as at December 31, 2018 was 616.3 million Swiss francs. This balance has been increasing since 2011. Core cash balances are invested with the objective of generating a positive return over rolling five-year periods, and strategic cash balances are invested over the long term. WIPO’s investments generated dividends of 4.2 million Swiss francs during 2018.</p> <p>The calculation of investment gains or losses is a straightforward process. The fair value decrease on investments represents movements in the valuation of the WIPO core cash and strategic cash portfolio assets at the reporting dates. The fair value decrease in 2018 was 10.4 million Swiss francs on core cash investments, and 6.6 million Swiss francs on strategic cash investments.</p> <p>From the Financial Closure perspective, the treasury section of the Finance Division has contractual arrangements with all Financial Institutions and Custodian Banks to provide Bank statements and Investment Valuation Reports in January, following the reporting year. This enables WIPO to timely verify and report on these FS items.</p> <div data-bbox="397 499 779 955"> <p style="text-align: center;">Cash vs Investments 2016-2018</p> <table border="1"> <caption>Cash vs Investments 2016-2018 (millions of Swiss francs)</caption> <thead> <tr> <th>Year</th> <th>Cash and cash equivalents</th> <th>Current investments</th> <th>Non-current investments</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>529.8</td> <td>12.5</td> <td>0.0</td> <td>542.3</td> </tr> <tr> <td>2017</td> <td>265.5</td> <td>10.0</td> <td>268.3</td> <td>543.8</td> </tr> <tr> <td>2018</td> <td>222.9</td> <td>12.0</td> <td>381.4</td> <td>616.3</td> </tr> </tbody> </table> </div>	Year	Cash and cash equivalents	Current investments	Non-current investments	Total	2016	529.8	12.5	0.0	542.3	2017	265.5	10.0	268.3	543.8	2018	222.9	12.0	381.4	616.3
Year	Cash and cash equivalents	Current investments	Non-current investments	Total																	
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ANNEX VI: SPECIFIC CROSSCUTTING AREAS

Relevant Significant FS areas	Overall description and Control Environment
Provisions Contingent Liabilities Subsequent events Fraud Reporting	<p>The nature of these areas is crosscutting because it may concern any part of the Organization. In order to successfully capture these elements all personnel and specifically management is informed on the necessity to be alert regarding any potential claim, litigation or incident that may lead to the outflow of organizational resources or affect WIPO reputation. If needed, Legal and Finance Units verify the information with a view to assessing the potential effect on Financial Reporting.</p> <p>Program Managers annually sign a representation letter stating whether they are aware of any significant subsequent events after the reporting year-end, requiring the rectification of the financial statements. These letters feed into the Statement of Internal controls signed by the Director General and presented as part of the Financial Reporting of the Organization</p>

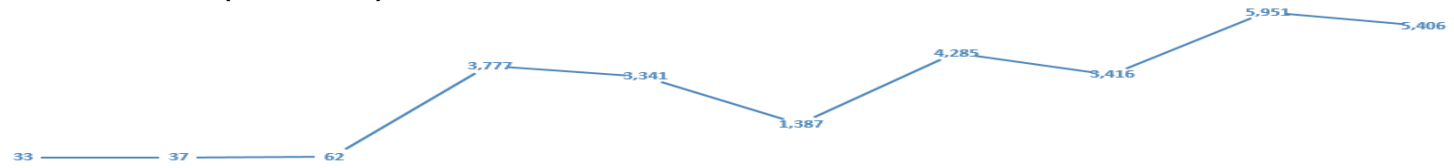
ANNEX VII: PURCHASE ORDER CLOSURE TRENDS IN NUMBER OF DISTRIBUTION LINES OF CLOSED PURCHASE ORDERS BY PROGRAM – 2018 (12 Months)¹³

Program	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
5	1			4	2	13	40	7	11	5,280	706	1,447
9		5	9	9	8	8	1	9	25	3,237	811	1,063
3		2	4	4	5	6	9	6	19	1,520	114	560
11				5	6	4	7	6	5	1,418	246	618
20					4		4	2	1	1,015	168	288
27	6	2	2	1	2	2	11	7	4	964	176	157
6				2				3	9	821	161	540
4				1					2	776	27	100
10					7		1	4		753	66	130
24	1	6	2		7	2	7	7	6	639	162	165
15		1	1	2	2			1	7	500	29	216
23			2	1	4	3	2		8	412	81	118
30					4					409	51	207
1							3	1	2	389	52	95
17										379	10	159
21			1		7		2	3	2	351	50	143
14			3						1	289	19	94
2					5	3		1		256	15	44
25					2	7	3	3	5	206	24	73
7				1				3	1	200	46	71
16		1				3				191	40	70
31				3	5	1	1	3	4	174	8	97
18		3	1							147	11	34
19	3		5	3		1		4		140	12	30
8							1		1	139	7	9
28	1				6		1	1	2	137	3	41
13				1						134	10	39
22	2		2	1	1		3	1	6	133	28	56
32							1		1	84	4	16
26				1	1					78	23	38
12		1			2		12	2		64	18	23
Closed Lines	14	21	32	39	74	61	109	74	123	21,235	3,178	6,741
Month, 2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

The table shows, how many PO lines were closed in a specific month by Program. For example, Program 9 closed one PO line in July and 3,237 PO lines in October 2018.

¹³ Data source: AIMS Query (Complete purchase orders that relate to 2018 requisitions for 2018 budget).

ANNEX VIII: PURCHASE ORDER CLOSURE TRENDS IN NUMBER OF DISTRIBUTION LINES OF CLOSED PURCHASE ORDERS BY PROGRAM – 2019 (10 Months)¹⁴

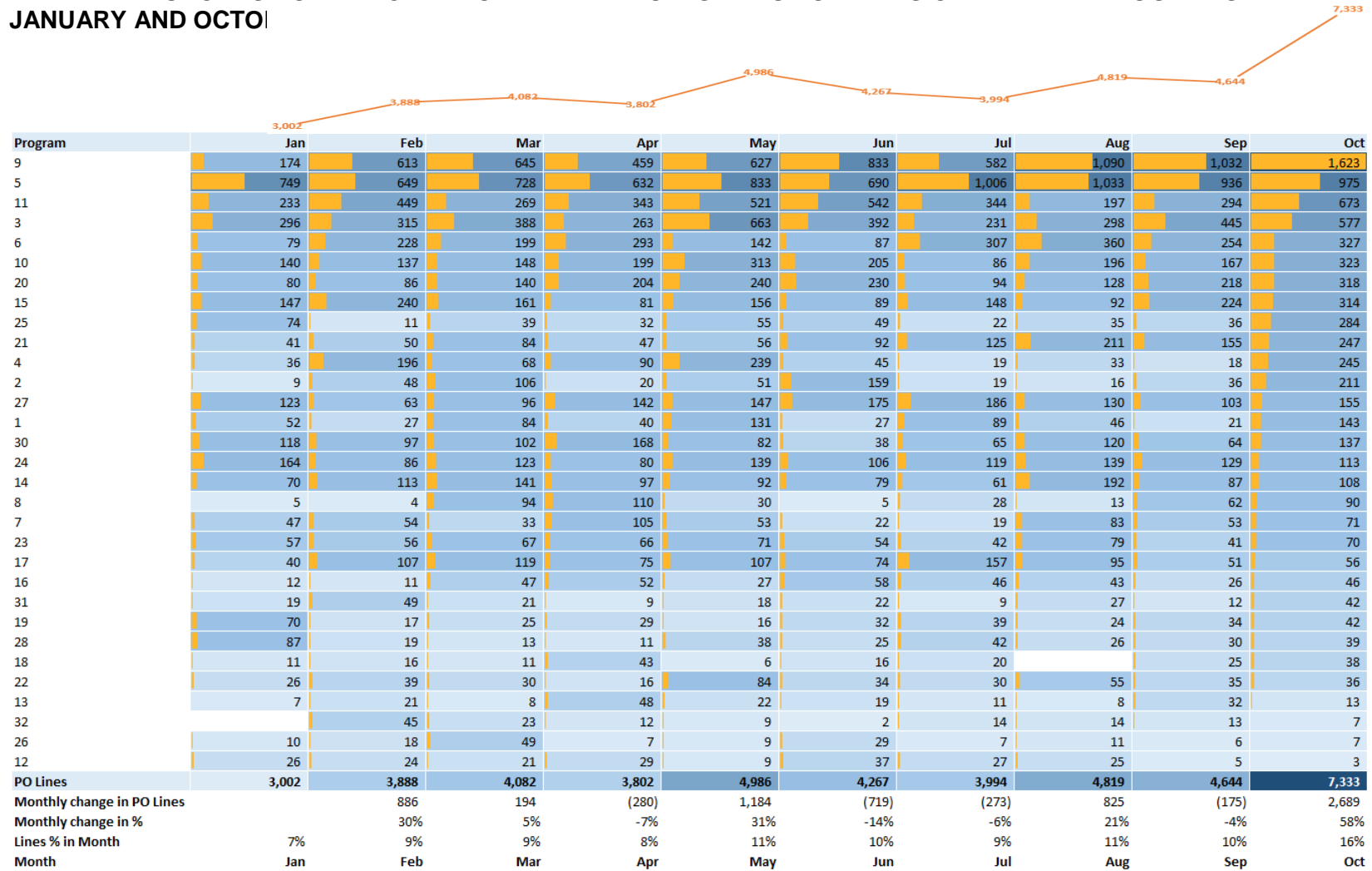


Program	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
9		5	2	274	371	121	549	474	1,027	982
5			2	1,350	601	502	784	615	875	916
11		2	7	208	434	45	255	450	748	501
3	2	1		211	316	69	395	243	631	456
17				48	124	3	59	141	90	249
10			1	153	122	73	233	153	299	248
15			2	100	144	41	117	97	172	221
6	1	1		146	86	59	264	85	254	215
25	1	3	10	57	10	24	25	12	32	197
20	2			117	122	74	143	147	240	156
14			2	68	102	11	147	55	128	151
24		3	23	180	37	32	174	72	81	150
27	10	5	1	281	105	118	180	156	102	150
30		12	2	79	83	9	150	68	138	135
21		1	1	55	66	37	64	32	135	133
23	1		2	65	54	30	61	32	89	93
1				58	43	36	43	105	72	79
16			4	10	35	5	45	13	76	66
7				23	59	19	58	57	78	46
4				61	166	12	116	189	113	41
8				8	16	5	184	5	22	37
22	1	2		16	39	7	29	48	41	31
28	11			42	10	7	19	11	51	28
32				7	9	3	22	18	22	26
31				41	14	2	31	15	30	22
13	2			14	11	9	28	13	41	20
12				27	25	14	10	1	53	15
19		2	2	21	19	5	14	32	38	13
26	2		1	18	11	2	38		49	12
2				33	105	6	13	53	193	11
18				6	2	7	35	24	31	6
Closed Lines Month, 2019	33	37	62	3,777	3,341	1,387	4,285	3,416	5,951	5,406

The table shows, how many PO lines were closed in a specific month by Program. For example, Program 11 closed 45 PO lines in June and 501 PO lines in October 2019.

¹⁴ Data source: AIMS Query (Complete purchase orders that relate to 2019 requisitions for 2019 budget).

ANNEX IX: PURCHASE ORDER CREATION TREND – PO DISTRIBUTION LINES CREATED BY PROGRAMS BETWEEN JANUARY AND OCTOBER



The table shows, how many PO lines were created in a specific month by Program. For example, Program 3 created 263 PO lines in April and 577 PO lines in October 2019.

¹⁵ Data source: AIMS Query (Non-cancelled purchase orders, created in 2019 that relate to 2019 budget).

ANNEX X: AGING OF OPEN POs BY LAST ACTIVITY DATE (NUMBER OF MONTH) AND BY PROGRAM IN SWISS FRANCS¹⁶

Program	Number of months																	PO lines, CHF
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	17		
24	4,475,408	938,996	1,673,214	295,570	273,829	174,342	415,975	147,384	165,539		10,422		8,772	47,366		100,000	8,726,817	
28	4,738,701	622,593	380,589	102,244	21,311	115,968	39,753	54,904	22,606		28,893	135,529					6,263,091	
5	3,233,460	766,621	1,004,046	124,452	136,265	53,511	2,408	66,482	126,504	202,024				1,783			5,717,556	
25	1,057,586	103,518	2,368,770	168,061	27,005	252,004	15,238	33,772	93,736	35,255							4,154,944	
22	1,083,209	1,580,785	286,080	428,375	60,030	210,600		6,765	59,760	110							3,715,714	
6	2,841,158	169,217	310,413	1,571	112,767	42,063	15,000	45,682									3,537,871	
27	1,362,125	47,653	33,746	16,974	8,000			5,790									1,474,288	
9	601,906	331,789	186,929	43,644	156,762	4,500	47,478	11,033				19,480			1,662		1,405,183	
13	1,326,069				3,825												1,329,894	
14	418,582	536,110	233,867	21,670	41,588	502	49,676	13,053									1,315,048	
15	341,533	341,181	265,448	62,891	63,000	73,438	1,706	3,347	3,758								1,156,300	
3	414,181	234,741	84,767	90,247	123,274	43,386	6,419	16,025	82,467								1,095,508	
31	230,497	277,911		572,197	179												1,080,785	
23	512,860	112,941	86,209	36,489	171,442	13,476	16,222	13,814	36,840								1,000,294	
12	125,704	164,483	100,183	421,580		8,720	20,400	47,475	61,159	14,400							964,104	
20	426,146	51,306	213,684	31,103	19,340	14,839	113,259										869,678	
21	438,029	143,247	116,001	16,460		3,428			2,521								719,684	
19	191,787	192,591	5,033	17,425	139,476	20,215	32,629	25,706									624,861	
11	207,447	104,259	118,439	18,652	63,312		4,995	5,119	4,695	1,303							528,221	
16	270,440	8,039	19,469	49,261			26,983	4,500									378,692	
26	60,558	85,715	18,758			32,835		10,199	10,536								218,602	
18	59,009		40,000		1,200			37,134	49,150								186,493	
30	57,428	50,060		33,470	6,885	1,500	140	37,000									186,483	
17	594	95,062	30,676	32,695	14,354												173,382	
10	24,467	4,390	20,894	28,458	817	31,674	200	160									111,058	
4	12,852	4,000	15,000	26,637				26,350									84,839	
8	15,017	6,648	20,000	11,645		6,484											59,794	
1	46,371	1,500	4,782							1,500							54,153	
2	4,110	4,052	12,000														20,162	
7	17,603																17,603	
PO lines, CHF	24,594,840	6,979,410	7,648,995	2,651,768	1,444,662	1,103,486	808,482	611,692	719,270	254,592	39,315	155,009	8,772	49,149	1,662	100,000	47,171,103	

This table shows how many months passed between the last activity / use date¹⁷ of PO lines and September 30, 2019. Data is presented in Swiss Francs, per Program, and per aging interval in number of months. For example, as of September 30, 2019 Program 24 had PO lines totaling 100,000 Swiss Francs, with no activities taken place during the last 17 months.

¹⁶ Data source: AIMS Query (Not Complete Non-travel purchase order lines with Partial or Not Received PO status). Date used for aging calculation: 30/09/2019. Please note that the analysis is performed for understanding overall “trends”. In many cases “long” POs can be well justified.

¹⁷ The date when PO line was created or when it was last updated or modified.

ANNEX XI: AGING OF OPEN PO, WHERE PO RECEIPT STATUS INDICATES “RECEIVED”, BY PROGRAM IN SWISS FRANCS¹⁸

Program	Number of months										PO lines, CHF
	0	1	2	3	4	5	6	7	8		
5	324,953	6,773	63,987	3,200	3,200	4,000	3,200	4,000	3,200		416,513
25	10,653	322,604	-								333,257
24	153,212	150,000				1,913					305,125
3	19,212	187,956	2,517	1,816							211,501
27	140,436			3,114	14,950						158,500
28	152,100										152,100
9	35,181	27,713	3,500	3,067	911						70,372
22	4,496	40,999									45,495
21	4,496	31,341									35,837
16	15,264										15,264
20	9,525	2,318	1,653								13,497
8	7,340			3,000							10,340
10	2,995		3,000			1,200					7,195
15			6,664								6,664
14	4,600						53				4,653
23	3,900			329							4,229
4			3,068								3,068
32		3,003									3,003
6	2,335				218						2,553
26						2,253					2,253
12	2,155										2,155
13	1,966										1,966
11			303								303
1			44								44
PO lines, CHF	894,819	772,706	84,736	14,527	19,279	9,366	3,253	4,000	3,200		1,805,885

The table shows the aging¹⁹ of POs, which are not closed, even though PO Receipt status indicates “Received”. Data is presented in Swiss Francs, per Program, per aging interval in number of months. For example, as of September 30, 2019, Program 10 had PO lines totaling 1,200 Swiss Francs, with no activities / use for five months; however, PO Receipt status was indicating “Received”.

¹⁸ Data source: AIMS Query (All statuses of Non-travel PO, except for Completed; PO receipt status = “Received”). Date used for aging calculation: 30/09/2019.

¹⁹ The Aging is expressed in a number of months between PO last activity date and 30 September 2019.

ANNEX XII: 2018-2019 BIENNIUM BUDGET IMPLEMENTATION OF PROGRAM DEPARTMENTS AS AT 31 OCTOBER 2019²⁰

Program	Department Name	Biennium Budget 2018-2019	Actuals, 2018 + 10M2019	Biennium Budget execution as of 31 October 2019
19	0053 - Communications Division Management	86,620	86,610	99.99%
31	0026 - IT System Hague	5,271,606	5,269,951	99.97%
27	0125 - Mail Expedition Unit	1,040,485	1,035,603	99.53%
23	0114 - Policy Development and Administrative Law Coordination Section	697,563	691,176	99.08%
20	0064 - WIPO Coordination Office in New York	655,683	646,323	98.57%
27	0100 - Printing and Publication Production Section	1,653,172	1,618,705	97.92%
12	0129 - International Classifications	2,223,666	2,173,036	97.72%
27	0126 - Records Management and Archives Section	604,750	590,505	97.64%
05	0121 - PCT Translation Service	65,522,983	63,977,610	97.64%
31	0025 - Operations Service	484,000	472,399	97.60%
20	0067 - Non-Governmental Organizations and Industry Relations Section	228,400	222,661	97.49%
04	0112 - Department Support(Prog 4 & 18.1)	39,674	38,328	96.61%
21	0113 - Assemblies Affairs and Documentation Division	338,500	326,818	96.55%
23	0078 - HR Operations Service	955,000	921,848	96.53%
26	0096 - Internal Audit and Oversight Division	1,118,277	1,077,626	96.36%
13	0117 - Global Databases Service	3,768,555	3,630,406	96.33%
11	0039 - Distance Learning Program	1,926,580	1,852,915	96.18%
06	0128 - Office of the DDG (Prog 6)	207,700	199,490	96.05%
20	0133 - WIPO Russia Office	290,510	278,932	96.01%
11	0350 - Management, Strategic Plan and Coordination	925,991	886,399	95.72%
19	0060 - Library and Public Distribution Section	637,121	608,329	95.48%
17	0050 - Building Respect for IP Division	868,210	825,971	95.13%
23	0081 - Performance Management, Training & Development Section	1,947,419	1,845,254	94.75%
06	0021 - Functional Support Division	3,379,370	3,201,336	94.73%
28	0101 - Safety and Security Coordination Services	13,117,951	12,395,562	94.49%
24	0087 - Premises Infrastructure Division	32,582,006	30,781,643	94.47%
11	0038 - Professional Development Program	1,351,148	1,272,510	94.18%
20	0066 - Japan Office	305,700	286,699	93.78%
19	0057 - Editorial and Design Section	784,200	735,165	93.75%
03	0007 - Copyright Law Division	3,152,014	2,947,109	93.50%
06	0020 - Operations Services	10,569,994	9,841,828	93.11%
22	0335 - Management and Administrative Applications Section	8,975,600	8,339,007	92.91%
27	0098 - Language Division	7,059,605	6,538,913	92.62%
11	0040 - Academic Institutions	1,956,076	1,807,064	92.38%

²⁰ Data source for budget implementation: AIMS report "Detail transactions listing – by unit, activity code and cost category; Expense + (Pre-) Encumbrance totals" WPO_PM47. Data source for budget 2018-2019: Business Intelligence PPBD EPM OBIEE Report "Work-plan Summary" for 2018-2019 budget year.

Program	Department Name	Biennium Budget 2018-2019	Actuals, 2018 + 10M2019	Biennium Budget execution as of 31 October 2019
31	0024 - Information and Promotion Section	566,850	523,499	92.35%
06	0018 - Legal Division	343,880	316,095	91.92%
03	0003 - Office of the DDG Copyright and Creative Industries Sector	255,941	235,184	91.89%
22	0075 - Office of the Controller	836,735	767,538	91.73%
06	0017 - Madrid, Hague and Lisbon Assemblies	1,140,000	1,037,800	91.04%
25	0091 - Enterprise Architecture and ICT Program Management Division	1,192,082	1,084,127	90.94%
21	0070 - Director General's Front Office	3,172,628	2,869,974	90.46%
09	0033 - Regional Bureau for Asia and the Pacific	1,672,198	1,512,645	90.46%
14	0047 - Office of the ADG - Global Infrastructure Sector	3,562,356	3,218,885	90.36%
14	0046 - Access to Information and Knowledge Division	1,780,292	1,608,319	90.34%
22	0076 - Program Performance and Budget Division	339,066	306,040	90.26%
06	0019 - Information and Promotion Division	2,194,230	1,978,804	90.18%
15	0048 - IP Office Business Solutions Division	7,515,805	6,772,940	90.12%
24	0085 - Procurement and Contracts	612,016	550,530	89.95%
09	0035 - Division for Least-Developed Countries	1,060,800	952,178	89.76%
05	0120 - Processing Service	3,760,500	3,373,158	89.70%
23	0077 - Human Resources Management Department	794,970	710,986	89.44%
04	0008 - Traditional Knowledge	2,438,670	2,167,635	88.89%
25	0094 - IT Technical Division	37,756,202	33,525,571	88.79%
05	0016 - PCT Business Development Division	2,353,000	2,081,619	88.47%
03	0108 - Copyright Development Division	1,158,452	1,019,351	87.99%
05	0011 - Office of the DDG - Innovation and Technology Sector	345,000	303,516	87.98%
19	0130 - Web Communications Section	241,373	211,438	87.60%
19	0061 - Customer Relations Section	920,630	805,910	87.54%
22	0074 - Finance Division	2,930,818	2,565,050	87.52%
09	0034 - Regional Bureau for Latin America and the Caribbean	1,725,658	1,510,253	87.52%
18	0051 - Global Challenges Division	814,040	709,906	87.21%
09	0031 - Regional Bureau for Africa	1,643,718	1,431,861	87.11%
16	0049 - Economics and Statistics Division	1,287,130	1,118,547	86.90%
20	0136 - WIPO Algeria Office	300,000	260,212	86.74%
23	0079 - HR Planning Section	2,764,867	2,397,587	86.72%
21	0359 - Messenger Driver Group	253,514	219,082	86.42%
05	0015 - PCT International Cooperation Division	882,349	762,353	86.40%
20	0069 - Brazil Office	500,000	431,873	86.37%
08	0029 - Development Agenda Coordination Division	1,278,965	1,093,202	85.48%
02	0002 - Law and Legislative Advice Division	1,306,430	1,109,971	84.96%
07	0027 - WIPO Arbitration and Mediation Centre	3,392,693	2,863,753	84.41%
20	0134 - WIPO China Office	689,009	577,344	83.79%
30	0052 - SMEs and Entrepreneurship Support	1,547,032	1,288,248	83.27%
10	0037 - Department for Transition and Developed Countries	1,832,736	1,518,362	82.85%

Program	Department Name	Biennium Budget 2018-2019	Actuals, 2018 + 10M2019	Biennium Budget execution as of 31 October 2019
01	0001 - Patent Law Division	1,167,000	963,303	82.55%
19	0054 - New and Media Section	344,487	283,894	82.41%
32	0244 - The Lisbon Registry	231,000	189,922	82.22%
09	0032 - Regional Bureau for Arab Countries	1,675,198	1,365,812	81.53%
18	0110 - Office of the ADG Global Issues Sector	66,348	54,077	81.51%
01	0105 - Legislative and Policy Advice Section	345,876	280,226	81.02%
18	0111 - Intellectual Property and Competition Policy Division	10,000	8,038	80.38%
24	0086 - Travel and Missions Support/PTD Data Management	52,700	42,120	79.92%
21	0107 - WIPO Ethics Office	534,143	425,892	79.73%
28	0092 - Security & Info Assurance Division	6,393,368	5,032,908	78.72%
20	0065 - Singapore Office	478,404	356,438	74.51%
22	0115 - ERP PMO	2,240,996	1,643,939	73.36%
20	0068 - External Relations Division	416,064	303,310	72.90%
21	0071 - Office of the Legal Counsel	1,276,553	929,924	72.85%
03	0005 - Copyright Infrastructure Division	3,076,969	2,227,778	72.40%
09	0030 - Office of the DDG - Development Sector	766,766	554,138	72.27%
31	0023 - Legal Section	256,785	184,252	71.75%
24	0089 - Carbon Neutrality and Accessibility	158,143	113,349	71.68%
05	0010 - PCT Legal Division	866,800	614,847	70.93%
05	0122 - PCT Information Systems Service	13,046,084	8,852,760	67.86%
22	0124 - Independent Advisory Oversight Committee	446,600	256,084	57.34%
27	0099 - Conference Section	877,353	364,889	41.59%
24	0084 - Office of the ADG - Administration and Management Sector	123,500	45,208	36.61%
20	0137 - WIPO Nigeria Office	300,000	45,000	15.00%
21	0072 - Office of the Ombudsman	31,720	4,264	13.44%

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