



Internal Oversight Division

Reference: IA 2018-05

Audit Report

Audit of Funds-in-Trust Managed by WIPO

February 11, 2019

TABLE OF CONTENTS

LIST OF ACRONYMS..... 3

EXECUTIVE SUMMARY..... 4

1. BACKGROUND..... 5

2. AUDIT OBJECTIVES..... 7

3. AUDIT SCOPE AND METHODOLOGY 8

4. AUDIT RESULTS - POSITIVE DEVELOPMENTS 8

5. OBSERVATIONS AND RECOMMENDATIONS 9

 (A) GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS..... 9

 (i) Review and Alignment of Support Costs..... 9

 (ii) Risk Management..... 12

 (iii) Inactive Fund-in-Trust..... 12

 (iv) Evaluations of Funds-in Trust with Lessons Learned 12

 (B) REPORTING OF FUNDS-IN-TRUST ACTIVITIES..... 13

 (i) Formulation and Reporting of FIT Work plan activities 13

 (ii) Web visibility 14

 (iii) Gender mainstreaming 14

ANNEXES..... 17

LIST OF ACRONYMS

DPPF	Department of Program Planning and Finance
ER	Expected Result
ERD	External Relations Division
ERM	Enterprise Risk Management
EU	European Union
FITs	Funds-in-Trust
FRR	Financial Regulations and Rules
HRMD	Human Resources Management Department
IIA	Institute of Internal Auditors
IOD	Internal Oversight Division
IPSAS	International Public Sector Accounting Standards
JPO	Junior Professional Officer
MoUs	Memoranda of Understanding
OI	Office Instruction
PPBD	Program Performance and Budget Division
RBM	Results Based Management
UN	United Nations
UNFIP	United Nations Fund for International Partnerships
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

1. The World Intellectual Property Organization (WIPO) has established long-term relationships, through Memoranda of Understanding (MoUs), with a number of donor countries and Organizations. Under these MoUs, the donors provide voluntary contributions (revenue) to finance technical assistance and human capacity building projects in developing countries and countries with economies in transition.
2. Whilst acknowledging that the Funds-in-Trust (FIT) resources, considered as extra-budgetary resources, represent 2.5 per cent and 2.7 per cent of WIPO's total revenue in 2016 and 2017 respectively, their contribution to various Sectors in achieving Strategic Goals and Expected Results (ER) is generally regarded as positive and significant. These FITs permit WIPO to further support its Member States through concrete and measurable actions. From 2016 to September 2018, a total of 28.5 million Swiss francs had been expended through FITs.
3. There are a number of positive developments on the management and administration of FITs. For instance, there is generally a high level of adherence to WIPO's Financial Regulations and Rules (FRR), provisions in respective MoUs, and other internal controls related to administrative activities.
4. The Internal Oversight Division (IOD) notes that relevant stakeholders need to work collaboratively with donors with a view to gradually align existing support costs rates with the rate set out in the Policy on the Management of Voluntary Contributions issued in 2015 and revised in 2017. This will ensure compliance with organizational policies.
5. Further, whereas the Policy on the Management of Voluntary Contributions states that FIT accounts with no activity over 12 months should be systematically closed, IOD notes that one FIT account opened prior to the issuance of the policy has not had any financial or programmatic activities for nearly a decade but is yet to be closed. Internal discussions are being held, to identify the measures needed to address this condition. IOD encourages Management to take appropriate and timely actions and engage with the donor in this regard.
6. In addition, the Organization needs to assess the need for and value of conducting Evaluations following completion and closure of FIT, including reviewing and aligning the related provisions of the Office Instruction (OI) on WIPO Policy on the Management of Voluntary Contributions with the current practice.
7. Finally, the risk management process of the FITs can be further strengthened through collaborative work among stakeholders with the support of the Office of the Controller, to ensure that risks are timely identified, and appropriate mitigation strategies devised. In addition, incorporating gender aspects and perspectives in the FIT work plan, implementation and reporting would further support the Organization's gender mainstreaming efforts.

1. BACKGROUND

8. WIPO has established long-term relationships, through MoUs, with a number of donor countries and Organizations. Under these MoUs, the donors provide voluntary contributions (revenue) to finance technical assistance and human capacity building projects in developing countries and countries with economies in transition.

9. A voluntary contribution is accounted for by WIPO as a FIT or a “Special Account”, as per International Public Sector Accounting Standards (IPSAS) terminology, which denotes an account for monies administered by the Organization on behalf of donors for specific activities, which must be consistent with the strategic goals and policies of the Organization.

10. FITs are considered as extra-budgetary resources in WIPO. In addition to the direct financing of programmatic activities, some FITs also provide for financing of personnel resources. Further to promoting mutual understanding and international cooperation, the personnel contribute to the implementation of FIT activities, whilst gaining experience in the programs and activities of WIPO.

11. A FIT is established based on an agreement with a donor or multiple donors, and sets out clear objective(s), activities, a timeframe, reporting schedule and budget covering the cost of activities, which support the achievement of WIPO’s ER, and ultimately contribute to the strategic goals.

12. During the period 2016 to September 2018, WIPO had 33 (2016), 30 (2017) and 31 (as at September 2018) FITs that were supported by 17 donor countries, multiple donors and International Organizations. Whilst acknowledging that the FIT resources represented 2.5 per cent and 2.7 per cent of WIPO’s total revenue in 2016 and 2017 respectively, their contribution to various Sectors in achieving Strategic objectives and ERs is generally regarded as positive and significant. Furthermore, FITs permit WIPO to further support its Member States through concrete and measurable actions.

13. The revenue for FITs is recognized on an IPSAS (accrual) basis in WIPO’s Financial Statements. Table 1 below shows the reconciliation of funds received in the year (i.e. cash basis) before reimbursements to donors, and IPSAS adjustment, with revenue being recognized as the work under the FITs is performed (as expenditure is incurred).

Table 1: Voluntary Contributions, 2016 and 2017 (in thousands of Swiss francs)

Details	2016	2017
Funds received	10,889	10,603
Funds reimbursed (balance of unused funds)	(527)	(276)
Cash movements not impacting Profit and Loss Account	(30)	
Contributions to Special Accounts before IPSAS adjustments	10,332	10,327
IPSAS adjustment ¹	(548)	837
Contributions to Special Accounts after IPSAS adjustment (s)	9,784	11,164

Source: WIPO Annual Financial Report and Financial Statements, 2017

¹ The IPSAS adjustment in the table aligns revenue with the services performed, which is measured based on expenditure incurred.

14. Table 2 below shows the movement of the funds, from an opening balance of 13.85 million Swiss francs in 2016 to a closing balance of 12.95 million Swiss francs as of September 2018. In more detail, the table shows, for each respective year, the funds received, total expenditure, Exchange rate differences, Reimbursements to Donors, and the Foreign exchange losses absorbed by WIPO.

Table 2: Donor Contributions and Expenditure, 2016, 2017 and as at September, 2018 (in thousands of Swiss francs)

Details	2016	2017	2018 (Sept)
Balance at beginning of the Year	13,853	14,428	13,518
Income :			
Funds Received	10,889	10,603	7,096
Less: Exchange rate differences	(0.62)	(0.77)	(9.10)
Total Income	10,888	10,602	7,087
Total Expenditure	(9,784)	(11,235)	(7,529)
Reimbursements to Donors	(527)	(277)	(123)
Foreign Exchange losses absorbed by WIPO	(1.93)	-	(0.32)
Funds available at Year End	14,428	13,518	12,953

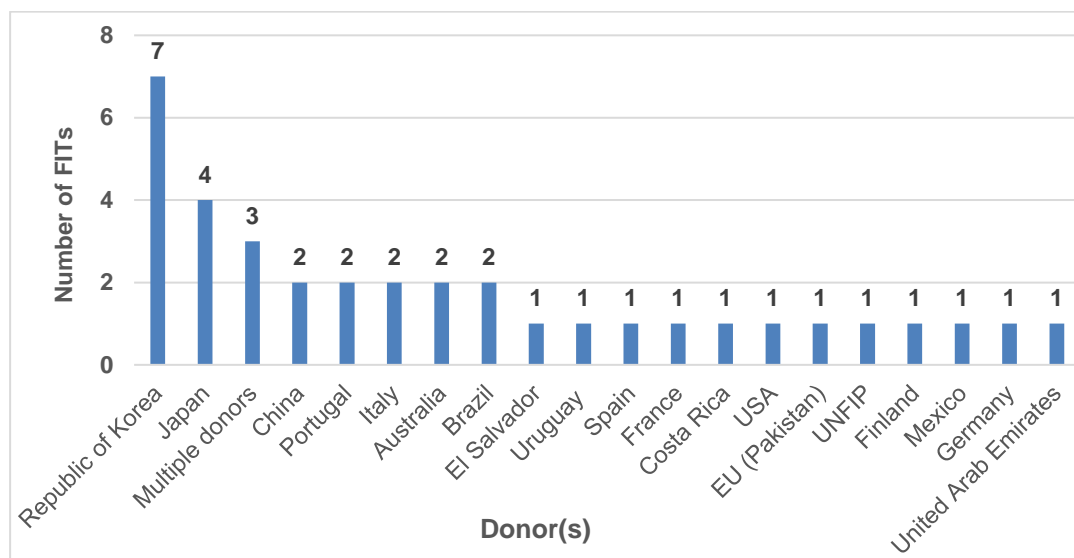
Source: Compiled from Funds-in-Trust Financial documents

15. As can be seen in table 2 above, the funds received collectively from donors decreased slightly by 2.6 per cent from 10.89 million Swiss francs in 2016 to 10.60 million Swiss francs. In contrast, the total expenditure increased from 9.78 million Swiss francs to 11.24 million Swiss francs, an increase of 15 per cent, and 7.53 million Swiss francs had been spent in 2018 as of September. The total expenditure is composed of direct expenditure, staff expenditure and administrative support costs. Between 2016 and September 2018, 28.5 million Swiss francs has been expended through FITs.

16. The administrative support costs are credited to the miscellaneous income of the Organization. In 2016 and 2017, these amounted to 0.95 million Swiss francs and 1.09 million Swiss francs, respectively. By September 2018, 0.77 million Swiss francs had been recognized as part of miscellaneous income for the first three quarters.

17. Further, following the closure of FITs, upon completion of related activities and settlement of financial obligations, as per agreement, WIPO reimbursed donors the remaining balance on the account. The donors reimbursed included: Germany, Brazil, Portugal and the European Union (EU). Reimbursements were also made to new FITs following closure of the previous ones by donors, for example, in the case of the FITs funded by Portugal and Australia.

18. Detailed financial information regarding each FIT can be found in Annex I. The annex is an integral part of the WIPO Performance Report and provides an overview of FITs in 2017.

Figure A: Donor(s) and the Number of Funds-in-Trust, 2016 –September 2018

Source: Compiled from Funds-in -Trust Reports

19. As can be seen in figure A above, during the period from January 2016, to September 2018 the Republic of Korea had up to seven FITs, Japan up to four and multiple donors contributed up to three FITs. China, Italy, Portugal, Australia and Brazil financed up to two FITs each; with the remaining countries and International Organizations supporting one FIT each.

2. AUDIT OBJECTIVES

20. The audit objectives were to review the governance, risk management and internal controls built around the management of FITs, including:

- (a) The common administrative activities concerning the FIT operations;
- (b) Effective and efficient management and delivery of FIT projects (based on a target sample considering materiality of projects);
- (c) Accounting and reporting practices for FIT; and
- (d) Compliance with MoUs signed with donor countries.

3. AUDIT SCOPE AND METHODOLOGY

21. The audit scope covered the review of the governance, risk management and internal controls built around the management of FITs for the period from January 2016 to September 2018.
22. The scope also included reviewing the status of implementation of the recommendations made during the last Audit of Funds-in-Trust (IA 2013-06), and assessing their effectiveness on the overall management of FITs.
23. However, the audit did not include an assessment of the programmatic aspects of FITs, such as the relevance of FITs within WIPO's strategic objectives and Results Based Management (RBM). These elements are being reviewed within the context of IOD Evaluation of WIPO's Partnerships, which will be reported separately.
24. The audit methodology included Interviews with Program Managers, designated/alternative FIT Managers and other personnel involved in the administration and management of FITs and review of relevant FITs documentation. In addition, for a selected sample of 18 out of 31 FITs, analytical review of data, and substantive tests were performed to ascertain the efficiency and operational effectiveness of internal controls as well as tests for compliance with MoUs, policies, rules and regulations.
25. The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing (*the Standards*) issued by the Institute of Internal Auditors (IIA).

4. AUDIT RESULTS - POSITIVE DEVELOPMENTS

26. IOD notes the following positive developments on the management and administration of FITs in WIPO :
 - (a) Generally, there is a high level of adherence to WIPO's FRR, provisions in the MoUs and the other internal controls related to administrative activities, management of procurements and related payments.
 - (b) Overall, there is good collaboration and cooperation between the Organization and donors in the formulation of MoUs, implementation of work plans, and regular reporting of results achieved.
 - (c) All the eight recommendations made in the Audit of Funds-in-Trust Managed by WIPO (IA 2013-06), covering the period from 2011 to September 2013, have since been implemented. Key to the resolution of the audit recommendations was the issuance of an OI - WIPO Policy on the Management of Voluntary Contributions (OI/37/2015). In addition, the formal policies and procedures that were implemented have helped in the effective and efficient administration and management of FITs.

5. OBSERVATIONS AND RECOMMENDATIONS

27. IOD interviewed a number of internal stakeholders including, Program Managers and FITs Managers, and reviewed policies and procedures, and documentation for a sample of 18 out of 31 FITs.

28. Generally, IOD's review of the governance, risk management and internal controls built around the management, implementation and administration of FITs noted a number of good practices. These include, but are not limited to a high level of compliance with MoUs, and adherence to WIPO Regulations and Rules.

29. The ensuing observations and recommendations, present opportunities to further enhance the compliance, effective and efficient management of FITs.

(A) GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

(i) Review and Alignment of Support Costs

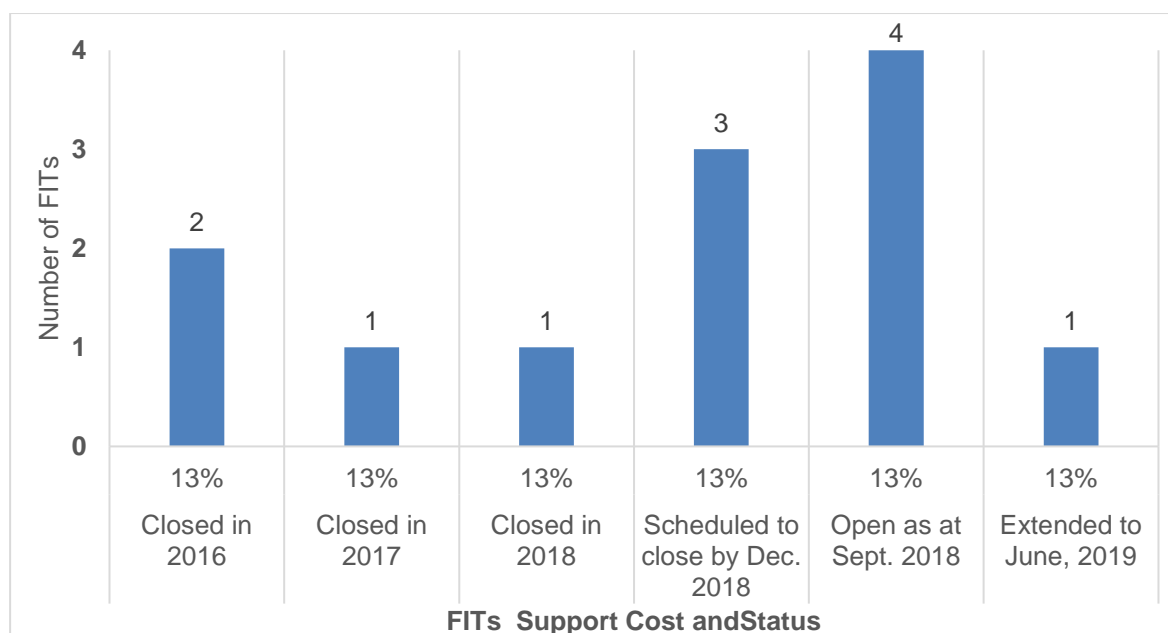
30. The Audit of Funds-in-Trust Managed by WIPO (IA 2013-06) conducted in 2013, recommended for the formulation of a set of consistent criteria for levying charges for the recovery of support costs (an administrative fee) from the FITs. The audit issue was resolved by the issuance of an OI - WIPO Policy on the Management of Voluntary Contributions (OI/37/2015), which provided guidance on the support costs that WIPO should levy on the FITs.

31. The OI/37/2015 Rev² stipulates that the management, implementation and administration of FITs require administrative support. To cover the indirect cost of such support, WIPO charges support costs (an administrative fee), expressed as a percentage of the expenses incurred under the FIT. As a rule, this will be 13 per cent of expenditures incurred under the FIT.

32. Figure B below shows that during the period under review, WIPO had 12 out of 31 FITs with support costs that were consistent with the policy rate of 13 per cent. Two of the FITs were closed in 2016 and one each in 2017 and 2018. Three FITs were scheduled for closure by the end of 2018, while four were open (ongoing) as at September, 2018 and one FIT which was due to close in January 2019, has been extended to June, 2019.

² Office Instruction originally issued on December 18, 2015 and effective as of January 1, 2016. Revised to update references to the Staff Regulations and Rules as amended with effect from January 1, 2017.

Figure B: Funds-in-Trust with Support Costs at 13 percent in 2016, 2017 and as at September 2018



Source: Compiled from Funds-In-Trust Reports

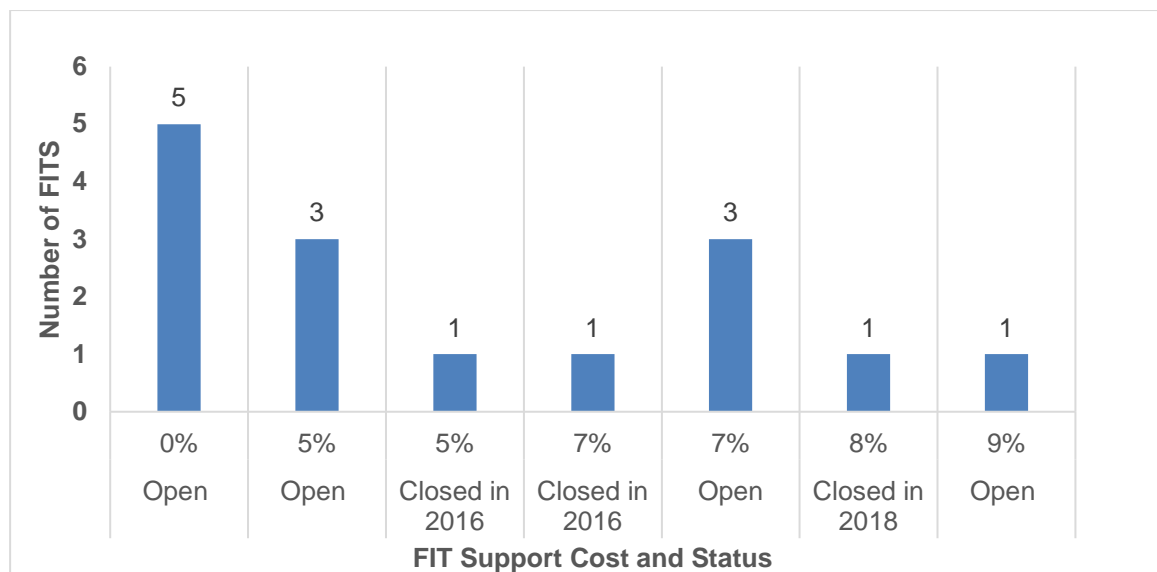
33. There were three FITs, which had support costs at 12 per cent for funding staff costs (Junior Professional Officers (JPOs) and some other staff costs), while 13 per cent was applied on the work plan activities of these FITs. Further, there were another six FITs related to staff costs only (JPOs and some other staff costs) that applied support costs of 12 per cent.

34. Going forward, it would be beneficial to the Organization to work collaboratively with donors towards a gradual harmonization of support cost rates, in order to comply and align with the related policies.

35. Figure C below shows 15 FITs with support costs that ranged from zero to nine per cent. As can be seen in the figure, five FITs have support costs of zero per cent, three are at five per cent, three at seven per cent and one is at nine per cent. Further, three FITs whose activities ended have since been closed - two in 2016 (support costs were at five and seven per cent) and one in 2018 (support cost were at eight per cent).

36. There was an upwards adjustment of supports costs in respect of two FITs following discussions and agreement between WIPO and the respective donor country. For one of the FIT, the support costs were revised from seven per cent to 13 per cent with effect from June 2018, whereas for the other one the adjustment was from zero to five percent, starting in September 2018.

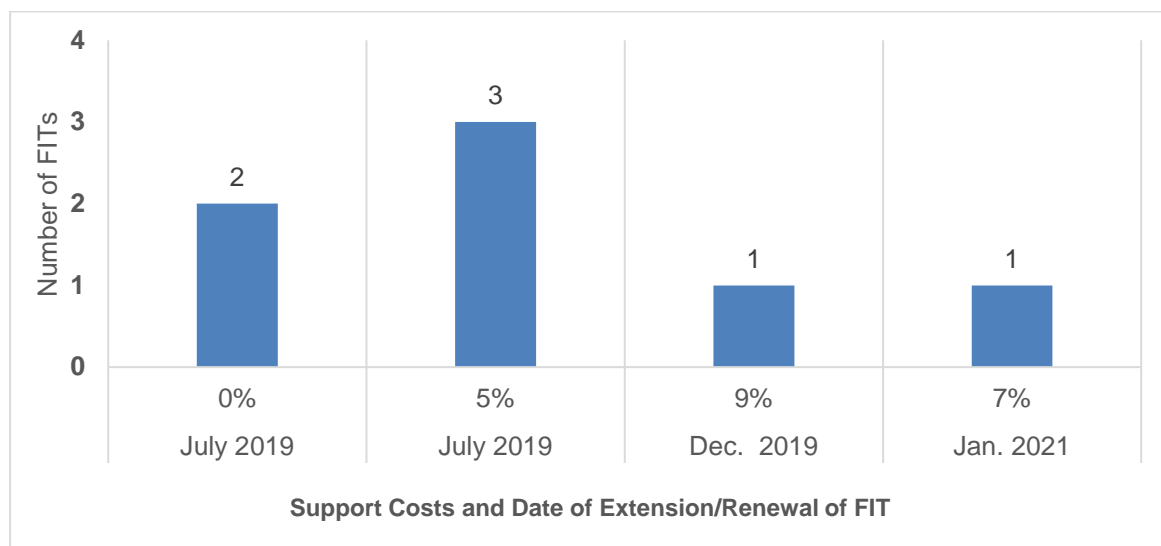
Figure C: Funds-in-Trust with Support Costs less than 13 per cent in 2016, 2017 and as at September 2018



Source: Compiled from Funds-in-Trust Report

37. Further, as can be seen in figure C above, and graphically depicted in figure D below, there are seven agreements or MoUs that will be expiring and/or will be due for extension in the forthcoming period, from July 2019 to January 2021. These agreements are subject to review and renewal by WIPO and the respective donor(s).

Figure D: Funds-in-Trust Due for Extension from July 2019 to January 2021



Source: Compiled from Funds-in-Trust Reports

38. IOD acknowledges the progress made by the Office of the Controller, in collaboration with the Program Managers and FIT Managers, on proactively engaging the donors on gradually moving the support costs that are below the policy rate to be in line with WIPO policy. IOD encourages the Office of the Controller to continue to negotiate support costs alignment with the various remaining FIT Donors, and in particular, FITs with agreements/MOUs that are due for extension or review in the forthcoming period.

(ii) Risk Management

39. The OI on WIPO Policy on the Management of Voluntary Contributions (OI/37/2015 Rev) stipulates that the FIT Manager shall establish work plans and manage risks related to the FIT activities in compliance with the Organization's processes as set out in WIPO's RBM Framework and Risk Management Policy and relevant guidelines and manuals.

40. A review of the Organization's Enterprise Risk Management (ERM) system – Acuity STREAM® shows that the FITs Risk registers are not systematically updated with the relevant risks and mitigation strategies. IOD notes that 80 per cent (20/25) of the FITs in the system do not have risks or mitigation strategies indicated.

41. Further, IOD notes that the five FITs that have updated their risk profiles relate to the Regional Bureau for Latin America and the Caribbean following the recent collaborative work by the Office of the Controller.

42. Given the geographical spread and nature of the FITs activities, their susceptibility to changes in the external environment, the Organization needs to continuously update the Risk registers with relevant risks and mitigation strategies through proactive identification and regular reviews of risks.

43. Going forward, it would be beneficial to the Organization, to strengthen the integration of FITs work plans with the management of risks as envisaged by the Policy.

(iii) Inactive Fund-in-Trust

44. According to the WIPO Policy on the Management of Voluntary Contributions, where a FIT has had no financial or programmatic activity for a period in excess of 12 months, the Controller may initiate action, requesting the FIT Manager to contact the donor for clarification regarding their intention to continue to maintain the FIT.

45. IOD noted one FIT agreement that was signed in December 1998 and has been inactive since 2008 to date. Furthermore, this agreement was signed prior to the above-mentioned Policy and no conditions were set in the agreement concerning timelines for closure or renewals.

46. Over the last decade or so, Program Managers, FIT Managers, and the donor representatives have held discussions regarding the activities that could be financed with the remaining balance of 54, 557 Swiss francs, but hitherto no action has been implemented as of September, 2018. The current condition is not aligned with the spirit and objectives of voluntary contributions.

47. IOD was informed that the Office of the Controller in coordination with the relevant stakeholders are in the process of engaging a number of donors on various FIT related issues, including resolving the status of this particular inactive FIT.

(iv) Evaluations of Funds-in Trust with Lessons Learned

48. The External Relations Division (ERD) is responsible for designing, developing and implementing the Organization's Strategy on Partnership and Resource Mobilization; developing partnerships with donors, development agencies and other stakeholders to support the achievement of WIPO's ERs. The Division's other responsibilities include: developing new strategic cooperation possibilities with other existing and new partners; providing advice to WIPO staff to support their efforts to mobilize resources; and coordinating the internal review process in respect of newly proposed voluntary contributions.

49. According to the OI/37/2015 Rev, following completion and closure of a FIT, a program evaluation should be carried out, with lessons learned shared *via* ERD with all interested programs. Evaluations may also be included as part of the narrative report provided to the donor.

50. During the period 2016 to September 2018, a number of FITs were closed following completion of activities, these include: FIT/Australia; FIT/Brazil; FIT/EU (Pakistan); FIT/Portugal and FIT/Portugal (CHF); FIT/Brazil (CHF) and FIT/Brazil (South); FIT/Germany and FIT/UNFIP.

51. IOD inquiries and discussions with ERD revealed that the Evaluations were not systemically carried out and shared *via* ERD with relevant and interested Programs. In addition, the Division did not receive any communication, in copy, regarding any FIT which did not have programmatic activities in excess of 12 months which was contrary to the provisions of OI/37/2015 Rev.

52. Going forward, if there is no change in the procedure set out under OI/37/2015 Rev, WIPO needs to ensure that following completion or closure of a FIT, evaluations including lessons learned, are systematically shared with relevant and interested parties such as the ERD. This will ensure that the Organization complies with the relevant provisions of the OI and facilitate more efficient and effective management of the FITs.

Recommendation (s)

1. The Office of the Controller, in coordination with the Program Performance and Budget Division (PPBD) and, Program Managers and Funds-in-Trust (FIT) Managers, should ensure that they hold risk management sessions to facilitate the identification of relevant and specific risks, appropriate mitigation strategies, and updating of Risk registers. This should be done within the context of ensuring that the work plans are integrated with the management of risks as envisaged by the Policy on the Management of Voluntary Contributions.
(Priority: Medium)
2. The Office of the Controller, in collaboration with the Program Managers and Fund-in-Trust (FIT) Managers, should take timely and appropriate actions to address the current condition of one inactive FIT, including seeking renewal or closure.
(Priority: Medium)
3. The Department of Program Planning and Finance (DPPF) should in consultation with the Program Managers and Fund-in-Trust (FIT) Managers, assess the need for and value of conducting Evaluations following completion and closure of Funds-In-Trust including reviewing and aligning the related provisions of the Office Instruction (OI) on WIPO Policy on the Management of Voluntary Contributions with the current practice.
(Priority: Medium)

(B) REPORTING OF FUNDS-IN-TRUST ACTIVITIES

(i) Formulation and Reporting of FIT Work plan activities

53. According to OI/37/2015 Rev, the FIT Manager, in consultation with the donor, shall establish the FIT work plan on an annual basis or as appropriate, structured in line with the ERs to which the FIT contributes.

54. While this audit did not include an assessment of the programmatic aspects of FITs, such as the relevance of FITs within WIPO's strategic objectives and RBM, it however assessed effectiveness and efficiency in formulating, implementing and reporting of FIT work plan activities.

55. In this regard, IOD noted challenges in the management of one FIT which proposed *ad-hoc* activities throughout the year rather than defining an annual work plan. This is not in line with the spirit of FITs arrangements within WIPO, which involves the funding of activities that clearly complement activities financed from the regular budget contributing to WIPO's Strategic Goals and ERs.

56. Another challenge noted was the difficulty in obtaining written reports on a timely basis, despite a number of requests by WIPO, on the FIT activities carried out by the donor more so that staff members do not systematically attend such activities.

57. This condition is only remediated in instances where staff members attend FIT activities, because a subsequent Mission report informs on the status of implementation, or outcome of the activities.

58. IOD was informed that during WIPO's General Assemblies in September, 2018, discussions were held between the relevant parties, to ensure that the established FIT processes and procedures, such as those related to collaboratively formulating the work plan and matching of FIT activities with WIPO Strategic Goals and ERs, are followed.

(ii) Web visibility

59. WIPO has signed MoUs with a number of donors. These MoUs have a number of undertakings that WIPO and the donor are each expected to fulfil. In addition, WIPO has undertaken to give adequate visibility of donor contributions through official means of communication, such as the WIPO website and the WIPO yearly reports.

60. As of September 2018, only 30 per cent (3/10) of the FITs resources that were listed on the WIPO website³ as potentially available for programming in 2018/2019 had hyperlinks to pages with detailed information on the activities undertaken or implemented by the FITs.

61. The publication of the work or activities conducted under the various FITs on the WIPO website is important as it can help capture a wider audience, generate higher visibility for the Organization and the donor. Equally significant, this will foster a transparent dissemination of progress made and milestones achieved using FITs provided by the respective donors and Member States.

62. Going forward, it would be beneficial to the Organization and other stakeholders, to access updated information on FITs activities on the WIPO website.

(iii) Gender mainstreaming

63. The OI - WIPO Policy on the Management of Voluntary Contributions (OI/37/2015 Rev) stipulates that reporting to all Member States is undertaken as part of the statutory reporting documents of WIPO (Financial reports, Financial Management Report, and the WIPO Performance Report).

64. Whilst acknowledging that the FITs report is an integral part of the aforementioned documents, there is need for WIPO to encourage respective FITs to enhance their reporting on activities, beyond the financial and performance aspects, but also systemically highlight

³ http://www.wipo.int/cooperation/en/funds_in_trust/

how gender considerations have been taken into account. For example, a few FITs, such as Australia's work plan and Implementation report has a provision for highlighting gender considerations. This represents a good practice that can be adopted by other FITs and could contribute towards the Organization's gender mainstreaming efforts.

65. Going forward, WIPO's gender mainstreaming efforts would be further supported by encouraging donors to include gender considerations in new FIT agreements or MoUs and incorporating them in existing ones that will be renewed.

Recommendation (s)

4. The Human Resources Management Division (HRMD) - Gender and Diversity Specialist, should work collaboratively with Program Managers and Funds-in-Trust (FIT) Managers on incorporating gender aspects and perspectives in the FIT work plan, implementation and reporting.

(Priority: Medium)

ACKNOWLEDGMENT

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

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ANNEXES

Annex I.	Funds-in-Trust Progress Report, 2017
Annex II.	Risk Rating and Priority of Audit Recommendations

[Annexes follow]

ANNEX I: Funds-in-Trust Progress Report, 2017

S/n	Fund-in-Trust Donor	Fund code	Balance as of December 31, 2016	Income 2017			Expenditure 2017				Reimbursements to donors	Support Costs (Per cent) as at 2017	Balance as of December 31, 2017	
				Funds received	Interest	Exch. rate diff.	Total income	Staff expenditure	Other direct expenditure	Administrative support costs				Total expenditure
1	Accredited indigenous and local communities	W_IGC	623.20	37,835.00	-	-	37,835.00	-	15,561.90	-	15,561.90	-	0%	22,896.30
2	Australia (2)	WAUS2	1,163,701.38	696,089.03	-	-262.57	695,826.46	-	479,549.65	62,375.60	541,925.25	-	13%	1,317,602.59
3	Brazil South	WBRST	110,242.45	-	-	-	-	-	32,371.02	4,208.20	36,579.22	73,663.24	13%	-0.01
4	China SIPO	WCNSP	101,335.71	297,675.90	-	-	297,675.90	-	80,770.39	-	80,770.39	-	0%	318,241.22
5	China HR	WCNPR	-	306,640.00	-	-	306,640.00	38,820.74	-	5,046.70	43,867.44	-	13%	262,772.56
6	Costa Rica	WCORI	29,002.10	-	-	-	-	-	18,406.33	-	18,406.33	-	0%	10,595.77
7	El Salvador	WELSA	53,970.66	-	-	-	-	-	-	-	-	-	0%	53,970.66
8	Finland (CHF)	WFICH	3,014.89	-	-	-	-	-	939.83	122.20	1,062.03	-	13%	1,952.86
9	France/Industrial	WFRIP	704,634.12	300,000.00	-	-1,503.32	298,496.68	-	544,718.33	71,008.80	615,727.13	-	13%	387,403.67
10	Germany/ Junior Professional	WDEJP	255,143.14	119,595.00	-	-	119,595.00	94,612.05	6,873.93	12,178.35	113,664.33	202,856.90	12%	58,216.91
11	Ibero-American Program of	WIBER	237,245.39	19,392.68	-	-	19,392.68	-	63,779.93	4,464.60	68,244.53	-	7%	188,393.54
12	Italy/Intellectual	WITIP	715,095.18	-	-	-	-	-	331,437.64	43,086.90	374,524.54	-	13%	340,570.64
13	Italy/Junior Professional	WITJP	6,113.61	-	-	-	-	-	-	-	-	-	12%	6,113.61
14	Japan/Africa -	WJPAF	1,562,668.63	1,600,000.00	-	51.54	1,600,051.54	292,196.69	1,086,217.48	177,342.45	1,555,756.62	-	12% & 13 %	1,606,963.55
15	Japan/Copyright	WJPCR	283,190.28	468,646.00	-	-780.79	467,865.21	195,011.75	159,654.38	45,226.50	399,892.63	-	12% & 13 %	351,162.86
16	Japan/Industrial	WJPIP	4,880,192.60	3,830,000.00	-	1,314.43	3,831,314.43	762,237.46	3,225,123.48	511,560.70	4,498,921.64	-	12% & 13 %	4,212,585.39
17	Japan/Junior Professional	WJPOJ	144,172.68	94,884.00	-	-	94,884.00	88,650.80	-	10,638.15	99,288.95	-	12%	139,767.73
18	Mexico	WMEXI	215,438.78	-	-	-	-	-	34,000.00	2,380.00	36,380.00	-	7%	179,058.78
19	Portugal CHF	WPTCH	64,364.25	-	-	-	-	-	-	-	-	-	13%	64,364.25
20	Republic of Korea/Copyright	WKRCR	503,666.84	685,688.82	-	19.35	685,708.17	65,412.80	361,904.66	-	427,317.46	-	0%	762,057.55
21	Republic of Korea/Copyright/ Professional	WKRPO	320,724.01	-	-	-	-	139,678.35	2,651.39	17,079.55	159,409.29	-	12%	161,314.72
22	Republic of Korea/Intellectual Property	WKIPO	1,200,453.76	633,385.52	-	296.11	633,681.63	85,553.45	598,136.79	-	683,690.24	-	0%	1,150,445.15
23	Republic of Korea/Professional Officers	WKRJP	982,211.90	655,584.00	-	-	655,584.00	635,150.30	-	76,218.00	711,368.30	-	12%	926,427.60
24	Republic of Korea/Education	WKRED	503,780.63	450,688.70	-	54.73	450,743.43	-	416,666.29	20,830.60	437,496.89	-	5%	517,027.17
25	Republic of Korea/Building Respect IP	WKRBR	58,349.40	227,115.22	-	0.01	227,115.23	-	93,747.91	4,687.39	98,435.30	-	5%	187,029.33
26	Spain (CHF)	WESCH	92,056.10	180,075.68	-	0.01	180,075.69	-	104,700.93	13,611.10	118,312.03	-	13%	153,819.76
27	Trusted Intermediary Global Accessible	WTIGA	660.67	-	-	-	-	-	-	-	-	-	13%	660.67
28	United Nations Office for Partnerships	WUIP1	45,184.18	-	-	-	-	-	41,100.00	3,288.00	44,388.00	-	8%	796.18
29	Uruguay (CHF)	WUYCH	127,950.15	-	-	-	-	-	14,596.08	-	14,596.08	-	7%	113,354.07
30	United States of America/ USPTO Creative	WUSC1	62,796.34	-	-	45.40	45.40	-	35,326.63	4,586.50	39,913.13	-	13%	22,928.61
	TOTAL		14,427,983.03	10,603,295.55	-	-765.10	10,602,530.45	2,397,324.39	7,748,234.97	1,089,940.27	11,235,499.63	276,520.14		13,518,493.71

Source: Funds-in-Trust Progress Report

[Annex II follows]

ANNEX II: 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 II.1: Effectiveness of Risks/ Controls and Residual Risk Rating

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

Table II.2: Priority of Audit Recommendations

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

[End of Annex II and of Document]