

MAIN PROGRAM 04

Office of Internal Oversight and Productivity

04.1 Financial Control and Audit

04.2 Program Planning and Budget

04.3 Evaluation and Productivity

Main objectives:

- ◆ To modernize and strengthen WIPO's internal and external financial control system in accordance with the new program and budget structure and WIPO Financial Regulations and Rules.
- ◆ To establish accountability and clear lines of responsibility for program managers to promote the attainment of expected results through efficient operations, cost-effective utilization of resources and alignment with overall policy directions.
- ◆ To establish transparency in every aspect of the planning, formulation and implementation of the Organization's program and budget, policies and activities to facilitate decision-making on strategic direction by Member States.
- ◆ To enhance cost-effective and productive use of resources through evaluation, assessment of performance and productivity standards, quality systems, streamlining of work practices and procedures, and improvement of quality standards and services.

Current situation

The revenues of the Organization and the costs of its activities and services have increased during the last ten years from 99 million francs of income and 98 million francs of expenditure in the 1986-87 program and budget to an estimated 399 million francs of income and 383 million francs of expenditure in the proposed program and budget for the 1998-99 biennium. The program activities and related costs of the Organization have increased significantly, especially in the areas of cooperation for development, progressive development of international intellectual property law, global protection systems and services, and information technology services. At the same time, the total number of posts of the Secretariat increased from 280 in 1987 to 654.5 posts at present. WIPO's capacity to meet the growing demand and yet to restrain future growth in staff and expenditure will depend upon substantial increases in productivity.

The continued growth of WIPO's program and budget, the large increase in program activities, staff and financial transactions, the new management approach based on the principles of accountability and transparency and the need for greater efficiency in the use of resources require an office charged with internal oversight and productivity. Tight financial and management review and control and adequate audit coverage of the

program activities and administration of the Secretariat and its efficient functioning remains essential. The Controller has so far exercised the control and budget functions with limited assistance and staff, despite the large growth of WIPO's activities, income and expenditure in recent years. There has only been a part-time Internal Auditor.

The Office of Internal Oversight and Productivity ("the Office") will be composed of: the Controller and Deputy Controller, exercising the functions set out in the WIPO Financial Regulations; the Internal Auditor, performing audits of the operations and accounts of WIPO and the Unions administered by WIPO; the Budget Section, preparing the program and budget documents and budget documentation for other projects, and monitoring their implementation; and the Evaluation and Productivity units, providing an objective mechanism for reviewing the current program performance and efficiency of operations in all areas, and generating a coordinated system of productivity enhancement and quality control throughout the Secretariat. In fulfilling its responsibilities, the Office is under the direct supervision of the Director General. Pursuant to WIPO Financial Regulation 10.1(b), the Controller, in the exercise of his functions, is directly responsible to the Chairman of the WIPO General Assembly.

**Strategy
for the
future**

- ◆ The Office will establish, monitor and enforce management and control mechanisms to promote the efficient functioning of the Secretariat and the cost-effective utilization of resources and to ensure that the program and budget is executed in line with program objectives and the financial rules and procedures. In fulfilling these responsibilities, it will ensure accountability and transparency in every aspect of the planning, formulation, budgeting and implementation of WIPO's policies and programs and facilitate communication with Member States for decision-making.

**New
program
activities**

- ◆ Assistance and advice to the Director General on the preparation of the draft program and budget for the 1998-99 and 2000-01 biennia, with a new structure and format based on Main Programs and sub-programs corresponding to organizational units, with a clear presentation of program objectives, strategy, main lines of action, expected results and costs.
- ◆ Development of an operational budget system corresponding to the new program and budget structure, indicating the budget and financial status of each Main Program and sub-program by objects of expenditure for direct access by program managers.
- ◆ Institution of an accountability system for the efficient program implementation and cost-effective utilization of resources by program managers according to stated objectives, policies and expected results in the program and budget.
- ◆ Systematic and increased level of internal audit and *ad hoc* inspection of organizational units and programs whenever there are indications that resources may not be used effectively.
- ◆ Development of a monitoring and evaluation system, for assessing and increasing productivity and undertaking cost-benefit analysis, based on high productivity standards and quality management systems.
- ◆ Preparation of an annual report on the execution of the Organization's program and budget, including the achievement of expected results by program objectives and cost-effective utilization of resources.

- Expected results**
- ◆ Improved financial control and higher efficiency in program delivery through clear lines of responsibility and accountability of program managers and achievement of expected results by Main Programs and sub-programs.
 - ◆ Increased productivity and optimal use of resources, based on performance and productivity standards, resulting in major cost savings and containment of staff growth.
 - ◆ Improved transparency in every aspect of the planning, formulation and implementation of the Organization's policies, program and budget and enhanced communication between the Organization and Member States, facilitating decision-making on strategic direction.

Sub-program 04.1

Financial Control and Audit

Objectives:

- ◆ To strengthen and enhance the internal and external financial control system through effective permanent monitoring and financial control in accordance with the WIPO Financial Regulations and Rules.
- ◆ To establish and enforce accountability of program managers for efficient implementation by program objectives, achievement of expected results and cost effective utilization of resources.
- ◆ To ensure the conformity of all obligations and expenditure with the budget.
- ◆ To enhance the system of regular financial audits of the accounts of WIPO and of the Unions administered by WIPO, including all trust funds and special accounts, and to introduce management audits on program execution.

Background The rapidly growing program and budget and the large number of program activities and financial transactions call for a tight financial control system and adequate audit coverage which must be strengthened to ensure that resources are used effectively and efficiently pursuant to the WIPO Financial Regulations and Rules. In order to ensure an efficient financial administration and a credible process of reporting and responsiveness to Member States, the Office of Internal Oversight and Productivity will require a certain level of human resources and information technology. This investment would establish a mechanism for WIPO's long-term productivity and cost-effectiveness, and the future containment of growth in staff and expenditure.

- Main activities**
- ◆ Enhancement of the internal financial control and budget system based on the new program and budget structure by Main Programs and sub-programs, monitoring

expenditure of each program by objects of expenditure and by objectives with program managers.

- ◆ Examination of program proposals and related expenditure by Main Programs and sub-programs pursuant to the program and budget.
- ◆ Review of program proposals with regard to the economic and cost-effective use of resources.
- ◆ Regular internal audits of the accounts of WIPO and of the Unions administered by WIPO.
- ◆ Inspection of problem areas where the effective utilization of resources is in question.
- ◆ Establishment and monitoring of a modern computerized inventory system, in coordination with the units concerned in accordance with the WIPO Financial Regulations and Rules.
- ◆ Participation in the United Nations Consultative Committee on Administrative Questions (Financial and Budgetary Questions) (UN/CCAQ)(FB) on program planning, budget and control matters.

**Expected
results**

- ◆ Greater efficiency and cost-effectiveness of operations through accountability of program managers and achievement of program objectives pursuant to the program and budget.
- ◆ Major cost savings through systematic monitoring of costs of proposed programs.
- ◆ The financial administration of WIPO will continue to be ensured in strict compliance with the WIPO Financial Regulations and Rules.
- ◆ The inventories of equipment and furniture will be fully computerized and maintained up-to-date.

Financial Control and Audit (in thousands of Swiss francs)											
Sub-program 04.1	<u>Official Travel and Fellowships</u>			<u>Contractual Services</u>				<u>Operating Exp.</u>		<u>Equipment and Supplies</u>	
	Staff Missions	Part. Govt Officials	Fellowships	Conferences	Consultants	Publishing	Other	Premises & Maint.	Comm. & Other	Supplies & Materials	Furniture & Equipment
Total	268	24	-	-	40	10	-	-	149	-	45

Sub-program 04.2

Program Planning and Budget

Objectives:

- ◆ To assist and advise the Director General on the program planning, preparation and implementation of the program and budget for the biennia 1998-99 and 2000-2001; the medium-term plan for the period 2000–2003; and other projects with budgetary implications.
- ◆ To develop a strategy for program planning, budgeting and execution with clear objectives, main lines of action and detailed costs estimates to achieve expected results by Main Programs and sub-programs.
- ◆ To achieve and ensure transparency in the program planning and budgeting through a clear and comprehensive presentation of the program and budget document.
- ◆ To enhance accountability of program managers through a new operational program and budget system with expected program delivery by objectives.

Background The established procedure of presentation of a biennial program and budget document to the Budget Committee and the Governing Bodies every two years, and the previous program and budget structure and format, will require adaptation to Member States' growing expectations for regular communication on program planning, formulation and budget implementation and the financial situation of the Organization in the course of the biennium. Furthermore, the budget system and reporting lines have required overhaul so as to provide information to program managers on program objectives and resource allocation by Main Programs and sub-programs, hence creating a tool of accountability on program delivery and cost effectiveness.

The increasing demands on WIPO, the expanding scope, complexity and cost of its programs, and the rapid development of new technologies, make it indispensable that the program planning and budget and its implementation are transparent and facilitate decision-making. The new program and budget structure, format and process are based on the principles of transparency and accountability and are designed to ensure Member States' active involvement in program planning and budgeting, including by providing the necessary information on program delivery and resource utilization for strategic direction during the biennium. At the same time, the new program and budget structure by Main Programs and sub-programs, in a concise and comprehensive format by objectives, main lines of action, expected results and related costs serves as an effective system to make program managers accountable for efficient program delivery and the cost-effective utilization of resources.

Main activities ◆ Assistance and advice to the Director General on the preparation of the draft program and budget for the biennia 1998-99 and 2000-2001, the medium-term plan of the Secretariat for the period 2000–2003 (in coordination with sub-program 02.1) and

other projects of the Secretariat with budgetary implications in a transparent structure and format.

- ◆ Preparation, servicing and participation at three planned sessions of the Budget Committee on the above matters.
- ◆ Analysis of financial and budget information and transmission of regular reports to program managers.
- ◆ Preparation of quarterly and annual forecasts on income and expenditure of the Organization compared to the budget.
- ◆ Monitoring of program and budget implementation and follow-up of program activities in accordance with established work programs, including administration of staff posts and staff costs.
- ◆ Developing a new operational budget system based on the new program and budget structure and latest technologies to meet the increasing demands of the Secretariat and Member States.
- ◆ Preparation of a report of the Secretariat to Member States on the program implementation and achievement of stated program objectives and expected results and utilization of resources.
- ◆ Consultation with other international organizations, patent offices and the market sector on budget techniques and improvement of procedures.

Expected results

- ◆ Improved transparency of the program and budget in every aspect of planning, formulation, implementation and development of the Organization's policies and activities, facilitating decision-making by Member States.
- ◆ An improved program and budget structure with greater correspondence with the organizational structure, with clear lines of responsibility, enabling accountability of program managers for the efficient delivery of programs and sub-programs by objectives, and allow the evaluation of achieved results and utilization of program resources.

Program Planning and Budget (in thousands of Swiss francs)											
Sub-program 04.2	Official Travel and Fellowships			Contractual Services				Operating Exp.		Equipment and Supplies	
	Staff Missions	Part. Govt Officials	Fellowships	Conferences	Consultants	Publishing	Other	Premises & Maint.	Comm. & Other	Supplies & Materials	Furniture & Equipment
Total	259	24	-	-	90	100	-	-	0	-	45

Sub-program 04.3

Evaluation and Productivity

Objectives:

- ◆ To appraise the relevance, performance, efficiency and impact of the strategies, policies, work practices and procedures, operations, programs and activities of the Secretariat, with reference to the approved objectives.
- ◆ To ensure the most economic and cost effective use of the resources allocated under the program and budget by Main Programs and sub-programs.
- ◆ To foster an organization-wide culture of continuous productivity enhancement, on the basis of an overall productivity plan, achieving major cost savings and containment of staff growth.

Background WIPO's long-term effectiveness in meeting increased demands, while constraining future growth in staff and expenditure, will entail ever more efficient application of resources, and continuous improvement of organization-wide productivity. The expansion of WIPO's activities requires more decentralized management focused on responsible program managers. Productivity enhancement and quality assurance activities under Main Program 16 will be supplemented by objective review and evaluation of the performance of each program against its objectives and against productivity and performance standards with a view to making recommendations for improvement of management practices and procedures. This sub-program establishes a mechanism to monitor and evaluate program planning, implementation and resource deployment, and undertakes a program of productivity enhancement and quality assurance.

Main activities

- ◆ Development of a comprehensive monitoring and evaluation system for the Secretariat covering all program activities.
- ◆ Appraisal of strategies, policies, operations and activities with regard to their relevance, efficiency, performance, impact, and cost-effective use of resources.
- ◆ Continuous appraisal of each Main Program according to a set of agreed indicators and criteria, including progress made towards expected results, overall efficiency in use of resources, cost-effectiveness of specific program activities, and the relevance of activities to approved objectives and general strategic directions; regular reporting to the Director General, highlighting particularly successful program management approaches, and areas where senior management attention may be required to improve program performance.
- ◆ A Secretariat-wide study of current work practices and procedures from the point of view of streamlining management procedures, systems and working methods so as to enhance productivity and quality.
- ◆ Development of a quality and productivity enhancement system and, following its consideration and adoption by the Director General, its implementation in consultation with program managers.

- ◆ Regular productivity reviews, highlighting areas or practices where productivity gains have been most marked, and areas or practices where potential productivity gains have not been effectively realized.
- ◆ Expert studies on performance and productivity standards of particular areas with a potential for higher performance and measures for improvement.
- ◆ Preparation of reports to other oversight bodies such as the Joint Inspection Unit or the Office of Internal Oversight Services of the United Nations with regard to program evaluation, productivity enhancement and oversight mechanisms.
- ◆ Preparation of an annual report on evaluation and productivity sub-program.

Expected results

- ◆ An operational monitoring and evaluation system.
- ◆ Increased productivity throughout the Secretariat with resulting major cost savings and containment of staff growth.
- ◆ Improved quality and efficiency of services.

Evaluation and Productivity (in thousands of Swiss francs)											
Sub-program 04.3	Official Travel and Fellowships			Contractual Services				Operating Exp.		Equipment and Supplies	
	Staff Missions	Part. Govt Officials	Fellowships	Conferences	Consultants	Publishing	Other	Premises & Maint.	Comm. & Other	Supplies & Materials	Furniture & Equipment
Total	354	38	-	-	210	-	60	11	0	-	35

Program Budget Summary

Office of Internal Oversight and Productivity (in thousands of Swiss francs)											
	Official Travel and Fellowships			Contractual Services				Operating Exp.		Equipment and Supplies	
	Staff Missions	Part. Govt Officials	Fellowships	Conferences	Consultants	Publishing	Other	Premises & Maint.	Comm. & Other	Supplies & Materials	Furniture & Equipment
Sub-program 04.1	268	24	-	-	40	10	-	-	149	-	45
Sub-program 04.2	259	24	-	-	90	100	-	-	0	-	45
Sub-Program 04.3	354	38	-	-	210	-	60	11	0	-	35
Total	881	86	-	-	340	110	60	11	149	-	125

Staff needs and costs

Two additional Professional and one more General Service staff are required to carry out the new activities in the Office of Internal Oversight and Productivity, in particular to strengthen financial control and audit, to evaluate program activities and to enhance productivity. One Professional post is required for the urgently needed appointment of an Internal Auditor on a full-time basis and one Professional post for the new Evaluation and Productivity units. The General Service post is needed for the above units, which are at present without a secretarial post, and to provide secretarial assistance for the Office, including the Internal Auditor.

Posts	1996-97	1998-99	Variation
Directors	1	1	0
Professionals	4	6	2
General Service	3	4	1
Total	8	11	3

Staff costs (in thousands of Swiss francs)	Budget 1996-97	Budget 1998-99	Variation
Salaries of regular staff	2,131	2,938	
Salaries of short-term staff	76	180	
Social charges + other personnel costs	699	964	
Total staff costs	2,906	4,082	40.5%

Comparative Budget Summary

	(In thousands of Swiss francs)					
	Budget 1996-97	Budget 1998-99	Variation			
			Program		Cost	
MAIN PROGRAM 04: Office of Internal Oversight and Productivity			Amount	%	Amount	%
Program Activities	250	791	536	214%	5	2.0%
Staff Costs	2,906	4,082	1,173	40.4%	3	0.1%
TOTAL	3,156	4,873	1,709	54.2%	8	0.3%