

# WIPO



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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

## **PROGRAM AND BUDGET COMMITTEE**

**Eleventh Session**  
**Geneva, June 25 to 28, 2007**

### REVISED FINANCIAL REGULATIONS AND RULES

*Document prepared by the Secretariat*

#### I. INTRODUCTION AND BACKGROUND

1. The Financial Regulations and Rules of the World Intellectual Property Organization (WIPO) were adopted by the General Assembly and other competent bodies of WIPO in 1970 (document AB/I/33). In October 1981, the Assembly of WIPO and other competent bodies of WIPO approved amendments to the Regulations and gave favorable advice on the amendment of the Rules (document AB/XXII/22, paragraph 203). Further Amendments to the Financial Regulations and Rules were approved by the Assemblies of the Member States in 1991. In its regular 2006 session, the General Assembly requested the Secretariat to submit a comprehensive revised draft of the Financial Regulations and Rules of the Organization to the first 2007 formal session of the Program and Budget Committee (PBC) (document A/42/9, Annex I, paragraph 102(ii)). The comprehensive set of new Financial Regulations and Rules attached to this document has been prepared by the Secretariat as a follow up to that request.

#### II. METHODOLOGY AND PROCESS

2. In order to prepare the attached proposals, the Secretariat has taken as a basic model the Financial Regulations and Rules of the United Nations (UN) (last revised in 2003). These were adapted, whenever necessary, to the specific requirements of WIPO. Where it was considered that specific regulations and rules of other organizations were more appropriate to the circumstances of WIPO, these were used in place of those applicable at the UN. (The Secretariat analyzed the Financial Regulations and Rules of the Food and Agriculture

Organization (FAO), International Atomic Energy Agency (IAEA), International Civil Aviation Organization (ICAO), International Labor Office (ILO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO) and World Meteorological Organization (WMO)).

3. On external audit, the Secretariat analyzed the Auditing Standards of the Panel of External Auditors of the United Nations, Specialized Agencies and the International Atomic Energy Agency (IAEA). (The Panel is made up of members of the UN Board of Auditors, and the appointed external auditors of the specialized agencies and of the IAEA. The current External Auditor of WIPO, that is, the Director of the Swiss Federal Audit Office, is a member of this Panel.) The Secretariat also analyzed the guidelines on external audit arrangements for international institutions of the International Organization of Supreme Audit Institutions (INTOSAI).<sup>1</sup>

4. The attached proposal has been guided by the feed-back received by the Audit Committee. This is reflected in the report of the fourth meeting of the Audit Committee (March 26 to 29, 2007) (document WO/AC/4/2, dated April 13, 2007), which was transmitted to the Member States by Note verbale C.N 2770. Informal consultations were also held with the Internal Auditor and the External Auditor.

5. The attached proposals are presented in a three-column format: the first column shows the proposed new Regulations or Rules; the second column quotes the corresponding provisions in the current Regulations or Rules; and the third column explains the rationale for the proposed revision, addition or deletion. At this stage of the review process, and in order to facilitate the Committee's consideration of the proposed new system, Regulations and Rules are presented in a consolidated form. At the stage of consideration by the General Assembly, however, they will be presented as separate documents.

6. Concerning the Terms of Reference Governing External Audit, some editorial changes have been made to the text of the Terms of Reference annexed to the existing Financial Regulations of WIPO. However, as these are similar to those annexed to the Financial Regulations of the United Nations and the Specialized Agencies which share common auditing standards, no new provisions have been introduced.

### III. GOVERNANCE ISSUES

7. As is the case for all the other organizations of the UN system, the attached proposals contain two levels of provisions: the Regulations and the Rules. The Regulations provide the broad legislative directives governing the financial management of the Organization, while the Rules address those essential procedures required to ensure clear and tangible compliance with the approved Financial Regulations. Also, the Rules supply practical details that serve to define further the parameters within which staff must exercise their responsibilities.

8. While the approval of the Regulations, and any amendment thereof, is the sole prerogative of the General Assembly (Regulation 1.2), the Rules are established by the

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<sup>1</sup> *Best practice example of financial rules and regulations concerning audit arrangements in international institutions*, INTOSAI Working Group on the audit of international institutions, October 2004, Oslo.

Director General within the framework of the Financial Regulations (Regulation 5.8). The Director General may amend or suspend the Rules in a manner consistent with the Financial Regulations (Rule 101.1): however, in case of amendment, he or she shall report the amendment to the General Assembly (Regulation 5.9).

#### IV. MAIN CHANGES COMPARED TO THE CURRENT SYSTEM

9. In submitting the attached proposals for the consideration of the Member States, the Secretariat wishes to draw their attention to the changes as compared to the current system, as follows:

- *The new Regulations and Rules incorporate the new mechanism adopted by the General Assembly in 2006 to further involve Member States in the preparation and follow up of the Program and Budget of the Organization:* Regulations 2.5, 2.12, 6.5 and 6.6 and Rules 102.1 and 106.11 refer.
- *They incorporate the notion of results-based budgeting:* The proposed program and budget for each biennium shall set out the objectives of the Organization and the expected results for each program together with the financial and human resources required to achieve those objectives and expected results (Regulation 2.4); the Director General shall establish a system for the evaluation of program performance by Member States (Regulation 2.12).
- *They further enhance the role of Member States in the financial management of the Organization:* Supplementary and revised program and budget proposals shall be reviewed and approved by the Member States through the PBC and the General Assembly (Regulations 2.8 and 2.9); the Director General may, in case of emergency, approve unforeseen and extraordinary expenses (however, in such instances, the prior authorization of the General Assembly shall be required (Regulation 2.11)); any form of external borrowing shall require the prior approval of the General Assembly (Regulation 4.13)); the same applies to the acceptance of voluntary contributions that directly or indirectly involve a significant additional financial liability for the Organization (Regulation 3.11).
- *They formally establish the principle of accountability of all the employees of the Organization:* All officials of the Organization will be guided in their actions by the principles of effective and efficient financial management and the exercise of economy (Rule 101.1); they will be personally accountable and financially liable for any contravention of the Financial Regulations and Rules or related Office Instructions (Rule 101.2).

- *They codify a system of checks and balances and the principle of segregation of financial functions:* The new Regulations and Rules recognize the authority, responsibility and accountability of Program Managers in the utilization of the resources approved by the Member States for the programs under their supervision, in the interest of achieving the objectives and expected results approved by the Member States for these programs. However, in order to strengthen internal control, the new Regulations and Rules also establish that obligations and expenditures initiated by Program Managers shall be reviewed for compliance with relevant policies and procedures by appropriate officials designated by the Controller (Rule 105.5). This reflects the comment of the Audit Committee (document WO/AC/4/2, paragraph 23): “The Audit Committee welcomed the proposed measures to re-assign accountability to Program Managers. This would end the current practice whereby the Controller certifies all kinds of expenditure related to the implementation of the Programs, which absolves the Program Managers from the responsibility of managing their projects.”
- *They establish a new regulatory framework for procurement of goods and services:* The Secretariat carried out a major reform of the procurement procedures of the Organization in 2006. The new Financial Regulations and Rules incorporate the general principles of that reform at the level of the Regulations, and its main operational aspects, at the level of the Rules. Other, more detailed procedural aspects are dealt with at the level of administrative instructions. General principles for the procurement of goods and services which guide the Secretariat shall include obtaining the best value for money, open and fair competition, transparency of the procurement process, prudent commercial practices and the best interest of the Organization (Regulation 5.11).
- *They establish a new regulatory framework for investment of funds standing at the credit of the Organization:* The Director General’s responsibility for investing the funds of the Organization is recognized (Regulations 4.10 and 4.11); he or she may seek the advice of an Advisory Committee on Investment (to be nominated by him or her including from persons outside the Organization having substantial financial experience (Regulation 4.11); the investments will be based on minimizing risk and achieving the highest reasonable rate of return (Rule 104.10).
- *They establish a regulatory framework for Internal Audit:* Regulation 7.1 provides that the Internal Audit Charter of the Organization, as approved by the Member States, shall be appended to the Regulations and becomes an integral part thereof. (At the present date the Internal Audit Charter adopted by the WIPO Assemblies in 2005 is under revision by a dedicated Working Group (WG) of the PBC. Until now, the WG has held two sessions. A third session will be held in September 2007, prior to the WIPO Assemblies.)
- *They reinforce the regulatory framework for External Audit:* Regulation 8.2 establishes that the term of the mandate of the External Auditor may be of a maximum of four years, renewable only once. This is to bring WIPO in line with the INTOSAI best practices concerning audit arrangements for international

institutions<sup>2</sup>. Similarly Regulation 8.5 provides that in addition to financial audits, the External Auditor may also carry out performance audits as defined by the Common Auditing Statement of the UN Panel of External Auditors. Although the present system does not preclude the External Auditor from carrying out performance audits, the explicit mention of performance audit in the Regulations is more in line with the said best practices.

10. The attention of the Member States is also drawn to the fact that, subject to their approval, the new Regulations and Rules will refer to the Audit Committee. At present, the issue of the terms of reference of the WIPO Audit Committee is being debated within the Working Group of the PBC mentioned above. Until now, the WG has held two sessions. A third session will take place in September 2007, prior to the Assemblies.

## V. IMPLEMENTATION PLAN

11. Clear, concise and logically consistent Financial Regulations and Rules are the foundations upon which sound financial management practices are built. The revision of the Financial Regulations and Rules is therefore the starting point for a more comprehensive reform of the Organization's financial management practices. Furthermore, to be effective, and to bring about effective and lasting reform in the management of the Organization, the new Financial Regulations and Rules need to be complemented by a parallel review of the Staff Regulations and Rules (for instance, to introduce sanctions or other appropriate measures in case of violation of the Financial Regulations and/or Rules by any member of the staff), as well as by the establishment of ethics related and financial disclosure procedures.

12. Also, as emphasized by the Audit Committee in its report, the Financial Regulations and Rules need to be accompanied by a comprehensive review of the administrative processes and procedures, and to be supported by the establishment of an enterprise resource planning (ERP) system across the Organization. Finally, as the Audit Committee has also emphasized, the introduction of the new Financial Regulations and Rules must be accompanied by a comprehensive training program for Program Managers and other relevant members of the staff.

13. To respond to these challenges, the Secretariat has started to work on:

- a review of administrative processes and procedures (document WO/PBC/11/11);
- the development of an enterprise resource planning (ERP) project (document WO/PBC/11/14); and
- the development of a training program for Program Managers, certifying officers, authorizing officers, bank signatories and other relevant members of the staff.

14. Finally, it is important to note that the planned transition, before 2010, to International Public Sector Accounting Standards (IPSAS) also has implications for the Financial Regulations and Rules of the Organization. These are discussed in more detail in document WO/PBC/11/7 entitled, "Transition to the International Public Sector Accounting Standards

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<sup>2</sup> *Ibid.*, paragraph 6.1: "The external auditor/board of auditors is appointed by the governing body for a period of four years and may be renewed only once."

(IPSAS) — An Overview of the Main Implications for WIPO”. For all the reasons explained in this document, at the present time it is not yet possible to identify all the changes that IPSAS will require. However, to enable the Committee to identify the provisions that are most likely to be impacted by IPSAS, these provisions have been marked, in the attached proposals, with an asterisk.

## VI. DATE OF ENTRY INTO FORCE

15. (Draft) Regulation 1.3 states: “These Regulations shall become effective on the first of January of the first year of the financial period following the date of adoption of the Regulations by the General Assembly.” Subject to the agreement of the Member States with the attached proposals, the earliest possible date for the entry into force of the new system is thus January 1, 2008. The next possible date would be January 1, 2010.

16. The Committee is invited to give its advice on whether January 1, 2008, would be a suitable date for the entry into force of the new Financial Regulations and Rules, or whether, in the light of all the elements discussed in the present document, it would be preferable to postpone the entry into force of the new system to January 1, 2010.

*17. The Committee is invited to:*

*(i) give its advice on the draft Rules contained in the Annex of the present document;*

*(ii) give its initial advice on the draft Regulations contained in the Annex of the present document with a view to recommending them to the 2007 Assemblies for adoption; and*

*(iii) give its advice on the date of entry into force of the new Financial Regulations and Rules.*

[A consolidated draft of the new  
Financial Regulations and Rules follows]

**DRAFT REVISED  
FINANCIAL REGULATIONS AND RULES OF WIPO**



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    Annex II: Terms of Reference Governing External Audit .....

    [Annex III: Terms of Reference of the WIPO Audit Committee .....] ]

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>CHAPTER 1: GENERAL PROVISIONS</b></p> <p><b>Applicability and authority</b></p> <p><b>Regulation 1.1</b></p> <p><b>These Regulations shall govern the financial activities of the World Intellectual Property Organization (WIPO) (hereinafter referred to as the Organization) and of the Unions administered by it.</b></p> <p>Rule 101.1</p> <p>The Financial Rules are established by the Director General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the Organization except as may otherwise explicitly be provided by the General Assembly or unless specifically exempted there from by the Director General. The Director General hereby delegates authority and assigns responsibility for the implementation of the Financial Regulations and Rules to the Controller. The Controller may in turn delegate aspects of his/her authority to other officials unless the Director General indicates otherwise. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.</p> <p><b>Responsibility and accountability</b></p> <p>Rule 101.2</p> <p>All officials of the Organization are obliged to comply with the Financial Regulations and Rules and with Office Instructions issued in connection with those Regulations and Rules. Any official who contravenes the Financial Regulations and Rules or corresponding Office Instructions may be held personally accountable and financially liable for his or her actions.</p> <p><b>Definitions</b></p> <p>Rule 101.3</p> <p>For the purpose of these Rules:</p> <p>(a) “Assemblies of the Unions” mean the Assemblies of each Union constituted by a treaty administered by WIPO.</p> <p>(b) “Coordination Committee” is the Committee referred to in Article 8 of the Convention Establishing the World Intellectual Property Organization, Stockholm, July 14,</p>	<p><b>Regulation 1. Applicability</b></p> <p><b>These Regulations shall govern the financial administration of WIPO.</b></p> <p><b>Regulation 10. Internal Financial Administration</b></p> <p><b>Regulation 10.1. The Director General, with the advice of the Coordination Committee, shall establish the rules concerning financial administration to ensure that the financial administration be effective and economic.</b></p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>[UN Reg. 1.1] The words “financial administration” have been replaced by the words “financial activities” in order to ensure that the Financial Regulations are applicable to all financial management and transactions of the Organization.</p> <p>[UN Rule 101.1 (See also World Health Organization (WHO) Regs. 1.1 to 1.4 and Rules 101.2 to 101.6.)] Proposed Rule 101.1 aims at reinforcing the concept that, in establishing the Financial Rules, the Director General is limited by the general principles contained in the Financial Regulations. It also aims at introducing the principle of delegation of authority for the implementation of the Financial Regulations and Rules. The Director General may make exemptions from compliance with the Rules only in a manner consistent with the Financial Regulations. This is provided for in Rule 110.1 below.</p> <p>[UN Rule 101.2; World Meteorological Organization (WMO) Rule 101.2; International Atomic Energy Agency (IAEA) Rule 101.02] This new Rule is proposed to be introduced to strengthen the personal accountability and financial liability of each employee of the Organization in respect of the Financial Regulations and Rules of the Organization, as well as of any office instructions issued under those Regulations and Rules.</p> <p>The definitions in this Rule are intended to clearly identify the main entities and officials involved in the financial administration of the Organization. This Rule also includes definitions of the most commonly used financial terms to ensure that there is a common understanding and usage of such terms.</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>1967, and as amended.</p> <p>(c) “General Assembly” is the body of Member States referred to in Article 6 of the Convention Establishing the World Intellectual Property Organization, Stockholm, July 14, 1967, and as amended.</p> <p>(d) “Program and Budget Committee” means the Committee constituted by the General Assembly to deal with program, budget, premises and finance.</p> <p>(e) “appropriations” shall mean the budgetary expenditure authorizations approved by the General Assembly for the financial period against which expenditures may be incurred for purposes specified by the General Assembly.</p> <p>(f) “disbursement” shall mean the actual amount paid.</p> <p>(g) “expenditure” shall mean the sum of disbursements and unliquidated obligations.</p> <p>(h) “fund” shall mean an independent accounting entity established pursuant to the Regulations and Rules for a specified purpose.</p> <p>(i) “Headquarters” shall mean the offices of the Organization located in Geneva;</p> <p>(j) “obligations” are amounts of orders placed, contracts awarded, services received and other transactions which involve a charge against resources for the current financial period and which will require payment during the same or a future period.*</p> <p>(k) “Official” is a person engaged by the Organization, under any type of contract, to perform duties.</p> <p>(l) “pre-encumbrance” (“commitment”) shall mean an engagement involving an earmarking of funds against resources of the Organization.</p> <p>(m) “Program Manager” is a senior official designated by the Director General to be in charge of one or more programs in the Program and Budget.</p> <p>(n) “Reserve Fund” shall mean a fund established by the Assemblies of the Member States and of the Unions, each as far as it is concerned, in which surplus income from fees that exceed the amounts required to finance the program and budget appropriations should be deposited. Reserve funds shall be used in a manner decided by the Assemblies of the Member States and of the Unions, each as far as it is concerned.</p>		

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(o) “trust fund” shall mean a fund for monies not being part of the appropriations but administered by the Organization on behalf of voluntary contributors for specific activities which must be consistent with the aims and policies of the Organization.</p> <p>(p) “unliquidated obligation” shall mean an obligation or that portion of an obligation which is not yet paid or otherwise reduced.</p> <p>(q) “working capital fund” shall mean a fund established for providing advance financing of appropriations should there be a temporary liquidity shortfall and for such other purposes as the Assemblies of Member States and of the Unions, each as far as it is concerned, shall decide.</p> <p><b>Financial period</b></p> <p><b>Regulation 1.2*</b></p> <p><b>The financial period shall consist of two consecutive calendar years, the first of which shall be an even year.</b></p> <p><b>Effective date</b></p> <p><b>Regulation 1.3</b></p> <p><b>These Regulations shall become effective on the first of January of the first year of the financial period following the date of adoption of the Regulations by the General Assembly.</b></p> <p><b>CHAPTER 2: THE PROGRAM AND BUDGET</b></p> <p><b>Authority and responsibility</b></p> <p><b>Regulation 2.1</b></p> <p><b>The proposed program and budget for each financial period shall be prepared by the Director General.</b></p> <p>Rule 102.1</p> <p>The involvement of Member States in the preparation of the proposed program and budget for the next financial period will be in accordance with the mechanism that they adopted.</p>	<p><b>Regulation 2. Financial Period</b></p> <p><b>The financial period shall be the biennium, that is, the two-year period beginning with an even-numbered year.</b></p> <p>No equivalent Regulation</p> <p>See Regulation 3.1(a) below.</p> <p>No equivalent Rule.</p>	<p>[UN Reg. 1.2]</p> <p>[UN Reg. 2.1]</p> <p>New Rule to reflect the decision adopted by Member States in 2006 on the new mechanism for involving Member States in the preparation and follow up of the Program and Budget of the Organization or any other subsequent change to the same.</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>Rule 102.2</p> <p>Program Managers shall prepare program and budget proposals for the forthcoming financial period at such time and with such details as the Director General may prescribe.</p> <p><b>Presentation, content and methodology</b></p> <p><b>Regulation 2.2</b></p> <p>The proposed program and budget shall cover estimates for income and expenditure for the financial period to which it relates, in a consolidated form for the Organization, as well as separately for each Union.</p> <p><b>Regulation 2.3</b></p> <p>All estimates of income and expenditure shall be presented in Swiss francs.</p> <p><b>Regulation 2.4</b></p> <p>The proposed program and budget shall be divided into programs. Proposed programs shall include a narrative setting out objectives and expected results during the biennium, together with financial and human resources required to achieve the objectives and expected results. The proposed program and budget shall be preceded by a statement explaining the main changes made in the content of the program and the volume of resources allocated to it in relation to the previous financial period. The proposed program and budget shall be accompanied by such information, annexes and explanatory statements as may be requested by the General Assembly and the Assemblies of the Unions and such further annexes or statements as the Director General may deem necessary and useful.</p> <p>Rule 102.3</p> <p>The proposed program and budget shall contain:</p> <p>(a) a statement of financial and human resources requirements by proposed program in a consolidated form for the Organization, as well as separately for each Union; for purposes of comparison, the expenditures for the previous financial period and the proposed revised budget for the current financial period shall be indicated alongside the resource requirements estimates for the forthcoming financial period;</p> <p>(b) a statement of estimated income including income from contributions, fees for services rendered under the PCT, Madrid, Hague and Lisbon systems and income</p>	<p>No equivalent Rule.</p> <p><b>Regulation 3.1.</b></p> <p>(a) For each financial period, a draft budget shall be established by the Director General. It will show the estimated income and expenditure in a consolidated form for WIPO, as well as separately for each Union.</p> <p>(b) These estimates shall be broken down into chapters and headings, and shall be accompanied by explanations.</p> <p>(c) Estimates of the expenditure common to two or more Unions (hereinafter referred to as “common expenses”) shall be made and shall be accompanied by a provisional estimate of the share of each Union in the common expenses. Such shares shall be equitable and adapted to the circumstances in each case. They shall be based on the extent to which each Union is expected to benefit from the common expenses. All estimates of income and expenditure shall be expressed in Swiss francs and shall be accompanied by appropriate explanations. As far as the Film Register Treaty (FRT) Union is concerned, income and expenditure shall also be expressed in Austrian shillings.</p> <p>No equivalent Rule.</p>	<p>[UN Rule 102.1(b)]</p> <p>[UN Reg. 2.2] Editorial changes.</p> <p>[UN Reg. 2.3] Existing Regulation 3.1 is proposed to be replaced by new Regulations 2.2, 2.3 and 2.4, in order to: (i) shift from the notion of “draft budget” to the notion of “proposed program and budget”; (ii) reinforce the notion of results-based budget (RBB) through the reference to objectives and expected results; (iii) delete the reference to the Film Register Treaty (FRT) Union as the Assembly of the FRT Union decided in May 1993 that the application of the FRT should be suspended and subsequent to that, on October 3, 2000, to suspend its meetings.</p> <p>[UN Rule 102.2]</p> <p>This part of the draft Rule is adapted from UN Rule 102.2 to ensure that the proposed program and budget includes information on the estimated income</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>classified as miscellaneous in accordance with Regulation 3.13;</p> <p>(c) a statement of estimated demand for services under the PCT, Madrid, Hague and Lisbon systems, respectively.</p> <p><b>Review and approval</b></p> <p><b>Regulation 2.5</b></p> <p><b>The Director General shall submit the proposed program and budget for the following financial period to the Program and Budget Committee for discussion, comments and recommendations, including possible amendments, by the first of July of the year preceding the financial period.</b></p> <p><b>Regulation 2.6</b></p> <p><b>The Program and Budget Committee shall review the program and budget proposed by the Director General and transmit it to the Assemblies of the Member States with its recommendations.</b></p> <p><b>Regulation 2.7</b></p> <p><b>The Assemblies of the Member States and of the Unions, each as far as it is concerned, shall, in the second year of the financial period, adopt the program and budget for the following financial period after consideration of the proposed program and budget and the recommendations of the Program and Budget Committee thereon.</b></p>	<p><b>Regulation 3.2. The Director General shall submit to the Program and Budget Committee, for discussion, comments and recommendations, including possible amendments, by the first of July of the year preceding the financial period, the draft program and budget for that financial period; the report of the Budget Committee shall be sent, along with the observations of the Director General on that report, to all interested States at least three months before the ordinary sessions of the Governing Bodies.</b></p> <p><b>Regulation 3.3(a) The budget shall be adopted, by the WIPO General Assembly and Conference and the Assemblies of the Unions, each as far as it is concerned, before the beginning of the financial period.</b></p>	<p>from fees which currently represent the largest source of income financing the appropriations, as well as information on the estimated workload for the PCT, Madrid, Hague and Lisbon systems.</p> <p>[UN Reg. 2.4]</p> <p>The first sentence of existing Regulation 3.2 (i.e., until the words “financial periods” included) was amended by the 2006 Assemblies in the framework of the discussion of the new mechanism to further involve Member States in the preparation and follow-up of the Program and Budget of the Organization. The amendment consists of the following [deletions are in square brackets and amendments are underlined]: “The Director General shall submit to the <u>Program and Budget Committee</u>, for [observations and possible recommendations]<u>discussion, comments and recommendations, including possible amendments</u>, by the first of [May]<u>July</u> of the year preceding the financial period, the <u>draft program and budget</u> for that financial period;” (see documents A/42/14 Prov., paragraph 185(ii), and A/42/9, Annex II, paragraph 25((i)). The proposed new text of 2.5 reflects such amendment.</p> <p>[UN Reg. 2.6] To reflect the second sentence of existing Regulation 3.2.</p> <p>In the framework of the Constitutional Reform, the Member States have taken several decisions, among others that the Conference should be abolished. This decision required amendment of the WIPO Convention and other WIPO treaties. These amendments were adopted on October 1, 2003. However, they have not yet entered into force. The word “Conference” has therefore been deleted from the text of Regulation 2.7. The words “WIPO General Assembly” have been replaced by the words “Assemblies of the Member States” to cover the Conference until such time when the above-cited amendments shall enter into force.</p>



<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Supplementary and revised program and budget proposals: review and approval</b></p> <p><b>Regulation 2.9</b></p> <p><b>The Director General shall prepare the supplementary and revised program and budget proposals in a form consistent with the approved budget and shall submit such proposals to the Program and Budget Committee. The Program and Budget Committee shall review the proposals and transmit them to the Assemblies of the Member States with its recommendations.</b></p> <p>Rule 102.6</p> <p>Program Managers shall prepare supplementary and revised program and budget proposals at such time and with such details as the Director General may prescribe.</p> <p><b>Regulation 2.10</b></p> <p><b>The Assemblies of the Member States and of the Unions, each as far as it is concerned, shall adopt the supplementary and/or revised program and budget proposals for the current financial period.</b></p> <p><b>Unforeseen and extraordinary expenses</b></p> <p><b>Regulation 2.11</b></p> <p><b>The General Assembly, and the Assemblies of the Unions, each as far as it is concerned, may adopt a decision to authorize the Director General to incur unforeseen and extraordinary expenses which cannot be met from existing appropriations up to such amounts and subject to such limits as included in the authorizing decision.</b></p> <p>Rule 102.7</p> <p>(a) Authorizations to incur commitments in accordance with the General Assembly decision, and that of the Assemblies of the Unions, each as far as it is concerned, for unforeseen and extraordinary expenses shall be issued by the Controller.</p> <p>(b) The Controller shall prepare a report for presentation by the Director General to the General Assembly, and the Assemblies of the Unions, each as far as it is concerned, on the status of all commitments relating to unforeseen and extraordinary expenses.</p>	<p>No equivalent Regulation</p> <p>No equivalent Rule.</p> <p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>[UN Reg. 2.9]</p> <p>[UN Rule 102.5]</p> <p>[UN Reg. 2.1 adapted] This proposed new Regulation addresses the situation in which there would be an urgent need to incur unforeseen and extraordinary expenses above the approved budget level (e.g. destruction to property, closure of premises due to disruption of public services, etc.), and because of the urgency it would be impossible to go through the normal budget approval process. Through proposed Regulation 2.10, the Member States could give a prior authorization to the Director General up to given amounts and subject to given limits.</p> <p>[UN Rule 102.7] Under this Rule, the Director General would delegate authority and assign responsibility to the Controller to implement Regulation 2.10.</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Program and Budget Performance and Evaluation</b></p> <p><b>Regulation 2.12</b></p> <p><b>The Director General shall prepare a report on program performance, based on the program structure and results frameworks contained in the Program and Budget, in accordance with the mechanism adopted by the Member States in respect of their involvement in the preparation and follow up of the Program and Budget of the Organization.</b></p> <p>Rule 102.8</p> <p>Program Managers shall submit to the Director General such information and at such time as he or she shall prescribe for inclusion in the report on program performance.</p> <p><b>Regulation 2.13</b></p> <p><b>The Director General shall establish a system for planning, conducting and using evaluative information for decision making.</b></p> <p><b>CHAPTER 3: FUNDS</b></p> <p><b>Financing of appropriations</b></p> <p><b>Regulation 3.1</b></p> <p><b>Appropriations shall be financed by contributions of Member States assessed under Regulations 3.2 and 3.3, fees derived from services provided by the Organization under the PCT, Madrid, Hague and Lisbon systems, miscellaneous income as referred to in Regulation 3.13 and such other means as the General Assembly shall decide.</b></p> <p><b><u>A. Assessed contributions</u></b></p> <p><b>Assessed contributions</b></p> <p><b>Regulation 3.2</b></p> <p><b>Contributions are assessed under a “class and unit” system—by each State member of WIPO and/or of any of the contribution-financed Unions, according to the class to which the State belongs for the purpose of contributions.</b></p>	<p>No equivalent Regulation</p> <p>No equivalent Rule</p> <p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Regulation</p>	<p>[UN Prog. 6.1 – see UN Doc. ST/SGB/2000/8] In the absence of specific Regulations and Rules on the program aspects of the budget which exist in the UN, it is proposed to incorporate in the Financial Regulations and Rules of WIPO the relevant part of the Program Regulations of the UN dealing with program and budget performance and evaluation. This new Regulation is also meant to ensure the synchronization of program performance and financial reports, as per the mechanism approved by Member States in 2006.</p> <p>This Rule is proposed to place responsibility on Program Managers for reporting the delivery of the expected results of their programs in the format established by the Director General.</p> <p>This new Regulation is proposed to emphasize the role of evaluation and evaluative information for decision-making. Appropriate policies and procedures for evaluation would be developed by Office Instruction.</p> <p>[UN Reg. 3.1 adapted] This new Regulation is proposed to clarify the source of appropriations. The last sentence is meant to permit deficit budgeting if the Member States so decide.</p> <p>New Regulations 3.2 and 3.3 reflect the fact that, in 1993, the Member States of WIPO adopted the unitary contribution system in replacement of the multiple contribution system provided for in the WIPO Convention and in the treaties administered by WIPO. They also adopted new contribution classes. This was adopted on a provisional basis on the understanding that if it proved to be satisfactory, the treaties concerned would be amended accordingly. On October 1, 2003, the Assemblies of the Member States adopted amendments</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Amount of assessed contribution</b></p> <p><b>Regulation 3.3</b></p> <p>The amount of the annual contribution of each State is the same whether the State is a member only of WIPO, or only of one or more Unions, or of both WIPO and one or more Unions. The amount of the annual contribution payable by each State in each class is calculated by multiplying the number of units of that class by the value, in Swiss francs, of one contribution unit. That value is fixed by the General Assembly meeting in joint session with the Assemblies of the contribution-financed Unions.</p>	No equivalent Regulation	to the WIPO Treaties reflecting this new contribution system. These amendments are not yet in force as the required number of accessions has not yet been reached.
<p><b>Request for payment of assessed contributions</b></p> <p><b>Regulation 3.4</b></p> <p>The Director General shall communicate, each year, to the States members of WIPO and/or of the contribution-financed Unions the amount of their contributions for the forthcoming year on the basis of the class to which they belong.</p>	<p><b>Regulation 9. Contributions of Member States</b></p> <p><b>Regulation 9.1.</b> The Director General shall communicate, each year, to the States members of the Contribution-financed Unions the amount of their contributions for the forthcoming year on the basis of the class to which they belong.</p>	New Regulation to clarify the mechanism of the calculation of contributions.
<p><b>Payment of assessed contributions</b></p> <p><b>Regulation 3.5</b></p> <p>Contributions shall be considered as due and payable in full on the first day of the calendar year to which they relate. As of 1 January of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.</p>	No equivalent Regulation	Edited to reflect the adoption of the unitary contribution system (see above).
<p><b>Order of payment of assessed contributions</b></p> <p><b>Regulation 3.6</b></p> <p>Payments made by a Member State shall be credited first to the working capital funds and then to the contributions due in the order of the years for which they are due.</p>	<p><b>Regulation 9.4.</b> Payments made by a Member State shall be credited first to the Working Capital Funds and then to the contributions due in the order of the years for which they are due.</p>	[UN Reg. 3.4]
<p><b>Status of payment of assessed contributions</b></p> <p><b>Regulation 3.7</b></p> <p>The Director General shall submit to the General Assembly at each ordinary session a report on the payment of contributions.</p>	No equivalent Regulation	Editorial change
		[UN Reg.3.6] This new Regulation is proposed to address Recommendation 2 as formulated by the External Auditor in his or her report on the accounts for the 2000/01 biennium.

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Assessed contributions from new Member States</b></p> <p><b>Regulation 3.8</b> New Member States shall be required to pay their contributions from the year following that in which they became members.</p> <p><b>Currency of assessed contributions</b></p> <p><b>Regulation 3.9</b> Contributions shall be paid in Swiss francs.</p> <p><b><u>B. Fees</u></b></p> <p><b>Regulation 3.10</b> The level of the fees payable to the Organization for services rendered under the PCT, Madrid, Hague and Lisbon systems is determined by the Assembly of the corresponding Union.</p> <p><b><u>C. Voluntary contributions, gifts and donations</u></b></p> <p><b>Acceptance and purpose</b></p> <p><b>Regulation 3.11</b> Voluntary contributions, gifts and donations, whether or not in cash, may be accepted by the Director General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization and provided that the acceptance of such contributions that directly or indirectly involve significant additional financial liability for the Organization shall require the consent of the General Assembly.</p> <p><b>Regulation 3.12*</b> Monies accepted for purposes specified by the donor shall be treated as trust funds.</p> <p><b>Authority and liability</b></p> <p>Rule 103.1 (a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the Organization requires the approval of the Controller.</p>	<p><b>Regulation 9.3. New Member States shall be required to pay their contributions from the year following that in which they became members.</b></p> <p><b>Regulation 9.2. Contributions shall be paid in Swiss francs.</b></p> <p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>No change</p> <p>No change</p> <p>This new Regulation is proposed to be introduced in order to clarify the authority that establishes the level of fees.</p> <p>[UN Reg. 3.11] This new Regulation is proposed in order to address the issue of voluntary contributions in cash or in kind, including gifts. The last sentence is meant to prevent the Organization from incurring liabilities in case the voluntary contributions are unable to meet commitments, including costs, arising from support to their activities.</p> <p>[UN Reg. 3.12] Currently, WIPO administers a number of trust funds.</p> <p>[UN Rule 103.4]</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(b) Voluntary contributions, gifts or donations which directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly.</p> <p>(c) Gifts or donations are to be defined and administered as voluntary contributions.</p> <p><b><u>D. Miscellaneous income</u></b></p> <p><b>Regulation 3.13</b></p> <p><b>All other income except:</b></p> <p><b>(a) Assessed contributions by Member States;</b></p> <p><b>(b) Fees derived for services provided by the Organization under the PCT, Madrid, Hague and Lisbon systems;</b></p> <p><b>(c) Direct refunds of expenditures made during the financial period; and</b></p> <p><b>(d) Advances or deposits to funds</b></p> <p><b>shall be classed as miscellaneous income.</b></p> <p><b>Regulation 3.14</b></p> <p><b>Monies accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as gifts in the accounts of the financial period.</b></p> <p><b>Reimbursements of expenditures</b></p> <p>Rule 103.2</p> <p>(a) Within the same financial period, reimbursements of actual expenditures incurred may be credited to the accounts against which they were originally charged; reimbursements of actual expenditures incurred in prior financial periods shall be credited as miscellaneous income.</p> <p>(b) Adjustments that arise subsequent to the closing of an extrabudgetary account (i.e., a trust fund, special account, project, etc.) shall be debited or credited against miscellaneous income in that selfsame account.</p> <p><b><u>E. Receipt of funds</u></b></p> <p><b>Receipt and deposit</b></p> <p>Rule 103.3</p> <p>(a) An official receipt shall be issued within two business days of receipt of all cash and negotiable</p>	<p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p> <p>Rule 4. Receiving of Monies.</p> <p>(a) Two or more staff members designated jointly by the Director General and the Controller are the only persons</p>	<p>[UN Reg. 3.13 except for item (b) (Fees)]</p> <p>[UN Reg. 3.14]</p> <p>[UN Rule 103.6]</p> <p>This proposed revision of Rule 4 is consistent with the underlying principles of these draft revised Financial</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>instruments received.</p> <p>(b) Only officials designated by the Controller shall be authorized to issue official receipts. If other officials receive money intended for the Organization, they must immediately convey this money to an official authorized to issue an official receipt.</p> <p>(c) All monies received shall be deposited in an official bank account within two business days of receipt.</p>	<p>entitled to receive, on behalf of the International Bureau, cash payments, for which a receipt shall be established and signed by one of the said staff members.</p> <p>(b) Cheques issued by persons other than the International Bureau and made out to the order of the International Bureau shall be crossed and registered as soon as received. Thereafter, they shall be endorsed by one of the staff members referred to in paragraph (a), to be credited to the post office or bank accounts of the International Bureau. No staff member is authorized to cash such cheques.</p>	<p>Rules and Regulations, in which the General Assembly would assign the responsibility, authority and accountability to the Director General for the financial management of the Organization. The proposed revised Rule is also to ensure that all funds received are deposited in an official bank account within two days and where the funds are in cash or negotiable instruments a receipt is also issued within two days.</p>
<p><b>CHAPTER 4: CUSTODY OF FUNDS</b></p> <p><b><u>A. Internal accounts</u></b></p> <p><b>General Fund</b></p> <p><b>Regulation 4.1</b></p> <p><b>There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The assessed contributions paid by Member States, fees derived from services provided by the Organization under the PCT, Madrid, Hague and Lisbon systems, miscellaneous income and any advances made from the working capital funds or reserve funds to finance general expenditure, shall be credited to this general fund.</b></p> <p><b>Working capital funds</b></p> <p><b>Regulation 4.2</b></p> <p><b>The working capital funds of the Organization and of the Paris, Berne, Madrid, Hague, IPC, Nice, PCT, Lisbon, Locarno and Vienna Unions shall be established in amounts to be determined from time to time by the Assemblies of the Member States and of the Unions, each as far as it is concerned.</b></p>	<p>No equivalent Regulation</p>	<p>[UN Reg. 4.1 adapted] The proposal to establish a general fund, which exists at the UN and all the Specialized Agencies, is to have effective control over all the Organization's income and expenditures in a consolidated account.</p> <p>[UN Reg. 4.2 adapted]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Regulation 4.3</b></p> <p>The working capital funds shall be used, to the extent possible, as advances to finance budgetary appropriations that are not yet covered by available liquidity and for such other purposes as may be determined from time to time by the Assemblies of the Member States and of the Unions, each as far as it is concerned.</p>	<p><b>Regulation 7. Working Capital Funds</b></p> <p>The working capital funds shall be used, to the extent possible, to finance expenditure budgeted but not covered by available liquidity.</p>	<p>[WIPO Reg. 7 adapted] It is proposed to extend the existing Regulation 7 to allow the working capital funds to serve any other purpose as and if so decided by the Assemblies. At the UN, the Working Capital Fund is also used to fund unforeseen and extraordinary expenses. This new Regulation would permit the Assemblies to adopt similar decision(s) if they so wished.</p>
<p><b>Regulation 4.4</b></p> <p>Advances made from the working capital funds to finance budgetary appropriations shall be reimbursed to the working capital funds as soon as and to the extent that income is available for that purpose.</p>	<p>No equivalent Regulation</p>	<p>[UN Reg. 4.3 adapted]</p>
<p><b>Trust funds and special accounts</b></p> <p><b>Regulation 4.5</b></p> <p>The purpose and limits of each trust fund and special account shall be clearly defined by the Director General. Such funds and special accounts shall be administered in accordance with the present Regulations.</p>	<p>No equivalent Regulation</p>	<p>[UN Regs. 4.13 and 4.14 adapted]</p>
<p>Rule 104.1</p> <p>The establishment, purpose and limits of trust funds and special accounts shall be approved on behalf of the Director General by the Controller. The Controller is authorized to levy a charge on trust funds and special accounts. This charge shall be used to reimburse all, or part of, the indirect costs incurred by the Organization in respect of the generation and administration of trust funds and special accounts. All direct costs of the implementation of programs that are financed by trust funds and special accounts shall be charged against the relevant trust fund and special account.</p>	<p>No equivalent Rule</p>	<p>[See WHO Rule 8.3 and UN Rule 104.3] This Rule is proposed to ensure that all trust funds and special accounts are established with purposes that are consistent with the aims and objectives of the Organization and that their operations comply with the Financial Regulations and Rules. It is also to establish formally the principle of levying charges for support costs.</p>
<p><b>Surpluses and Deficits; Reserve Funds</b></p> <p><b>Regulation 4.6</b></p> <p>The use, other than for the covering of any deficits, of any of the reserve funds is a matter for the decision of the General Assembly of WIPO or the Assembly of the Union concerned, as the case may be.</p>	<p><b>Regulation 8. Surpluses and Deficits; Reserve Funds</b></p> <p><b>Regulation 8.3.</b> The use, other than for the covering of any deficits, of any of the reserve funds is a matter for the decision of the General Assembly of WIPO or the Assembly of the Union concerned, as the case may be.</p>	<p>No change</p>
<p><b>Regulation 4.7</b></p> <p>If, after the approval of the final accounts, any Union shows a surplus of income, such surplus shall be paid into the reserve funds, unless otherwise decided by</p>	<p><b>Regulation 8.1.</b> If, after the approval of the final accounts, the accounts of any of the Unions shows a surplus of income, such surplus shall be paid into the</p>	<p>The specific requirements of the Madrid Union are taken into account by the last part of the revised text of Regulation 4.7.</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>the General Assembly or the Assembly of the Union concerned.</b></p> <p><b>Regulation 4.8</b></p> <p><b>If, after the approval of the final accounts, any Union shows a deficit, not coverable out of reserve funds, the General Assembly of WIPO or the Assemblies of the interested Unions, as the case may be, shall decide upon measures to redress the financial situation.</b></p> <p><b><u>B. Banking</u></b></p> <p><b>Bank accounts, authority and policy</b></p> <p><b>Regulation 4.9</b></p> <p><b>The Director General shall designate the bank or banks in which the funds of the Organization shall be kept.</b></p> <p>Rule 104.2</p> <p>The Controller shall designate the banks in which the funds of the Organization shall be kept, shall establish all official bank accounts required for the transaction of the Organization's business and shall designate those officials to whom signatory authority is delegated for the operation of those accounts. The Controller shall also authorize all bank account closures. The Organization's bank accounts shall be operated in accordance with the following guidelines:</p> <p>(a) Bank accounts shall be designated "official accounts of the World Intellectual Property Organization (WIPO)" and the relevant authority shall be notified that those accounts are exempt from all taxation;</p> <p>(b) Banks shall be required to provide promptly monthly statements;</p> <p>(c) Two signatures, or the electronic equivalent, shall be required on all checks and other withdrawal instructions, including electronic modes of payment;</p> <p>(d) All banks shall be required to recognize that the Controller is authorized to receive, upon request or as promptly as practicable, all information pertaining to official bank accounts of the Organization.</p>	<p><b>reserve funds, provided that, as concerns the Special Union for the International Registration of Marks (Madrid Union), such surplus, after retention of the authorized amounts for the reserve fund, shall, in conformity with the provisions of the Madrid Agreement Concerning the International Registration of Marks, be distributed among the Member States of the said Union.</b></p> <p><b>Regulation 8.2. If, after the approval of the final accounts, the accounts of any of the Unions shows a deficit, not coverable out of reserve funds, the General Assembly of WIPO or the Assemblies of the interested Unions, as the case may be, shall decide upon measures to redress the financial situation.</b></p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>Editorial changes</p> <p>[UN Reg. 4.15]</p> <p>[UN Rule 104.4]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Bank signatories</b></p> <p>Rule 104.3</p> <p>Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with Rule 105.7. Designated bank signatories must:</p> <p>(a) Ensure that there are sufficient funds in the bank account when checks and other payment instructions are presented for payment;</p> <p>(b) Verify that all checks and other payment instructions are dated and drawn to the order of the named payee approved by an approving officer (designated in accordance with Rule 105.7);</p> <p>(c) Ensure that checks and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with Rule 106.13.</p>	No equivalent Rule	[UN Rule 104.5]
<p><b>Exchange of currencies</b></p> <p>Rule 104.4</p> <p>Officials responsible for the operation of WIPO bank accounts shall proceed to exchange all payments received in currencies other than the Swiss Franc into Swiss Francs except when the other currencies are necessary for the transaction of official business of the Organization in the foreseeable future. Policies and procedures for exchange of currencies shall be established in detail through appropriate Office Instructions.</p>	No equivalent Rule	[UN Rule 104.6 adapted to WIPO] This new Rule responds to the fact that WIPO receives large amounts of fee-related income in currencies other than the Swiss francs (mainly, the US dollar, euros and yen).
<p><b>Remittances to liaison offices</b></p> <p>Rule 104.5</p> <p>The liaison offices of the Organization shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the Controller, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient liaison office's estimated cash requirements for the next two and a half months.</p>	No equivalent Rule	[UN Rule 104.7]  This new Rule responds to the needs of WIPO Liaison Offices in Brussels, New York, Tokyo, Singapore and Washington.
<p><b>Cash advances</b></p> <p>Rule 104.6</p> <p>(a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Controller.</p>	Rule 3	[UN Rule 104.8]  (d) Two or more staff members designated jointly by the Director General and the Controller are responsible for the cash of the International Bureau. The persons

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the Controller.</p> <p>(c) The Controller may approve other cash advances as may be permitted by the Financial Regulations and Rules and Financial Instructions issued by the Controller and as may otherwise be authorized in writing by him or her.</p>	<p>responsible shall be in possession of one set of safe keys. Two other sets of the same keys shall be placed in sealed envelopes signed by the Controller: one of the envelopes shall be in the possession of a staff member designated by the Director General and the other in the possession of the Controller. If the persons responsible for the cash are absent and access to the safe is required, the safe shall be opened in the presence of at least two staff members; an inventory of its contents shall be drawn up, and the remaining cash shall be checked against the balance mentioned in the cash book.</p>	
<p>Rule 104.7</p> <p>Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Controller.</p>	<p>No equivalent Rule</p>	<p>[UN Rule 104.9]</p>
<p><b>Payments</b></p> <p>Rule 104.8</p> <p>(a) All payments shall be made by check, by wire transfer or by electronic funds transfer except to the extent that cash payments, or their equivalent, are authorized by the Controller.</p> <p>(b) Payments shall be recorded in the accounts as at the date on which they are made, that is, when the check is issued, transfer is effected or cash, or its equivalent, is paid out.</p> <p>(c) Except where a paid check is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all payments.</p>	<p>No equivalent Rule</p>	<p>[UN Rule 104.10]</p>
<p><b>Reconciliation of bank accounts</b></p> <p>Rule 104.9</p> <p>Every month all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with Rule 104.2. This reconciliation must be performed or validated by an official playing no actual part in the</p>	<p>No equivalent Rule</p>	<p>[UN Rule 104.11]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>receipt or payment of funds.</p> <p><b><u>C. Investments</u></b></p> <p><b>Authority, responsibility and policy</b></p> <p><b>Regulation 4.10</b></p> <p><b>The Director General may make short-term investments of money not needed for immediate requirements and shall inform the Program and Budget Committee regularly of any such investments.</b></p> <p><b>Regulation 4.11</b></p> <p><b>The Director General may make long-term investments of monies standing to the credit of the Organization and shall inform the Program and Budget Committee regularly of any such investments. In this regard, the Director General may seek the advice of an Advisory Committee on Investments composed of members appointed by the Director General including from persons outside the Organization having substantial experience in the financial sector.</b></p> <p>Rule 104.10</p> <p>(a) The authority to make and prudently manage investments under Regulations 4.10 and 4.11 is delegated to the Controller.</p> <p>(b) The Controller shall ensure, including by establishing appropriate guidelines, that funds are held in such currencies and invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments as well as the currencies in which they are denominated shall be selected by the Controller on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the Organization.</p> <p>Rule 104.11</p> <p>Investments shall be recorded in a ledger which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.</p> <p>Rule 104.12</p> <p>(a) All investments shall be made through and maintained by recognized financial institutions designated by the Controller.</p>	<p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>[UN Reg. 4.16, adapted] This new Regulation is proposed to ensure that Member States are informed of investments made by the Organization and results of the same.</p> <p>[UN Reg. 4.17 and the Food and Agriculture Organization of the United Nations (FAO) Reg. 9.1, adapted] This new Regulation is proposed to enable long-term investments whenever warranted by the monies standing to the credit of the Organization, and that expert external advice from persons having substantial experience in the financial sector may be available to the Director General in this respect. This reflects one of the recommendations made by the Audit Committee in its fourth meeting (see document WO/AC/4/2, paragraph 24(d)).</p> <p>[UN Rule 104.12 adapted]</p> <p>[UN Rule 104.13 adapted]</p> <p>[UN Rule 104.14]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(b) All investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that purpose by the Controller.</p>		
<p><b>Income</b></p>		
<p><b>Regulation 4.12</b></p>	No equivalent Regulation	[UN Reg. 4.18]
<p><b>Income derived from short-term or long-term investments shall be accounted for, as required under the applicable accounting standards.</b></p>		
<p><b>Losses</b></p>		
<p>Rule 104.13</p>	No equivalent Rule	[UN Rule 104.16, adapted]
<p>Any investment losses must be reported at once to the Controller. The Controller may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the External Auditor within three months following the end of the financial period.</p>		Other losses of cash, receivables and property are covered under Regulation 6.4 and Rules 106.8 and 106.9.
<p><b>Regulation 4.13</b></p>	No equivalent Regulation	
<p><b>Any proposal for external borrowing shall be submitted by the Director General, through the Program and Budget Committee, to the General Assembly for approval.</b></p>		This new Regulation is proposed to specify the authority for external borrowing: if Member States are to be collectively responsible for any debts arising from external borrowing, their approval of such borrowing should be a prerequisite.
<p><b>External borrowing</b></p>		
<p>Rule 104.14</p>	No equivalent Rule	
<p>The Controller shall prepare all proposals for external borrowing which shall be submitted by the Director General, through the Program and Budget Committee, to the General Assembly, for its approval.</p>		
<p><b>CHAPTER 5: UTILIZATION OF FUNDS</b></p>		
<p><b><u>A. Appropriations</u></b></p>		
<p><b>Authorizations</b></p>		
<p><b>Regulation 5.1</b></p>	<b>Regulation 3.3.</b>	
<p><b>The appropriations approved by the Assemblies of the Member States and of the Unions, each as far as it is concerned, shall constitute an authorization to the Director General to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, except as provided for in Regulations 5.5</b></p>	<p><b>(b) Adoption of the budget shall constitute authorization for the Director General to incur expenses and make payments for the purposes stated in the budget, and up to the amounts so stated.</b></p>	[UN Reg. 5.1, adapted to reflect the flexibility provided for under Regulations 5.5 (Transfer between Appropriations) and 5.6 (Flexibility Adjustments).].

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>and 5.6.</b></p> <p><b>Available period</b></p> <p><b>Regulation 5.2</b></p> <p><b>Appropriations shall be available for obligation during the financial period to which they relate.</b></p> <p><b>Regulation 5.3*</b></p> <p><b>Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period.</b></p> <p><b>Regulation 5.4</b></p> <p><b>At the end of the twelve-month period provided for in Regulation 5.3 above, any unliquidated obligations of the financial period in question shall be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.</b></p> <p><b>Transfers between appropriations</b></p> <p><b>Regulation 5.5</b></p> <p><b>The Director General may make transfers from one program of the program and budget to another for any given financial period, up to the limit of five per cent of the amount corresponding to the biennial appropriation of the receiving program, or to one per cent of the total budget, whichever is higher, when such transfers are necessary to ensure the proper functioning of the services. All transfers arising in the first year of the financial period shall be reflected in the revised budget proposals. Those arising in the second year shall be reported to the next sessions of the Program and Budget Committee and the General Assembly.</b></p>	<p>No equivalent Regulation</p> <p><b>Regulation 4.2.</b></p> <p><b>Funds obligated but not expended by the end of the financial period shall remain available throughout the next financial period for the purpose of liquidating the obligations.</b></p> <p>No equivalent Regulation</p> <p><b>Regulation 4. Transfers</b></p> <p><b>Regulation 4.1. The Director General may make transfers from one heading of the budget to another for any given financial period up to a limit of 5% (five per cent) of the total funds credited for that period, when such transfers are necessary to ensure the proper functioning of the services.</b></p>	<p>[UN Reg. 5.2] New Regulations 5.2 and 5.3 are proposed in order to (i) clarify the extent to which appropriations for a given financial period may remain available in the 12 months following the said financial period, to discharge unliquidated obligations; (ii) provide a clear definition of unliquidated obligations. Similar provisions may be found in the UN Reg. 5.3, as well as in WHO Reg. 4.5 and WMO Reg. 7.3.</p> <p>[UN Reg. 5.4] Since New Regulation 5.3 allows appropriations to remain for 12 months following the end of the financial period to discharge any unliquidated obligations related to that financial period, once the time limit is reached, the unliquidated obligations are automatically cancelled. Any unpaid amounts from the original obligation will then have to be charged to appropriations for the next biennium.</p> <p>The 2006 Assemblies decided that the current text of 4.1 should be interpreted to mean that transfers from one program to another program shall be limited, for each given biennial period, to five per cent of the amount corresponding to the biennial appropriation of the receiving program or to one per cent of the total budget, whichever is higher, on the understanding, however, that this interpretation of Financial Regulation 4.1 would not be applied before the conclusion of the current biennium after the desk-to-desk exercise and, also ...” (documents A/42/14 Prov., paragraph 185.(i) and A/42/9, Annex I, paragraph 102(i). The proposed new text of 5.5 reflects the decision of the 2006 Assemblies with a few editorial changes. Member States’ attention is drawn to the fact that these transfers will affect expenditures of Unions and therefore the respective Unions’ results.</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Flexibility Adjustments</b></p> <p><b>Regulation 5.6</b></p> <p><b>In the implementation of the program and budget, the Director General shall have the flexibility to make proportionate upward or downward adjustments to the resources appropriated for the operations of the PCT, Madrid and Hague systems, and of programs providing common services to those systems, to reflect any increase or decrease in demand for services in these systems as compared to the estimates contained in the initial or revised budget. These adjustments shall be made in accordance with the “ratio” contained in the approved Program and Budget for the relevant financial period.</b></p> <p><b>Commitments against appropriations for future financial periods</b></p> <p><b>Regulation 5.7</b></p> <p><b>The Director General may enter into commitments for future financial periods, provided that such commitments:</b></p> <p><b>(a) are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or</b></p> <p><b>(b) are authorized by specific decisions of the General Assembly.</b></p> <p>Rule 105.1</p> <p>In accordance with Regulation 5.7 above, the authority to approve commitments against future financial periods is delegated to the Controller. The Controller shall maintain a record in the accounts of all such commitments (Rule 106.7), which shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.</p> <p><b>Administration of appropriations</b></p> <p><b>Regulation 5.8</b></p> <p><b>The Director General shall:</b></p> <p><b>(a) establish, with the advice of the Program and Budget Committee, the financial rules of the Organization in order to ensure effective and efficient financial management and the exercise of economy;</b></p>	<p>No equivalent Regulation</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p> <p><b>Regulation 10. Internal Financial Administration.</b></p> <p><b>Regulation 10.1. The Director General, with the advice of the Coordination Committee, shall establish the rules concerning financial administration to ensure that the financial administration be effective and economic. They should, in particular:</b></p> <p><b>(a) provide that all payments be made on the basis of supporting vouchers and other documents showing that the services or goods to be paid for have been received, and that payment has not previously been</b></p>	<p>This new Regulation is proposed in order to incorporate in the Financial Regulations the “flexibility clause” introduced in 1989 by the Assemblies of the PCT, Madrid, and Hague Unions, respectively, and applied in the biennia 1990-1991, 1992-1993, 1994-1995, 1996-1997, 1998-1999, 2000-2001, 2002-2003, 2004-2005 and 2006-2007.</p> <p>[UN Reg. 5.7] This new Regulation enables the Secretariat to enter into contracts for delivery of goods and services, including human resources, in future financial periods for which appropriations have not yet been approved but where there is sufficient authorization to justify entering into those commitments.</p> <p>[UN Rule 105.2]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods to be paid for have been received and that payments have not previously been made;</p> <p>(c) designate the officers who may receive monies, incur obligations and make payments on behalf of the Organization;</p> <p>(d) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:</p> <p style="padding-left: 40px;">(i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;</p> <p style="padding-left: 40px;">(ii) the conformity of obligations and expenditures with the appropriations or other financial provisions approved by the General Assembly or with the purposes and rules relating to specific trust funds;</p> <p style="padding-left: 40px;">(iii) the effective, efficient and economic use of the resources of the Organization.</p> <p><b><u>B. Commitments, obligations and expenditures</u></b></p> <p><b>Authority and responsibility</b></p> <p><b>Regulation 5.9</b></p> <p><b>Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allocations or other appropriate authorizations have been made in writing under the authority of the Director General.</b></p> <p>Rule 105.2</p> <p>The utilization of all funds requires the prior authorization of the Controller. The Controller may determine the maximum amount of the appropriations that it would be prudent to make available for allocation taking into account the prospects of payment of assessed contributions, the likely level of income from fees, or any other relevant factors.</p>	<p><b>made;</b></p> <p>(b) establish the conditions in which a staff member of higher rank will exercise the functions of Controller as described in 10.2. In the exercise of his functions, the Controller is directly responsible to the Chairman of the WIPO General Assembly;</p> <p>(c) designate the staff members who may receive monies, incur obligations, and make payments;</p> <p>(d) Maintain an internal financial control which shall provide for an effective permanent supervision and/or control of all financial transactions in order to ensure:</p> <p style="padding-left: 40px;">(i) the regularity of the receipt, custody, and disposal of all funds and other financial resources,</p> <p style="padding-left: 40px;">(ii) the conformity of all obligations and expenditure with the budget,</p> <p style="padding-left: 40px;">(iii) the economic use of the resources,</p> <p style="padding-left: 40px;">(iv) the keeping of regular inventories of equipment and other movables.</p> <p>No equivalent Regulation</p> <p><b>Regulation 10.2. Except as permitted by these Regulations, no financial obligation shall be incurred without the approval of the Controller. If the Director General disagrees with the Controller, he may direct the latter to approve the expenditure in question. In such case, the Controller shall attach, to his approval, a report and shall immediately communicate the said report to the Chairman of the WIPO General Assembly. The latter may bring the matter to the attention of the WIPO General Assembly.</b></p>	<p>Editorial changes</p> <p>Editorial changes</p> <p>Existing text, but reinforced</p> <p>Existing text, but expanded and reinforced</p> <p>Covered below in Part D (Property Management) of the draft revisions to the Financial Regulations.</p> <p>[UN Reg. 5.9] This new Regulation is proposed in order to establish the Director General's authority over the use of funds.</p> <p>[WHO Rule 103.1] The part of current Regulation 10.2 which allows the Controller direct access to the Chairman of the WIPO General Assembly is not included in the proposed Regulations and Rules in order to be consistent with the notion that the Director General should have full authority and responsibility for the financial management of the Secretariat. In addition, the proposed Rule establishes the prerogative of the Controller, acting on the delegated authority of the Director General, to allocate to Program Managers less than the full amount appropriated by the General</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>Rule 105.3</p> <p>Authorizations from the Controller may take the form of:</p> <p>(a) An allocation of funds or other authorization issued to a Program Manager to plan activities and to initiate action to commit, obligate and expend specified funds for specified purposes during a specified period;</p> <p>(b) A staffing table authorization issued jointly to a Program Manager and the Director of the Human Resources Management Department (HRMD) to enable the Director of HRMD to fill authorized posts based on requests initiated by the Program Manager.</p> <p>.</p> <p><b>Checks and balances</b></p> <p>Rule 105.4</p> <p>Notwithstanding bank signatory functions assigned in accordance with Rule 104.3, all commitments, obligations and expenditures require at least two signatures, in either conventional or electronic form, as detailed in Rules 105.5 and 105.6 below.</p> <p><b>Program Managers</b></p> <p>Rule 105.5</p> <p>(a) Program Managers are responsible for planning, initiating and managing the effective and efficient utilization of resources as approved by the Member States and within the amount allocated by the Controller for the purposes covered by the approval of the Member States for the relevant program. In particular, they are accountable</p>	<p>Rule 2. Incurring of Obligations</p> <p>(a) Subject to the provisions of paragraph (b), below, every commitment to incur an obligation requires the signature of the Controller. The Controller examines the question whether the proposed expenditure is in conformity with the budget and the provisions of the treaties and Regulations, whether the necessary funds will in fact be available at the time when payment is due, and whether the expenditure is in conformity with the principles of economical use of the resources of the International Bureau. The Controller shall see to it that every commitment to incur an obligation be properly recorded.</p> <p>(b) As to expenses which recur periodically because the service is performed or the goods are delivered over a certain period of time (for example, salaries of the staff, contracts for the printing of periodicals, insurance contracts, contracts concerning the upkeep of premises), it shall suffice that the commitment to incur expense be approved once by the Controller, namely, before the contract concerning the service or goods is concluded.</p> <p>(c) As to obligations not exceeding 10,000 francs, the powers of the Controller under paragraph (a), above, may be exercised by a staff member designated to this effect jointly by the Director General and the Controller.</p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>Assembly since a significant portion of the appropriation is dependent upon income from fees that could fall short of budgeted estimates.</p> <p>[UN Rule 105.3] This new Rule is proposed to identify the main forms in which authorizations to use funds are communicated to Program Managers.</p> <p>[UN Rule 105.4, adapted] This new Rule ensures that the utilization of resources goes through the appropriate review and approval process, with authority, responsibility and accountability clearly defined for each step of the process.</p> <p>This new Rule is proposed to recognize formally the authority, responsibility and accountability of Program Managers to make an effective and efficient use of resources and to deliver the expected results stated in the program and budget. It recognizes at the same time, that the action of Program Managers is limited by the</p>



<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Establishment and amendment of obligations</b></p> <p>Rule 105.8*</p> <p>(a) Apart from the employment of staff against an authorized staffing table and consequential commitments under the Staff Regulations and Rules, no undertaking, including by contract, agreement or purchase order shall be entered into until the appropriate credit(s) has (have) been reserved in the accounts (“pre-encumbrance”). This shall be done through the recording of commitments against which obligations shall be recorded. Relevant payments or disbursements against duly recorded obligations shall be recorded as expenditure. An obligation shall be recorded in the accounts as unliquidated during the period set forth in Regulation 5.3 and until such point as it is reobligated, liquidated or cancelled in accordance with Regulation 5.4, as appropriate.</p> <p>(b) The Controller may establish a threshold below which pre-encumbrance shall not be required.</p> <p>(c) The Controller shall establish appropriate procedures to be followed in cases where the cost of relevant goods or services has, for whatever reason, increased in the time that elapses between the establishment of an obligation and the processing of final payment,.</p>	<p>No equivalent Rule</p>	<p>UN Rule 105.7 and WMO Rule 113.6, adapted. This new Rule is proposed to introduce at WIPO the concept of “pre-encumbrances” which involve the reservation of funds in the Accounts from which obligations can be made and against which payments can be made once contracts for which they were raised have been fulfilled by the delivery of goods and/or services.</p>
<p><b>Review, reobligation and cancellation of obligations</b></p> <p>Rule 105.9*</p> <p>(a) Outstanding obligations must be reviewed periodically by the responsible Program Manager. If an obligation is determined to be valid but cannot be liquidated during the period set forth in Regulation 5.3, the provisions of Regulation 5.4 shall, as appropriate, be applied. Obligations that are no longer valid shall be reduced or cancelled from the accounts accordingly.</p> <p>(b) When any obligation previously recorded in the accounts is, for any reason, reduced (other than by payment) or cancelled, the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts.</p>	<p>No equivalent Rule</p>	<p>[UN Rule 105.8; WMO Rule 113.7, adapted]</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Obligating documents*</b></p> <p>Rule 105.10</p> <p>An obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the Organization. All obligations must be supported by an appropriate obligating document.</p> <p><b>Ex gratia payments</b></p> <p><b>Regulation 5.10</b></p> <p><b>The Director General may make such <i>ex gratia</i> payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the External Auditor with the accounts.</b></p> <p>Rule 105.11</p> <p><i>Ex gratia</i> payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the Organization, the moral obligation is such as to make payment desirable, in the interest of the Organization. A summary statement of all <i>ex gratia</i> payments shall be provided to the External Auditor not later than three months following the end of the financial period. The approval of the Controller is required for all <i>ex gratia</i> payments. The total amount of such payments shall not exceed [20,000 Swiss francs] in a given financial period.</p> <p><b><u>C. Procurement</u></b></p> <p><b>General principles</b></p> <p><b>Regulation 5.11</b></p> <p><b>Procurement functions include all actions necessary for the acquisition, by purchase, lease, or any other appropriate means, of property, including products and real property, and for the acquisition of services, including building works. For the purposes of the present Regulations, procurement shall not be deemed to refer to the acquisition of services provided under employment contracts and to services provided under external non-commercial consultancy contracts. The following general principles shall be given due consideration:</b></p>	<p>No equivalent Rule</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p> <p><b>Regulation 10.4. Tenders for equipment, supplies and other requirements shall be invited within the limits and under the conditions specified in the Rules.</b></p>	<p>[UN Rule 105.9; WMO Rule 113.8]</p> <p>[UN Reg. 5.11]</p> <p>[UN Rule 105.12]</p> <p>Following informal consultations with the External Auditor, it was considered appropriate to establish a limit in respect of such payments.</p> <p>[UN Reg. 5.12 adapted]</p> <p>In 2006, following a major review to reform the procurement activities at WIPO and bring them into line with best practices at the United Nations, the Director General issued an Office Instruction to set out the general principles, framework and procedures for procurement. This Regulation is proposed to reflect the general principles contained in that Office Instruction.</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(a) <b>Best value for money;</b></p> <p>(b) <b>Effective and broad competition for the award of contracts;</b></p> <p>(c) <b>Fairness, integrity and transparency of the procurement process;</b></p> <p>(d) <b>the best interests of the Organization;</b></p> <p>(e) <b>prudent commercial practices.</b></p> <p>(f) <b>Acquisitions of goods and/or services shall be made on the basis of a formal contract award procedure. Methods of solicitation may be formal and/or informal.</b></p> <p>(g) <b>Solicitations shall be invited by advertisement unless otherwise prescribed.</b></p> <p><b>Authority and Responsibility</b></p> <p>Rule 105.12</p> <p>(a) The Director General shall designate a Deputy Director General (hereinafter referred to as “the Deputy Director General in charge of Procurement”) responsible for the procurement functions of the Organization, subject to the provisions of Rules 105.6, 105.8, 105.9 and 105.10 concerning the incurrence of financial obligations.</p> <p>(b) The Director General shall establish the composition and terms of reference of a Contracts Review Committee (hereinafter referred to as the “CRC”). The CRC shall render written advice to the Deputy Director General in charge of Procurement on the procurement actions leading to the award, modification or renewal of procurement contracts. The terms of reference of the CRC shall include the definition of the types and monetary values of the procurement actions that shall be subject to its review.</p> <p>(c) Where the advice of the CRC is required, no final action leading to the award, modification or renewal of a procurement contract may be taken before such advice is received. In cases where the Deputy Director General in charge of Procurement decides not to accept the advice of the CRC, he or she shall record in writing the reasons for this decision.</p> <p>(d) The Director General may, in exceptional cases, and when special guarantees and/or external expertise are required, establish an external and independent <i>ad hoc</i> Committee. The Director General shall establish the composition and terms of reference of such <i>ad hoc</i> Committee and decide whether it may adopt recommendations and/or decisions. Where the recommendation and/or decision of such an <i>ad hoc</i> Committee is required, no final action leading to the award, modification or renewal of a procurement contract may be taken before such recommendation/decision is received by the competent</p>	<p>No equivalent Rule</p>	<p>[UN Rule 105.13 adapted]</p> <p>Due to the importance attached to the procurement function, the Director General has decided that a Deputy Director General should be responsible for the various aspects of that function.</p> <p>[No equivalent UN Reg. or Rule] This Rule is proposed for situations in which a specific procurement decision is taken by a special jury. This is the case, at present, for the new construction project (the Selection Board is responsible for the award of the contracts to the general contractor and the lending bank. It has, in 2006, taken the final decision in respect of the award of the contract to the project Pilot.)</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>authority within the Organization.</p> <p><b>Cooperation</b></p> <p>Rule 105.13</p> <p>The Organization may cooperate with other organizations of the United Nations system to meet its procurement requirements by entering into agreements for such purposes as appropriate. Such cooperation may include the carrying out of common procurement actions, or the Organization entering into a contract relying on a procurement decision of another specialized agency of the United Nations, or the Organization requesting another specialized agency of the United Nations to carry out procurement activities on its behalf.</p> <p><b>Procurement Process</b></p> <p>Rule 105.14</p> <p>Procurement contracts shall be awarded to eligible suppliers on the basis of the general principles described in Regulation 5.12 above. The competitive process, when applicable, shall include:</p> <p>(a) Identification of potential eligible suppliers;</p> <p>(b) Formal methods of solicitation, by means of invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation such as requests for quotations (RFQ);</p> <p>(c) Objective and transparent pre-established criteria for the evaluation of tenders.</p> <p>Rule 105.15</p> <p>Applicable procedures shall be determined on the basis of the estimated amount of the financial obligation for the Organization and the nature of the requirement.</p> <p>Rule 105.16</p> <p>(a) An obligation can result from a single requisition, or a series of related requisitions received and processed during the contract term or the calendar year, and includes all contracts and/or purchase orders for the acquisition of goods or services. The Deputy Director General in charge of Procurement, or the officials to whom he or she will delegate the related authority, shall identify whether requisitions are related and shall take the appropriate procurement action.</p> <p>(b) For contracts without a fixed term or subject to renewal, the value of the obligation shall be determined on the basis of a deemed contract duration of three years.</p> <p>Rule 105.17</p> <p>The Deputy Director General in charge of Procurement shall establish, through administrative instruction, the thresholds for</p>	<p>No equivalent Rule</p> <p>Rule 5. Tenders</p> <p>(a) Purchases of supplies, equipment and furniture shall be made on the basis of three tenders, except if the value thereof does not exceed 20,000 francs.</p> <p>(b) The most advantageous offer must be accepted if the guarantees as to quality and delivery dates are the same. Purchases shall be made in the largest possible number of Member States.</p>	<p>[UN Rule105.17]</p> <p>[UN Rule 105.14 adapted]</p> <p>This Rule is to ensure that the competitive process is applied whenever it is appropriate and in the best interest of the Organization.</p> <p>[No equivalent UN Rule]</p> <p>[No equivalent UN Rule]</p> <p>[No equivalent UN Rule]</p> <p>The determination of the appropriate procurement procedure through the thresholds established by the Secretariat is a central</p>



<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Evaluation</b></p> <p>Rule 105.20</p> <p>All offers shall be evaluated on the basis of objective selection criteria in accordance with the present Financial Rules and the general principles and framework enunciated in Regulation 5.12 above.</p> <p>Rule 105.21</p> <p>The Deputy Director General in charge of Procurement shall establish, through administrative instruction, principles and detailed procedures for the award of procurement contracts and/or purchase orders in respect of each form of tender procedure. For the open international tender procedure, the Deputy Director General in charge of Procurement shall establish an Evaluation Team.</p> <p><b>Contracts</b></p> <p>Rule 105.22</p> <p>All procurement actions shall be governed by written documentation. When written contracts are used, they shall specify at least the following information (where applicable):</p> <ul style="list-style-type: none"> <li>(a) nature of the products or services being procured;</li> <li>(b) quantity being procured;</li> <li>(c) contract or unit price;</li> <li>(d) duration of the contract;</li> <li>(e) conditions to be fulfilled by the supplier including general conditions for procurement contracts, appropriate sanctions, remedies and guarantee clauses;</li> <li>(f) terms of delivery and means of payment;</li> <li>(g) name and address of the supplier;</li> <li>(h) bank details for payment.</li> </ul> <p>Rule 105.23</p> <p>The requirement for the written form of procurement contracts, when applicable, shall not be interpreted to restrict the use of electronic means by parties to meet their respective contractual obligations. Before any electronic means is used by either party, the Deputy Director General in charge of Procurement shall ensure that the electronic means to be used meet recognized industry standards, in particular in terms of authentication, safety and confidentiality.</p>	<p>No equivalent Rule</p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>[No equivalent UN Rule]</p> <p>This Rule established that objective evaluation of all offers shall be the cornerstone of the procurement process at WIPO. In this regard, the evaluation criteria are published in the relevant tender documents.</p> <p>[No equivalent UN Rule]</p> <p>Based on the estimated value of the goods and services involved, a different procurement process may be involved. This Rule ensures that procurement involving higher costs to the Organization are subjected to more vigorous evaluation procedures.</p> <p>[UN Rule 105.18(2) adapted]</p> <p>This Rule is to establish the minimum level of documentation needed for contracts entered into by the Secretariat and provides a paper trail from which procurement can be validated.</p> <p>[UN Rule 105.18(b)]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Payments</b></p> <p>Rule 105.24</p> <p>Except where normal commercial practice or the interests of the Organization so require, no contract or other form of undertaking shall be made on behalf of the Organization which requires a payment or payments on account, in advance of the delivery of products or the performance of services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded.</p> <p>Rule 105.25</p> <p>The Deputy Director General in charge of Procurement shall also require that whenever it is possible and/or appropriate, sufficient guarantees be sought and obtained prior to any advance and progress payment being made.</p> <p><b>Confidentiality</b></p> <p>Rule 105.26</p> <p>Throughout the tender process and until the results of that process are announced, no information about offers or the evaluation process may be divulged to any individual other than those directly involved in the evaluation process, such as responsible members of the Organization's staff and employees or authorized external consultants.</p> <p><b>Standards of Conduct</b></p> <p>Rule 105.27</p> <p>Officials of the Organization involved in a procurement action shall disclose, in advance, any possible conflict of interest that may arise in the course of carrying out their duties. Failure to do so may result in appropriate disciplinary action or other appropriate civil and/or criminal action.</p>	<p>No equivalent Rule</p> <p>No equivalent Rule</p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>[UN Rule 105.19 adapted]</p> <p>[No equivalent UN Rule]</p> <p>[No equivalent UN Rule]</p> <p>The integrity of the Organization's procurement procedures requires that the information on offers and their evaluation should be confidential at least until the evaluation is concluded and the vendor is selected.</p> <p>[No equivalent UN Rule]</p> <p>Officials who participate in the procurement activities of the Organization have a special responsibility to ensure the propriety of their actions. Rules 105.27 and 105.28 are intended to reinforce this special responsibility and to indicate that failure to meet such standards of conduct could be cause for disciplinary action.</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>Rule 105.28</p> <p>All officials of the Organization who are involved in a procurement action must observe the terms of the Staff Regulations and Staff Rules and the Standards of Conduct applicable to International Civil Servants, in particular the WIPO Staff Regulation and Rule on confidentiality, without prejudice to employees' obligation to report waste, fraud or abuse.</p> <p><b><u>D. Property Management*</u></b></p> <p><b>Authority and responsibility</b></p> <p>Rule 105.29</p> <p>(a) The Deputy Director General in charge of Procurement shall designate the officials responsible for the management of the property of the Organization, and for all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale.</p> <p>(b) A summary statement of non-expendable property of the Organization shall be provided to the External Auditor not later than three months following the end of the financial period.</p> <p><b>Property Survey Board</b></p> <p>Rule 105.30</p> <p>(a) The Deputy Director General in charge of Procurement shall establish a Property Survey Board to render written advice to him or her in respect of loss, damage or other discrepancy regarding the property of the Organization. The Deputy Director General in charge of Procurement shall establish the composition and terms of reference of such board, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action to be taken in accordance with Rules 105.31 and 105.32 and</p>	<p>No equivalent Rule</p> <p>Rule 6. Inventories</p> <p>(a) Inventories of equipment and furniture shall be kept under the supervision of the Controller. Every item of equipment or furniture whose value or price exceeds 400 francs must appear in this inventory. The Controller shall ensure that the inventory is periodically checked.</p> <p>(b) Inventories of paper stocks kept outside the premises of the International Bureau shall be under the responsibility of the Controller.</p> <p>(c) Each staff member shall be responsible for the economical utilization of the office supplies put at his disposal. The Controller shall supervise the economical use of the stocks of such supplies.</p> <p>No equivalent Rule</p>	<p>[No equivalent UN Rule]</p> <p>[UN Rule 105.20]</p> <p>This new Rule is proposed in order to strengthen the function of managing the property of the Organization. It also reassigns responsibility for inventories from the Controller, who is not currently in charge of the organizational units responsible for the receipt, distribution or safe-keeping and maintenance of property of the Organization, to the Deputy Director General in charge of Procurement. This arrangement is equivalent to that of the UN Secretariat where this responsibility is delegated by the Under-Secretary-General for Management to the Assistant Secretary-General for Central Support Services.</p> <p>[UN Rule 105.21]</p> <p>This new Rule is proposed to introduce a review body which will advise the Deputy Director General in charge of Procurement on the loss, damage or other discrepancy regarding the property of the Organization.</p>

\* May need to be modified with IPSAS implementation



<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>unauthorized access and removal such accounting records as are necessary for management purposes, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show:</p> <p>(a) the income and expenditures of all funds;</p> <p>(b) the status of appropriations, including:</p> <p style="padding-left: 20px;">(i) the original budget appropriation;</p> <p style="padding-left: 20px;">(ii) the appropriation as modified by any transfers made by the Director General under Regulation 5.5;</p> <p style="padding-left: 20px;">(iii) increases or decreases arising from the flexibility adjustments under Regulation 5.6;</p> <p style="padding-left: 20px;">(iv) credits, if any, other than the appropriations approved by the General Assembly;</p> <p style="padding-left: 20px;">(v) the amounts charged against those appropriations and/or other credits.</p> <p>(c) the assets and liabilities of the Organization.</p> <p>The Director General shall also give such other information as may be appropriate to indicate the current financial position of the Organization.</p> <p><b>Regulation 6.2</b></p> <p><b>Appropriate separate accounts shall be maintained for all trust funds and reserve and special accounts.</b></p> <p>Rule 106.1</p> <p>In accordance with Regulations 6.1 and 6.2, the principal accounts of the Organization shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of:</p> <p>(a) program and budget accounts showing:</p> <p style="padding-left: 20px;">(i) original appropriations;</p> <p style="padding-left: 20px;">(ii) appropriations as modified by transfers;</p> <p style="padding-left: 20px;">(iii) increases or decreases arising from the flexibility adjustments under Regulation 5.6;</p> <p style="padding-left: 20px;">(iv) credits (other than appropriations made available by the General Assembly);</p>	<p><b>5.2</b> These rules shall include provisions fixing the conditions in which the International Bureau shall establish such documents as shall be necessary for an accurate allocation of the common expenses in conformity with the principles laid down in Regulation 3.1.</p> <p><b>5.3</b> The Director General shall be responsible for the organization and proper working of the accounting service.</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>[UN Reg. 6.2]</p> <p>[UN Rule 106.1 except that sub-items (a) (ii) and (d) have been adapted to WIPO]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(v) expenditures, including payments and other disbursements and unliquidated obligations;</p> <p>(vi) unencumbered balances of allocations and appropriations;</p> <p>(b) general ledger accounts showing all cash at banks, investments, receivables and other assets, payables and other liabilities;</p> <p>(c) reserve funds, working capital funds and all trust funds and other special accounts.</p> <p><b>Authority and responsibility</b></p> <p>Rule 106.2</p> <p>The Controller shall be responsible for the organization and proper working of all WIPO accounting systems and designate the officials responsible for performing accounting functions.</p> <p><b>Accounting standards</b></p> <p>Rule 106.3*</p> <p>Unless otherwise directed by the Controller or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the accounting standards applicable to the United Nations System.</p> <p><b>Currency of accounting records</b></p> <p><b>Regulation 6.3</b></p> <p><b>The accounts of the Organization shall be presented in Swiss francs. Accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary.</b></p> <p>Rule 106.4</p> <p>Except where authorized by the Controller, accounts shall be maintained in Swiss francs. At Liaison Offices, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the Swiss franc equivalent.</p>	<p><b>Regulation 5.3.</b></p> <p><b>The Director General shall be responsible for the organization and proper working of the accounting service.</b></p> <p>No equivalent Rule</p> <p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>[UN Rule 106.2 adapted to WIPO]</p> <p>[UN Rule 106.3 adapted to WIPO]</p> <p>[UN Reg. 6.3 adapted to WIPO] This new Regulation is proposed to recognize that WIPO uses the Swiss franc as its currency of accounting.</p> <p>[UN Rule 106.4] This new Rule enables WIPO Liaison Offices located outside Switzerland to maintain accounts in the currency of the country in which they are situated and requires that they also maintain accounting records in the currency of accounting of the Organization.</p>

\* May need to be modified with IPSAS implementation

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Accounting for exchange rate fluctuations</b></p> <p>Rule 106.5</p> <p>(a) The Controller shall establish the operational rates of exchange between the Swiss franc and other currencies which shall be derived from the operational rates of exchange of the United Nations. The said operational rates of exchange shall be used for recording all WIPO transactions.</p> <p>(b) Payments in currencies other than the Swiss franc will be determined in Swiss francs on the basis of the operational rate of exchange prevailing at the time of payment. Any difference between the actual amount received on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange.</p> <p>(c) When closing the final accounts for a financial period, any negative balance on the account for “loss or gain on exchange” shall be debited to the relevant budget account, while any positive balance shall be credited to miscellaneous income.</p>	<p>No equivalent Rule</p>	<p>[UN Rule 106.5 adapted to have the Swiss Franc as WIPO’s base currency]</p>
<p><b>Accounting for proceeds from the sale of property</b></p> <p>Rule 106.6</p> <p>The proceeds from the sale of property shall be credited as miscellaneous income except:</p> <p>(a) where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);</p> <p>(b) when the trade-in of property is not considered to be a sale and the allowance shall be applied against the cost of the replacement property;</p> <p>(c) where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;</p> <p>(d) when the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project, provided that they have not been closed.</p>	<p>No equivalent Rule</p>	<p>[UN Rule 106.6]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Accounting for commitments against future financial periods</b></p> <p>Rule 106.7</p> <p>Obligations established prior to the financial period to which they pertain, pursuant to Regulation 5.7 and Rule 105.1, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.</p> <p><b>Writing off losses of cash, receivables and property</b></p> <p><b>Regulation 6.4</b></p> <p><b>The Director General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the accounts.</b></p> <p>Rule 106.8</p> <p>(a) The Controller may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts and notes receivable deemed to be irrecoverable. A summary statement of losses of cash and receivables shall be provided to the External Auditor not later than three months following the end of the financial period.</p> <p>(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the Organization for the loss or losses. Such official(s) may be required to reimburse the Organization either partially or in full. Final determination as to all surcharges to be made against such official(s) as the result of losses will be made by the Controller.</p> <p>Rule 106.9</p> <p>(a) The Controller may, after full investigation, authorize the writing-off of losses of WIPO property and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall likewise be provided to the External Auditor not later than three months following the end of the financial period.</p> <p>(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the Organization for the loss or losses. Such official(s) may be required to reimburse the Organization either partially or in full. The final determination as to all surcharges to be made against such official(s) as the result of losses</p>	<p>No equivalent Rule</p> <p><b>Regulation 10.3. The Director General may, after full investigation, authorize the writing off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditor together with the annual accounts.</b></p> <p>No equivalent Rule</p> <p>No equivalent Rule</p>	<p>[UN Rule 106.7]</p> <p>Editorial changes [See also UN Reg. 6.4]</p> <p>[UN Rule 106.8]</p> <p>[UN Rule 106.9]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>will be made by the Controller.</p> <p><b>Direct and indirect expenses</b></p> <p>Rule 106.10</p> <p>(a) Any expenditure which is incurred in the exclusive interest of a given Union shall be considered as a “direct expense” of that Union.</p> <p>(b) Any other expenditure which is incurred to implement the Program and Budget approved by the Assemblies of the Member States shall be considered as an “indirect” expense.”</p> <p>(c) The financial statements of the Organization shall allow a clear distinction between direct and indirect expenses.</p> <p><b>Financial statements</b></p> <p><b>Regulation 6.5</b></p> <p><b>The accounts for the financial period shall be submitted by the Director General to the External Auditor no later than March 31 following the end of the financial period.</b></p> <p>Rule 106.11</p> <p>(a) For all accounts of the Organization, interim financial statements covering the first year of the financial period, as at December 31, shall be submitted to the External Auditor not later than March 31 of the following year. For the same accounts, final financial statements covering both years of the financial period, likewise as at December 31, shall be submitted to the External Auditor not later than March 31 following the end of the financial period. Copies of financial statements shall also be transmitted to the Program and Budget Committee. Additional financial statements may be prepared as and when the Controller deems it necessary.</p> <p>(b) Financial statements submitted to the External Auditor for all accounts shall include:</p> <p>(i) a statement of income, expenditures and changes in reserves and fund balances;</p> <p>(ii) a statement of assets, liabilities, reserves and fund balances;</p> <p>(iii) a statement of cash flows;</p> <p>(iv) such other schedules as may be required;</p>	<p>Rule 7. Proper and Common Expenses</p> <p>(a) Any expenditure which is incurred in the exclusive interest of a given Union shall be considered as a “proper expense” of that Union.</p> <p>(b) Any expenditure which is incurred in the interest of two or more Unions shall be considered as a “common expense.”</p> <p>(c) The books of the International Bureau shall be kept in such a way as to allow a clear distinction between proper and common expenses.</p> <p><b>Regulation 6.1. Within five months after the end of each financial period, the Director General shall establish the final accounts for WIPO and the Unions, and shall submit them to the Auditor.</b></p> <p>No equivalent Rule</p>	<p>The proposed change is in line with the methodology presented to Member States in the draft Program and Budget for the 2008/09 Biennium.</p> <p>The proposed amendment is aimed to reduce the deadline for presentation of the final accounts to the External Auditor, from the (current) <i>five</i> months to <i>three</i> months after the end of the financial period. The proposed amendment is in line with the requirements of the new mechanism adopted by Member States in September 2006 in respect of the preparation and follow up of the Program and Budget.</p> <p>[UN Rule 106.10]</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p>(v) notes to the financial statements.</p> <p><b>Regulation 6.6</b></p> <p><b>Within five months after the end of each financial period, the Director General shall prepare the financial management report for that financial period. That report shall include the statements of account, the balance sheet, and a statement on the contributions of the Member States.</b></p> <p>Rule 106.12</p> <p>The Controller shall prepare the financial management report in accordance with Financial Regulation 6.3.</p> <p><b>Regulation 6.7</b></p> <p><b>After audit, the financial management report and the report of the External Auditor shall be transmitted to all the interested States.</b></p> <p>Rule 106.13</p> <p>Accounting records, other financial and property records and all supporting documents shall be retained for such periods as may be agreed with the External Auditor, after which, on the authority of the Controller, they may be destroyed.</p>	<p><b>Regulation 6.3. Within seven months after the end of each financial period, the Director General shall prepare the financial management report for that financial period. That report shall include the statements of account, the balance sheet, and a statement on the contributions of the Member States.</b></p> <p>No equivalent Rule</p> <p><b>Regulation 6.4. After audit, the financial management report and the report of the Auditor shall be transmitted to all the interested States.</b></p> <p>No equivalent Rule</p>	<p>Change from seven to five months to conform with the requirements of the new mechanism.</p> <p>Editorial change</p> <p>[UN Rule 106.11] This Rule is proposed in order to ensure that all records that support the financial transactions recorded in the accounts of the Organization are retained for a minimum period to enable verification that the available records accord with the Accounts. Seven years is often cited as the minimum period for retention of financial records. This is the case at the UN.</p>
<p><b>CHAPTER 7: INTERNAL AUDIT CHARTER</b></p> <p><b>Internal Audit Charter</b></p> <p><b>Regulation 7.1</b></p> <p><b>There shall be an Internal Audit and Oversight Division (IAOD) to conduct independent internal audit, inspections and investigations in accordance with the provisions of the WIPO Internal Audit Charter appended to the present Financial Regulations (Annex I).</b></p>	<p>No equivalent Regulation</p>	<p>This new Regulation is proposed to be introduced in order to incorporate in the Financial Regulations of the Organization the principles and provisions of the Internal Audit Charter adopted by the General Assembly in 2005, subject to amendment to such Charter as a result of the work of the Working Group of the Program and Budget Committee (PBC), (as mandated by the General Assembly in 2006). At the present date, the Working Group has met twice. It will meet again in September 2007, prior to the next session of the PBC.</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<b>CHAPTER 8: EXTERNAL AUDITOR</b>		
<b>Appointment of the External Auditor</b>		
<b>Regulation 8.1</b> <b>The External Auditor, who shall be the Auditor General (or officer holding the equivalent title) of a Member State, shall be appointed by the General Assembly, in the manner decided by the Assembly.</b>	No equivalent Regulation	[UN Reg. 7.1, adapted; WMO Reg. 15.1, adapted; WHO Reg. 14.1, adapted; UNESCO Reg. 12.1, adapted]
<b>Tenure of office of the External Auditor</b>		
<b>Regulation 8.2</b> <b>The External Auditor shall be appointed for a term of office of four years' duration renewable only once.</b>	No equivalent Regulation	[UN Reg. 7.2] This new Regulation is proposed to allow for a wide number of Member States to serve the Organization as External Auditor over the long term.
<b>Regulation 8.3</b> <b>If the External Auditor ceases to hold office as Auditor-General (or equivalent title) in his or her own country, his or her tenure of office shall thereupon be terminated and he or she shall be succeeded as External Auditor by his or her successor as Auditor-General. The External Auditor may not otherwise be removed during his or her tenure of office except by the General Assembly.</b>	No equivalent Regulation	[UN Reg. 7.3]
<b>Audit standards, scope and operations</b>		
<b>Regulation 8.4</b> <b>The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the terms of reference set out in the annex to the present Regulations.</b>	<b>Regulation 6.2. The audit shall be conducted in conformity with the usual, generally accepted standards in the matter and in accordance with the Terms of Reference Governing Audit set out in the Annex to these Regulations.</b>	Editorial changes
<b>Regulation 8.5</b> <b>The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.</b>	No equivalent Regulation	[UN Reg. 7.5]  This new Regulation is proposed following informal consultations with the Internal Auditor. It explicitly gives the External Auditor the possibility to carry out, in addition to financial audits, performance audits as defined by International Organization of Supreme Audit Institutions (INTOSAI) standards.
<b>Regulation 8.6</b> <b>The External Auditor shall be completely independent and solely responsible for the conduct of the audit.</b>	No equivalent Regulation	[UN Reg. 7.6]

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>Regulation 8.7</b></p> <p>The General Assembly may request the External Auditor to perform certain specific examinations and issue separate reports on the results.</p> <p><b>Facilities</b></p> <p><b>Regulation 8.8</b></p> <p>The Director General shall provide the External Auditor with the facilities they may require in the performance of the audit.</p> <p><b>Special examination</b></p> <p><b>Regulation 8.9</b></p> <p>For the purpose of making a local or special examination or of effecting economies in the audit cost, the External Auditor may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm which, in the opinion of the External Auditor is technically qualified.</p> <p><b>Reporting</b></p> <p><b>Regulation 8.10</b></p> <p>The External Auditor shall issue a report on the audit of the financial statements relating to the accounts for the financial period, which shall include such information as the External Auditor deems necessary with regard to matters referred to in Regulation 8.5 and in the annex to the present Regulations referred to in Regulation 8.4.</p> <p><b>Regulation 8.11</b></p> <p>The reports of the External Auditor shall be transmitted to the General Assembly through the Program and Budget Committee, together with the audited financial statements, in accordance with any directions given by the General Assembly. The Program and Budget Committee shall examine the financial statements and the audit reports and shall forward them to the General Assembly with such comments and recommendations as it deems appropriate.</p> <p><b>[CHAPTER 9: AUDIT COMMITTEE</b></p> <p><b>Regulation 9.1</b></p> <p>There shall be an Audit Committee to assist Member States in their role of oversight and for better exercise</p>	<p>No equivalent Regulation</p> <p>[No equivalent Regulation]</p>	<p>[UN Reg. 7.7 adapted]</p> <p>[UN Reg. 7.9]</p> <p>[UN Reg. 7.10]</p> <p>[UN Reg. 7.11 adapted]</p> <p>[UN Reg. 7.12, with editorial changes]</p> <p>[See text from the Audit Committee's report.]</p> <p>[The text of Reg. 9.1 was suggested by the Audit Committee in the report of its fourth session (document WO/AC/4/2, paragraph 26). The Audit Committee's terms of reference are currently under</p>

<i>Proposed Financial Regulation/Rule</i>	<i>Existing Financial Regulation/Rule</i>	<i>Explanation</i>
<p><b>of their governance responsibilities with respect to the various operations of WIPO. The Audit Committee shall operate as an independent expert advisory external oversight body. The General Assembly shall approve the WIPO Audit Committee's terms of reference upon recommendation by the Program and Budget Committee. These terms of reference shall be appended to the present Financial Regulations.]</b></p> <p><b>CHAPTER 10: FINAL PROVISIONS</b></p> <p><b>Amendment and Suspension</b></p> <p><b>Regulation 10.1</b></p> <p><b>The Director General may propose amendments to these Regulations or suspend any of these Regulations for such duration as he or she considers necessary. Any amendment to these Regulations must be approved by the General Assembly.</b></p> <p>Rule 110.1 The present Rules may be amended or suspended by the Director General in a manner consistent with the Financial Regulations.</p>	<p>No equivalent Regulation</p> <p>No equivalent Rule</p>	<p>revision by the Working Group of the Program and Budget Committee (PBC). At the present time, the Working Group has met twice. It will meet again in September 2007, before the next session of the PBC.</p> <p>[UNESCO, WMO, ICAO and IAEA have equivalent provisions permitting their Financial Regulations to be amended and/or suspended.]</p> <p>[IAEA Rule 113.02] This new Rule is proposed to confirm the authority of the Director General over the establishment and application of the Financial Rules so long as they are consistent with the implementation of the Financial Regulations.</p>

[End of document]