

## ANNEX I

### WIPO INTERNAL OVERSIGHT CHARTER

#### A. INTRODUCTION

1. This Charter constitutes the framework for the Internal Audit and other Oversight functions<sup>1</sup> of the World Intellectual Property Organization (hereinafter referred to as “WIPO”) and establishes its mission: to examine and evaluate, in an independent manner, WIPO’s control and business systems and processes, and to provide recommendations for improvement, thus providing assurance and assistance to management and staff in the effective discharge of their responsibilities and the achievement of WIPO’s mission, vision, objectives, outcomes and goals. The purpose of this Charter is also to help strengthen accountability, value for money, stewardship, internal control and corporate governance in WIPO.

#### B. OVERSIGHT DEFINITIONS

2. (a) Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.<sup>2</sup>
- (b) Evaluation is a systematic, objective and impartial assessment focused on whether expected accomplishments and results have been achieved. It aims at determining the relevance, impact, effectiveness, efficiency and sustainability of WIPO objectives, programs and activities.<sup>3</sup> Evaluation provides evidence-based information that is credible, reliable and useful, with findings, recommendations and lessons learnt, informing the learning and decision-making processes of WIPO and helping to hold WIPO accountable to its Member States<sup>4</sup>.

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<sup>1</sup> The oversight functions of Internal Audit, Inspection, Evaluation and Investigation. Evaluation is also the subject of a specific policy framework outside this Charter.

<sup>2</sup> This is the official definition of Internal Auditing, as established by the Institute of Internal Auditors (IIA). The Code of Ethics and the Auditing Standards for Internal Auditing applied at WIPO are those of the IIA. For Evaluation, Investigation and Inspection the standards applied are those developed and used by the UN, e.g. by UNEG, the JIU and the Uniform Guidelines for Investigations.

<sup>3</sup> Evaluation of extra-budgetary activities may be carried out at the request of, and in cooperation with, concerned parties.

<sup>4</sup> This definition draws on Regulation 7.1 of Article VIII of ST/SGB/2000/8 and from the widely accepted Principles for Evaluation of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD DAC).

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- (c) Investigation is a formal fact finding inquiry to examine allegations of misconduct and wrongdoing in order to determine whether they have occurred and if so, the person or persons responsible.
  - (d) An inspection is a review conducted on an ad hoc basis whenever there is a strong indication that a wasteful use of resources or poor management of performance has occurred. The review provides a diagnosis of the issues concerned and proposes remedial measures.

### **C. MANDATE**

3. The Internal Audit and Oversight function provides the Management of WIPO with systematic assurance, analyses, appraisals, recommendations, advice and information, through the undertaking of independent internal audits, evaluations, inspections and investigations. Its objectives include endeavoring to ensure cost-effective control, and identifying means for improving WIPO's effectiveness, efficiency, economy and rationalization of the internal procedures and use of resources, as well as ensuring compliance with WIPO's Financial Regulations and Rules, Staff Regulations, Staff Rules, relevant General Assembly decisions, the applicable accounting standards and the Standards of Conduct for the International Civil Service, as well as best practice.<sup>5</sup>

### **D. AUTHORITY AND PREROGATIVES**

4. The Director of the Internal Audit and Oversight Division (hereinafter referred to as "Director, IAOD") is responsible to the Director General and is part of the WIPO staff but not management. The Director, IAOD, enjoys functional and operational independence in the conduct of his/her duties. He/she has the authority to initiate, carry out and report on any action, which he/she considers necessary to fulfill his/her mandate. The Director, IAOD shall receive requests for his/her services from the Director General, to be included in the workplans, but he/she should be free to carry out any action within the purview of his/her mandate. The workplans of the Director, IAOD shall be based on a risk assessment, to be carried out at least annually, on which basis work would be prioritized by the Director, IAOD. In this process, the Director, IAOD shall take into account the comments of the Director General and Member States.

5. The Director, IAOD and oversight staff shall conduct internal audit and oversight work in a professional, impartial and unbiased manner. Conflicts of interest should be avoided. Significant and material conflicts of interest are required to be reported to the Audit Committee who shall recommend such actions that may be needed to mitigate and reduce the undesirable effects of any conflicts of interest. The Director, IAOD and oversight staff will perform all internal audit and oversight work with due professional care and in accordance with good practice and advice recommended by the Institute of Internal Auditors, the norms and standards for UN evaluation, the Uniform Guidelines for Investigations and other

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<sup>5</sup> Conversely, the independent External Audit function is performed according to the terms of reference described in the WIPO Financial Regulations and Rules. WIPO's External Auditor is appointed by the WIPO General Assembly for a term of office of six years non renewable consecutively.

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guidance standards and norms generally accepted and applied by the UN system organizations<sup>6</sup>.

6. The Director, IAOD and oversight staff shall be independent of all WIPO programs, operations and activities he/she audits, to ensure impartiality and credibility of the work undertaken.

7. For the performance of his/her duties, the Director, IAOD shall have unrestricted, unlimited, direct and prompt access to all WIPO records, officials or personnel, holding any WIPO contractual status, and to all the premises of WIPO. The Director, IAOD shall have access to the Chairs of the General Assembly, the Program and Budget Committee and the Audit Committee.

8. The Director, IAOD shall be available to receive directly from individual staff members and personnel complaints or information concerning the possible existence of fraud, waste, abuse of authority, non-compliance with rules and regulations of WIPO in administrative, personnel and other matters or other irregular activities relevant to the mandate of the Director, IAOD. The Director, IAOD will liaise regularly with the WIPO Ombudsman to avoid duplication of activities. Relevant internal whistle-blowing policies and procedures shall be developed, established and applied in conjunction with this Charter.

9. The right of all staff and personnel to communicate confidentially with, and provide information to the Director, IAOD, without fear of reprisal, shall be guaranteed by the Director General. This is without prejudice to measures under WIPO Staff Regulations and Staff Rules, where information is transmitted to the Director, IAOD with knowledge of its falsity, or with willful disregard of its truth or falsity.

10. The Director, IAOD shall respect and keep the confidential nature of any information gathered or received that is applicable to an internal audit, evaluation, investigation or inspection, and shall use such information only in so far as it is necessary for the performance of these functions.

## **E. DUTIES AND MODALITIES OF WORK**

11. The Director, IAOD contributes to the efficient management of the Organization and the accountability of the Director General to the Member States.

12. To carry out his/her mandate, the activities of the Director, IAOD shall encompass in particular the undertaking of management audits, performance audits, financial audits, compliance audits, value-for-money audits, evaluations, performance reviews, inspections and investigations.

13. To effectively implement WIPO's Internal Audit and Oversight functions, the Director, IAOD shall:

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<sup>6</sup> This includes good practice, codes of ethics, guidelines and standards agreed by the Representatives of the Internal Audit Services (RIAS) of the UN; the United Nations Evaluation Group (UNEG); and the Conference of International Investigators (CII).

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- (a) Establish long- and short-term flexible Internal Audit and Oversight plans in coordination with the External Auditor, using risk-based methodology, to include any risks or control issues identified.
  - (b) In consultation with Member States, establish clear policies and guidelines for all oversight functions i.e., internal audit, evaluation, investigation and inspections. The policies and guidelines will provide clear rules and procedures on the access to reports while ensuring rights to due process and the preservation of confidentiality.
  - (c) Prepare, publish, disseminate and maintain an internal audit manual; an evaluation manual and an investigation procedures manual. This shall include the terms of reference of the individual oversight functions and a compilation of audit, evaluation, inspection and investigation procedures.
  - (d) Establish and maintain follow-up systems to determine whether effective action has been taken, following the Director, IAOD's oversight recommendations, within a reasonable time, and periodically report on situations where adequate, timely corrective action has not been implemented.
  - (e) Liaise and coordinate with the External Auditor and monitor the follow-up of their recommendations.
  - (f) Liaise and cooperate with the Internal Audit and Oversight services of other Organizations within the United Nations system and of Multilateral Financial Institutions, and represent WIPO in relevant inter-agency meetings.
  - (g) Develop and maintain a quality assurance/improvement program covering all aspects of Internal Audit, including periodic internal and external review and ongoing self-assessment, such as tracking time taken to produce reports.
14. In particular, the Director, IAOD shall assist WIPO by performing the following:
- (a) Review and appraise the reliability, effectiveness and integrity of WIPO's internal control mechanisms.
  - (b) Review and evaluate the adequacy of organizational structures, systems and processes to ensure that the results are consistent with the objectives established.
  - (c) Assess and evaluate the effectiveness of WIPO in meeting its objectives and achieving results and, as required, recommend and suggest better ways of achieving such results, taking into account good practices and lessons learned.
  - (d) Review and appraise systems aimed at ensuring compliance by WIPO staff with WIPO's Rules, Regulations and established internal policies.
  - (e) Review and evaluate the effective, efficient and economical use, and the safeguarding of human, financial and material resources of WIPO.
  - (f) Determine the extent to which assets are accounted for and safeguarded from loss.
  - (g) Identify and evaluate significant exposure of WIPO to risk and contribute to the improvement of risk management.
  - (h) Undertake, when required, any investigation pertaining to cases of alleged misconduct, wrongdoing or malfeasance falling within the mandate of the Director, IAOD.

- (i) Undertake *ad hoc* inspections to identify vulnerable areas and malfunctions.
- (j) Ensure completeness, timeliness, fairness, objectivity and accuracy in the reporting of internal audits, investigations, evaluations and inspections.

## **F. REPORTING**

15. At the end of each audit, evaluation, inspection or investigation, a report shall be issued, which shall present the objectives, scope, methodology, findings, conclusions and recommendations of the specific activity concerned and include, if applicable, recommendations for improvements and lessons learnt from the program, person or activity.

16. Draft internal audit, evaluation and inspection reports shall be presented to the program manager and other relevant officials directly responsible for the program or activity that has been the object of the internal audit, inspection or evaluation, who shall be given the opportunity to respond within the term provided therein.

17. Final internal audit, evaluation and inspection reports shall include any relevant comments from the managers concerned on the facts established within the audit, evaluation and inspection reports and, if applicable, on the recommended plans of action, as well as on any timetable established for implementation purposes. Should the Director, IAOD and the program manager be unable to agree on the facts evidenced in draft audit, inspection and evaluation reports, the final reports shall reflect the opinion of the Director, IAOD. The managers concerned shall have the opportunity to comment on the reports and the Director, IAOD, shall have the opportunity to reply to the comments.

18. The Director, IAOD shall submit final internal audit and oversight reports to the Director General. Internal audit, evaluation and inspection reports will be copied to the Audit Committee. The External Auditor shall also receive a copy of internal audit, evaluation and inspection reports, along with any supporting documentation they may require. Permanent Representatives of Member States to WIPO or their designates can read final internal audit and oversight reports in the Director, IAOD's office.

19. The Director, IAOD may also issue communications concerning oversight matters to any concerned WIPO manager for matters of a minor or routine nature, which do not necessitate formal reporting.

20. All investigation reports, drafts, materials, findings, conclusions and recommendations are fully confidential, unless disclosure is authorized by the Director, IAOD or the Director General.

21. The Director, IAOD shall submit final investigation reports to the Director General. For final investigation reports involving WIPO personnel at the Deputy Director General and Assistant Director General levels, the Director, IAOD may also send a copy to the Chair of the General Assemblies, to the Chair of the Audit Committee and to the External Auditors. Should the investigation concern the Director General, the final report shall be submitted by the Director, IAOD, to the Chairman of the WIPO Assemblies, for any action deemed appropriate, and copied to the Chair of the Audit Committee and the External Auditors.

22. The Director General is responsible for ensuring that all recommendations made by the Director, IAOD are responded to promptly, indicating actions taken regarding specific report findings and recommendations.
23. The Director, IAOD shall present, on an annual basis, a report to the Director General, regarding the implementation of recommendations made by the External Auditor.
24. The Director, IAOD shall make a presentation on a regular basis on his/her activities to the Program and Budget Committee.
25. The Director, IAOD shall present, on an annual basis, a summary report to the Director General with a copy to the External Auditor and the Audit Committee, of his/her internal audit and oversight activities, including the orientation and scope of such activities, the schedule of work undertaken and progress on the implementation of prioritized recommendations contained in his/her reports. This summary report shall be presented to the WIPO General Assembly as submitted by the Director, IAOD. Comments the Director General may deem appropriate may be submitted in a separate report.
26. When applicable, the annual report shall include the following:
- (a) A description of significant problems, abuses and deficiencies relating to the administration of WIPO in general, or a program or operation in particular, disclosed during the period.
  - (b) A description of all final recommendations for corrective action made by the Director, IAOD during the reporting period relative to the significant problems, abuses or deficiencies identified.
  - (c) A description of all recommendations which were not approved by the Director General, together with his reasons for not doing so.
  - (d) An identification of each significant recommendation in previous reports on which corrective action has not been completed.
  - (e) A description and explanation of the reasons for any significant revised management decision made during the reporting period.
  - (f) Information concerning any significant management decision with which the Director, IAOD is in disagreement.
  - (g) A summary of any instance where information or assistance requested by the Director, IAOD was refused.
  - (h) A summarized version of the report submitted by the Director, IAOD to the Director General regarding the implementation of recommendations made by the External Auditor.
  - (i) In addition, the Director, IAOD shall comment on the scope of his activities and the adequacy of resources for the purpose intended.

## **G. RESOURCES**

27. In presenting Program and Budget proposals to the Member States, the Director General shall take into account the need to ensure the operational independence and the necessary resource requirements to ensure the effective functioning of the Director, IAOD and his/her capacity to achieve the required objectives of his/her mandate. The allocation of resources to the Director, IAOD shall be clearly identified in the Program and Budget proposal.

28. The Director General, in consultation with the Director, IAOD, will ensure that the WIPO Internal Audit and Oversight functions comprise sufficient professional staff, appointed in accordance with WIPO Staff Regulations and Staff Rules, with sufficient skills, experience and professional knowledge, and promote continuing professional development to meet the requirements of this Charter.

## **H. APPOINTMENT AND DISMISSAL OF THE DIRECTOR, IAOD**

29. The Director, IAOD should be a person with high qualifications and competence in auditing and oversight functions. The recruitment of a Director, IAOD shall be based on an open, transparent international selection process to be provided by the Director General.

30. The appointment, replacement or dismissal of the Director, IAOD shall be formally made by the Director General, taking into account the advice of the Coordination Committee. The Director General shall keep the Audit Committee informed of such actions

31. The Director, IAOD will have a non renewable fixed term of office of five years. On completion of the fixed term of office he/she would not be eligible for any further employment in WIPO.

## **I. REVISION CLAUSE**

32. This Charter shall be subject to review every three years or earlier, if necessary. Amendments to the Charter shall ensure that it remains an overarching framework for all internal oversight activities.