

# Audit Report of PCT Translation Division

Internal Oversight Division  
Internal Audit Engagement

IOD Ref: IA 2024-04  
Date: February 18, 2025

This report has been re-issued on January 21, 2026, to reflect updated rating terminology. These changes do not affect the engagement conclusion.



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# 1

## Executive Summary

The Internal Oversight Division (IOD) conducted an audit of **the PCT Translation Division** to assess the adequacy and effectiveness of Governance, Risk Management, and Controls around the division’s key processes. The audit covered activities in 2023 and 2024. The audit was conducted in conformance with the Global Internal Audit Standards issued by the Institute of Internal Auditors.

### Engagement Conclusion

In IOD’s opinion: <ul style="list-style-type: none"><li>• The assessed governance arrangements, risk management practices, and controls were generally established and functioning, but need some improvement.</li><li>• Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.</li></ul>	Satisfactory, some improvement needed
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### Audit ratings by key audit area

Governance: Alignment with the Expected Results	Satisfactory	<a href="#">Go to slide</a>
Governance: Budget execution and Resources	Satisfactory	<a href="#">Go to slide</a>
Governance: Monitoring Performance	Satisfactory	<a href="#">Go to slide</a>
Risk Management	Satisfactory, some improvement needed	<a href="#">Go to slide</a>
Key Risks and Controls	Satisfactory	<a href="#">Go to slide</a>
Translations’ Quality Control	Satisfactory	<a href="#">Go to slide</a>
IT Security of Core Applications (A)	Satisfactory	<a href="#">Go to slide</a>
Control of Translations’ Cost-Efficiency (B)	Satisfactory	<a href="#">Go to slide</a>
Sourcing External Translators	Satisfactory, some improvement needed	<a href="#">Go to slide</a>
Business Continuity Management	Satisfactory	<a href="#">Go to slide</a>
Systems and Tools	Satisfactory	<a href="#">Go to slide</a>

IOD developed 4 **recommendations** on documenting PCT Translation Division’s key risks and related mitigating actions and controls in the organizational risk register, and on Sourcing External Translators.

A - The review of the IT Security of Core Applications used by the PCT Translation Division was limited to understanding the IT security environment around applications and analyzing available external and internal assurance. In addition, IOD (--- sanitized for confidentiality purposes---).

B – Limited to review of relevant KPIs.

# 1.1 Table of Findings

ID	Finding	Significance	Recommendations	Person(s) Responsible	Comments and Action Plan	Deadline
1	The WIPO ERM does not contain the key risks of the PCT Translation Division and related mitigating actions and controls. <a href="#">[Go to Page]</a>	Medium	In collaboration with the Sector Risk Coordinator, the PCT Translation Division should record its key risks and mitigating actions and controls in WIPO's ERM system.	Director, PCT Translation Division	Key risks and mitigating actions to be recorded in a more granular manner.	Q1, 2025
2	Although translation tests account for a significant portion of bid evaluations, controls over the integrity of the test results achieved by Bidders can be further enhanced to reduce the risk of selecting underserving bidders. <a href="#">[Go to Page]</a>	Medium	The PCT Translation Division should strengthen controls over the conduct of translation tests, beyond requiring the submission of declaration of honour forms, to mitigate risks of cheating and potential award of contracts to undeserving bidders.	Director, PCT Translation Division	Will reinforce procurement controls around confirmation of identities during test taking and test opening periods. Will investigate feasibility of proctoring approaches that do not impinge on any legal privacy stipulations.	Q4, 2025
3	Translation cost and work volume allocation data from January to October 2024 indicated a heavily skewed allocation of translation work to a few translation companies across the top 5 language combinations. For example, the top 1 share was 39%, 38%, and 34% for ZH-EN, KO-EN and DE-EN respectively. This increases the organization's risk exposure if a disruption affects a company with a large share of purchase orders. <a href="#">[Go to Page]</a>	Medium	The PCT Translation Division should formally consider the risk of disruption to externally sourced translation services and avoid a heavy concentration of work volumes in only a few translation companies while continuing to consider their capacity.	Director, PCT Translation Division	This has already been incorporated into the monthly planning meetings. Impact will be seen throughout 2025.	Q1, 2025
4	There were some observed inconsistencies between the % acceptability achieved versus the amount of work allocated to a translation company (batch volume), despite all contracted companies having met specified minimum translation capacity requirements. PCT Translation Division attributed inconsistencies to lack of a suitable business intelligence tool as well as inability of some translation companies to take on more work. <a href="#">[Go to Page]</a>	Medium	The PCT Translation Division should leverage a suitable business intelligence tool to have greater assurance that work allocated to translation companies is aligned with quality scores (%A) while considering the companies' capacities and pricing.	Director, PCT Translation Division	This requires an overarching business intelligence tool. We will investigate potential solutions including tools likely to be adopted on an organizational-wide level.	Q1, 2026

# 2

## Background

**WIPO Sectors:**  
**AFM** - Administration, Finance and Management  
**PT** - Patents and Technology  
**RND** - Regional and National Development  
**BD** - Brands and Designs  
**IE** - IP and Innovation Ecosystems  
**IP** - Infrastructure and Platforms  
**CCI** - Copyright and Creative Industries  
**GCP** - Global Challenges and Partnerships

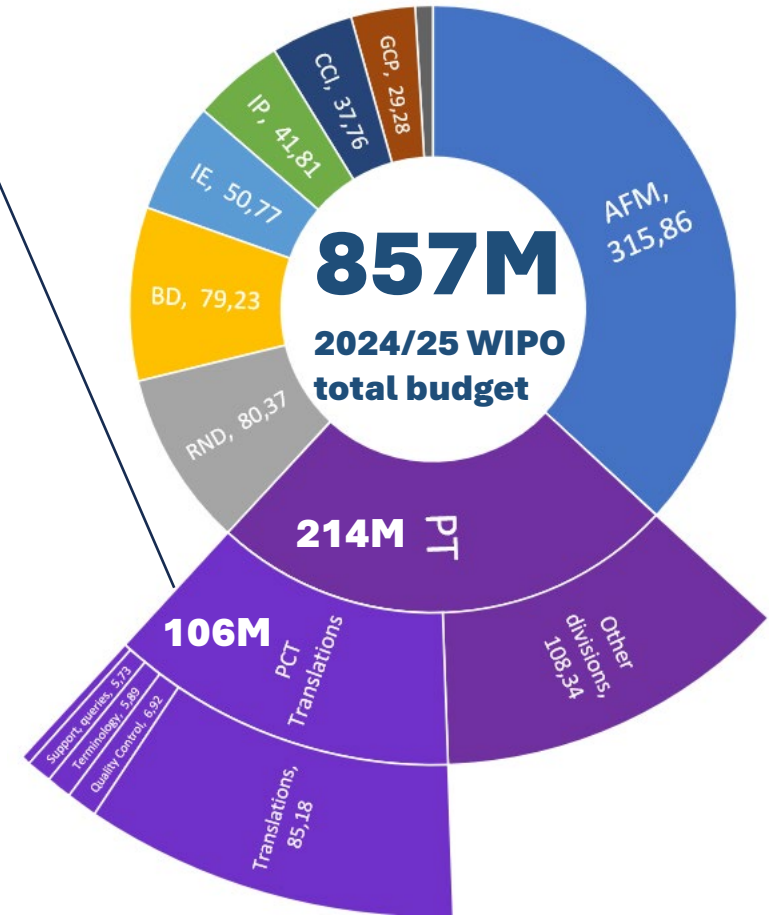
WIPO budget is expressed in Swiss Francs.

The **PCT Translation Division** is responsible for the core business-related translation of the PCT, i.e., translation that is directly related to the PCT application and publication process as foreseen in the PCT legal framework. This includes:

- (a) Abstracts (10 publication languages into English and French);
- (b) Written Opinions of the International Searching Authority (WOSA), International Preliminary Reports on Patentability (IPRP), and International Search Reports (ISR) (10 publication languages into English);
- (c) Core working-level translation related to the above;
- (d) Terminology-related work (WIPO Pearl); and
- (e) Japanese and Korean translations, upon request and depending on the availability of resources.

Data source: [Translation Framework at WIPO](#)

## PCT Translation Division – Share of total WIPO Budget.



Data source: [WIPO Program of Work and Budget 2024/25](#)

# 3

## Objectives, Scope, Methodology

### Objectives

- A. Review the **GOVERNANCE** and structure, **RISK** management and **COMPLIANCE**, as well as the effectiveness of internal **CONTROLS** in PCT Translation Division.
- B. Assess the adequacy and effectiveness of **STAFFING**, **TOOLS**, and **SYSTEMS** used to support Services of PCT Translation Division.
- C. Assess the **SECURITY** of sensitive information and the **COST-EFFICIENCY** of translation services.

### Scope

Operations in 2023 - 2024

### Methodology

- Interviews with relevant stakeholders
- Review and analyses of documents and records
- Walkthroughs and test of controls
- Data analytics



International Professional Practices Framework® (IPPF) 2024

# 4

## Observations and Recommendations

### Governance (1 of 3)

- **MTSP** – Medium-term Strategic Plan. [Link](#).
- **PW&B** – Program of Work and Budget 2024/25. [Link](#).
- **PMSDS** – Performance management and staff development system. Sets the roles and responsibilities, quality standard, and individual performance targets of staff.

## Governance: Alignment with the Expected Results

### WIPO MTSP and PW&B: Expected Result 3.2 [Strategic Decision-Making]

Improved productivity and service quality of WIPO's global IP systems, services, knowledge, and data.  
2024/25 Budget for ER 3.2: 295 MCHF (34% of the total WIPO Budget of 857 MCHF)

### PCT Translations Division's Workplan Activities

2024/25 Budget of Division: 106M CHF (36% of the total ER 3.2 budget or 12% of the total WIPO budget)

Activity	Y2024/25, MCHF	Activity	Y2024/25, MCHF
● Translation of WOSAs	50	● Translation of ISRs	3
● Translation under the PCT	28	● General Translation, Revision, Editing	2
● Quality Control	7	● Training	2
● Terminology	6	● Answering Queries	2
● Translation and Terminology Technology Support	4	● Translation of IPRP2s	2

### Director [Operational Decision-Making]

French Translation Section (PCT)	English Translation Section (PCT)	Asian Languages Section 1	Asian Languages Section 2	Support Section Coordination Unit Terminology Unit	Translation and Terminology Technology Section
WIPO Staff and Financial Rules and Regulations; Code of Ethics					
Internal Procedures and Guidelines					
Job Descriptions					
PMSDS Individual Objectives					
Mentoring / Instructing by Senior Peers					

WIPO Accountability Framework

The PCT Translation Division's organizational structure supports the delivery of its planned Program Activities (PAs) for 2024/25. All PAs are aligned with and contribute to the achievement of Expected Result 3.2.

# 4

## Observations and Recommendations

### Governance (2 of 3)

- (A) Total actual execution is close to expected.
- (B) Total actual execution is close to expected; compensated by non-staff resources.
- (C) Quality Control was more externalized.
- (D), (E) Execution is not linear; therefore, fluctuations are possible over time.
- **Budget Data and Staffing**—Data was sourced from WIPO WePerform on November 10, 2024. Information on execution and staffing levels is updated almost in real-time.

## Governance: Budget Execution and Resources

### Biennial Budget Execution as of 10 November 2024 in Swiss Francs

Activities	Budget 2024/25			Actuals, 10 Nov 2024			Execution, 10 Nov 2024			
	Payroll	Non-Payroll	Total	Payroll	Non-Payroll	Total	Payroll	Non-Payroll	Total	
Translations	11.832.750	73.351.559	85.184.309	3.469.918	29.773.224	33.243.142	29%	41%	39%	(A)
Support and Queries	4.974.973	750.038	5.725.011	1.810.331	494.083	2.304.414	36%	66%	40%	(B)
Quality Control	6.772.907	150.000	6.922.907	2.291.734	193.319	2.485.053	34%	129%	36%	(C)
Terminology	5.227.685	664.608	5.892.293	1.685.400	187.119	1.872.519	32%	28%	32%	(D)
Training	1.978.423	-	1.978.423	626.949	46.462	673.411	32%	0%	34%	(E)
<b>Grand Total:</b>	<b>30.786.737</b>	<b>74.916.205</b>	<b>105.702.942</b>	<b>9.884.331</b>	<b>30.694.208</b>	<b>40.578.538</b>	<b>32%</b>	<b>41%</b>	<b>38%</b>	


### Analytical expectations on budget execution

As of the beginning of November 2024, the expected analytical budget execution was approximately **42%** (10 months / 24 months), which is close to the actual budget execution.

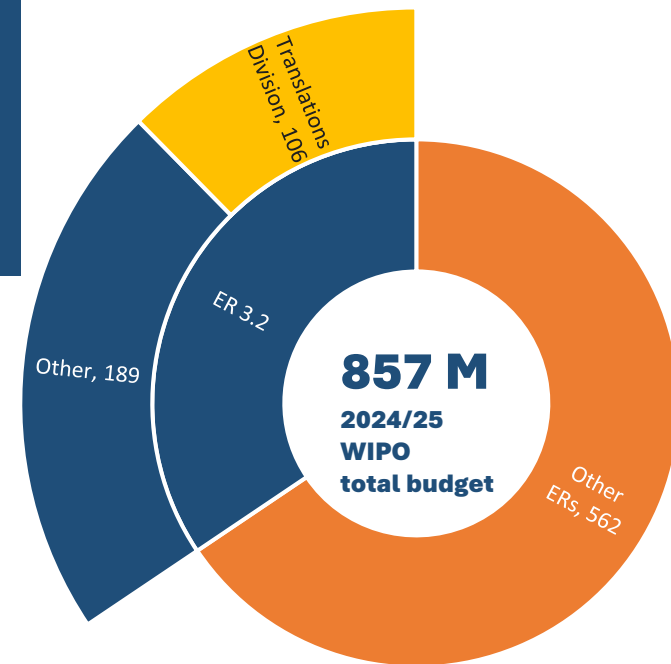
Unfilled staff positions were compensated by increased utilization of external flexible non-staff resources. Management should pay attention to unfilled vacancies and analyze them in the context of upcoming filing forecasts.

As per the Director of the PCT Translations Division, recruitments are in progress.

### Staffing levels as of 10 November 2024

Grade	Occupied	Vacant	Total	Total%
D1	1		1	1%
P5	6		6	8%
P4	29	7	36	50%
P3	18	5	23	32%
P1		1	1	1%
G6	3		3	4%
G5	2		2	3%
<b>Grand Total</b>	<b>59</b>	<b>13</b> 	<b>72</b>	

18%



# 4

## Observations and Recommendations

### Governance (3 of 3)

#### Analysis of Key Performance Indicators (KPI)

Established KPIs help management assess the main performance metrics and make informed operational decisions.

The year 2024 showed continual improvement in KPIs, evidencing improved process efficiencies.

## Governance: Monitoring Performance Key Performance Monitoring Mechanisms

### Weekly Management Meetings

Analysis of the progress of translations in the pipeline; quality; planning ahead.

### WorldServer Statistics

Analysis of the work in progress in nearly real-time mode.

### ContentQuo Dashboards

Analysis of the quality of translations.

### Annual Report on volumes, quality and cost of translations

Statistics on volumes, quality and cost of translation in the PCT.

## Key Performance Indicators monitored by PCT Translations Division

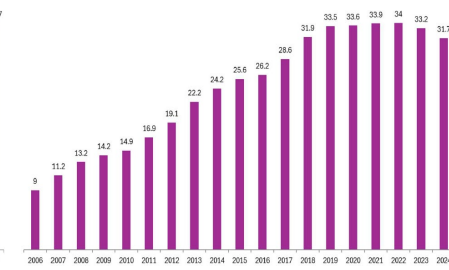
### Number of translated words and number of staff (yearly)



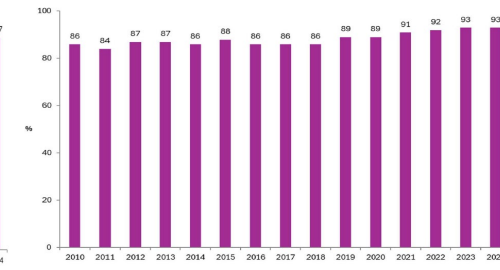
### Number of translations (all document types)



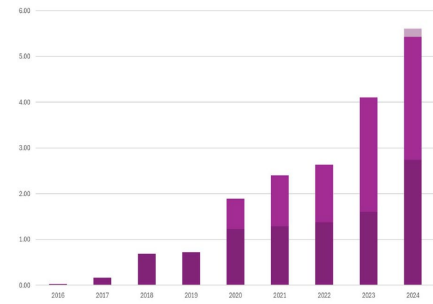
### Annual translation outsourcing costs



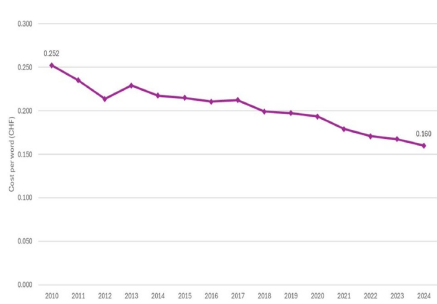
### % of translations graded "Acceptable"



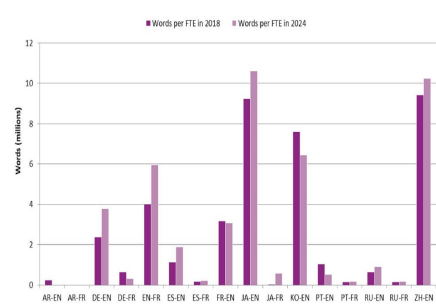
### Cost savings from the use of Machine Translations



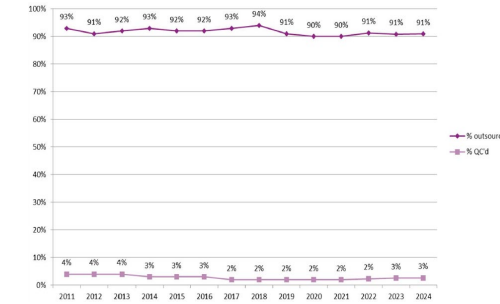
### Cost per Word of Outsourced Translations



### Words per FTE staff per language combination



### % of Outsourced and Quality-Controlled transl.



# 4

## Observations and Recommendations


### Risk Management

- **WIPO RM Framework:** For the explanation and review of components of the framework, refer to [WIPO Risk Handbook](#)
- **WIPO Risk Appetite Statement** – The document explains the amount and type of risks WIPO is willing to take to meet its strategic goals and expected results. [Link](#).
- **ERM** - A central repository to log, track, and manage risks.
- **Sector Risk Coordinators (SRC)** coordinate with Sector Leads, Managers, and the central risk team in the Office of the Controller to keep risks and response actions up-to-date in the ERM system. Here is a listing [of SRCs](#).

#### Recommendation 1

In collaboration with the Sector Risk Coordinator, the PCT Translation Division should record its key risks and mitigating actions and controls in WIPO's ERM system.

## Risk Management (RM)

	RM Steps	PCT Translations “As is”	Done?	Documented?	
WIPO RM Framework	Managing Risk: Steps	<b>1. Identification</b>	Management is well informed about key risks and events that may prevent, accelerate or delay the achievement of the Division’s objectives. Risks are identified during the regular analysis and review of business processes and workflows; also during the internal management meetings.	Yes	Yes/No.  While the key risks and their mitigating actions and controls are mentioned in internal documentation, they are not recorded in the <b>ERM system and register</b> .
		<b>2. Analysis</b>	Management understands the risk exposure by considering the likelihood of occurrence and potential impact of events. This allows for a clearer understanding of which risks require greater attention.	Yes	
		<b>3. Response</b>	The review of processes showed the division’s ability to adequately respond to key risks. This is mainly done through implementation of mitigating actions and controls. Some risks are also avoided or accepted in line with the <b>WIPO Risk Appetite Statement</b> .	Yes	
		<b>4. Reporting</b>	As per the WIPO Risk Handbook, Risk Owners and Response Action Owners, with the support of their <b>Sector Risk Coordinators</b> , record risks in the Enterprise Risk Management (ERM) system. Currently, the key risks of the PCT Translation Division are not recorded in the ERM system and register.	No 	
		<b>5. Monitor &amp; Review</b>	Weekly management meetings, monitoring of key performance indicators, and analysis of the translation market situation help the division be up-to-date on existing and emerging risks.	Yes	

Finding 1

Medium

Overall, management knows the WIPO RM Framework and its application. In practice, risks are identified and analyzed, and adequate risk responses are developed to reduce risks to an acceptable level. At the same time, several risks and related mitigations need to be formalized in the WIPO ERM system. Otherwise, they are less visible at the global WIPO level in conjunction with other organizational risks. This is partially explained by the fact that risks relevant to the PCT Translation Division are “cross-cutting” risks (like sensitive information leakage) and are addressed at the higher organizational level. However, several risks (like the Quality of Translations) are directly attributable to PCT Translations. In addition, the PCT Translation Division is essential to mitigating some “organizational” risks (like sensitive information leakage), and their mitigating actions and controls should be recorded in the **ERM system**. The key PCT Translation Division’s risks and controls are presented on the **next slide**.

# 4 Observations and Recommendations

## Key Risks and Controls

### PCT Translation Division – Key Risks and Controls

Key Risks	Relevant Controls, Control Activities, and main Control Owners			
	PCT Translation Division	SIAD and ICTD	HRMD	Other WIPO departments
<b>Disclosure of Confidential Information</b>	<ul style="list-style-type: none"> <li>Monitoring of Abstracts circulating in translations</li> <li>Outsourcing decisions based on the sensitivity of information</li> <li>Physical inspection of external translators</li> <li>Background checks of ICS translators</li> </ul>	<ul style="list-style-type: none"> <li>External service provider information risk management</li> <li>Identity and Access Management</li> <li>24/7 ISOC Controls</li> <li>Remote Access Controls</li> <li>Data Leakage Prevention tool</li> <li>Infosec training / awareness raising program</li> </ul>	<ul style="list-style-type: none"> <li>Disciplinary Measures</li> </ul>	<ul style="list-style-type: none"> <li>Ethics and Anti-fraud trainings / awareness programs</li> <li>Confidentiality and “Audit” clauses in procurement contracts</li> </ul>
<b>Quality of Translations</b>	<ul style="list-style-type: none"> <li>Quality Control and Management System</li> <li>Dynamic work allocation based on ratings of translators</li> </ul>			<ul style="list-style-type: none"> <li>Quality-related clauses in procurement contracts</li> </ul>
<b>Talent Deficit</b>	<ul style="list-style-type: none"> <li>Developing talent through Fellowship Program</li> <li>Active talent search through professional events and conferences</li> </ul>		<ul style="list-style-type: none"> <li>Workforce and Succession Planning</li> <li>Dynamic Skills Inventory</li> <li>Recruitment Incentives</li> </ul>	

#### Controls surrounding key risks

The PCT Translation Division, in collaboration with other WIPO departments, has implemented controls around the division’s key risks to reduce them to an acceptable level in line with WIPO’s risk appetite.

# 4

## Observations and Recommendations

### Main Translation Types

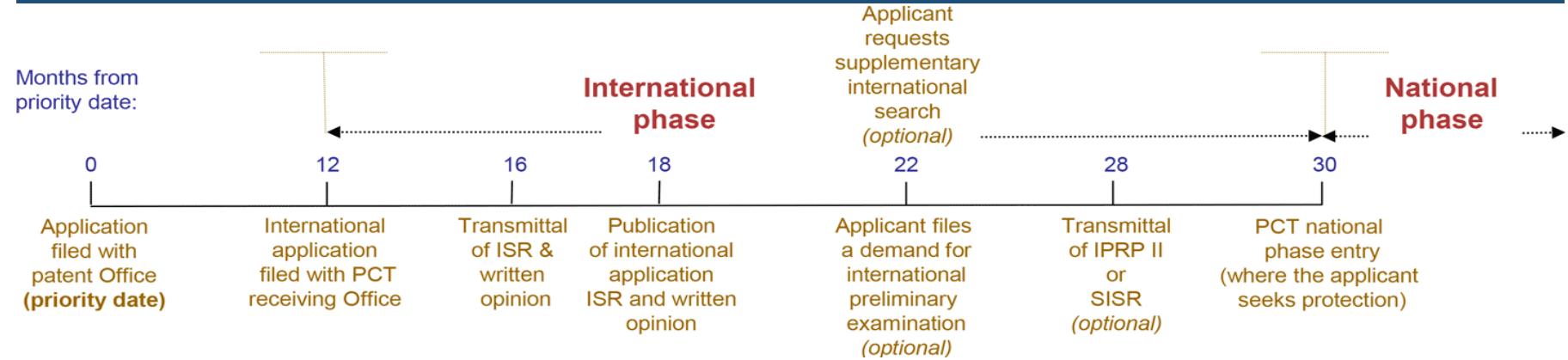
**Abstract** - Preferably 50 to 150 words long document. Enables the reader to ascertain quickly the character of the subject matter covered by the technical disclosure.

**ISR** - International Search Report. Gives the applicant an early indication of the patentability of their invention on a global scale.

**WOSA** - Written Opinion of the International Searching Authority. Provides a preliminary, non-binding assessment of the patentability of the invention.

**IPRP II** - International Preliminary Report on Patentability. Provides applicants with an opinion on whether their invention is likely to meet the patentability requirements in various PCT member countries. The report is issued when the applicant requests an International Preliminary Examination by filing a demand under Chapter II of the PCT.

## PCT process timeline



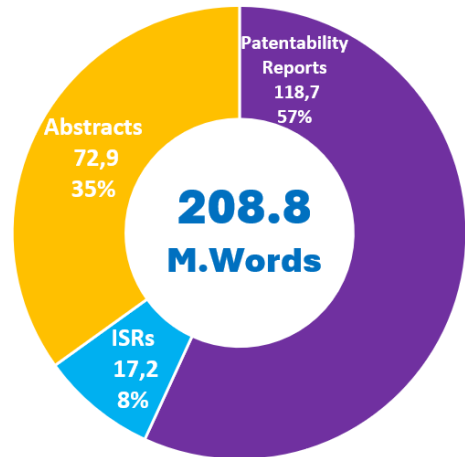
**Abstract**  
To be translated 3 weeks before publication (18 months minus 3 weeks)

**WOSA / IPRP Chapter II**  
To be translated at least 1 day before publication (30 months minus 1 day)

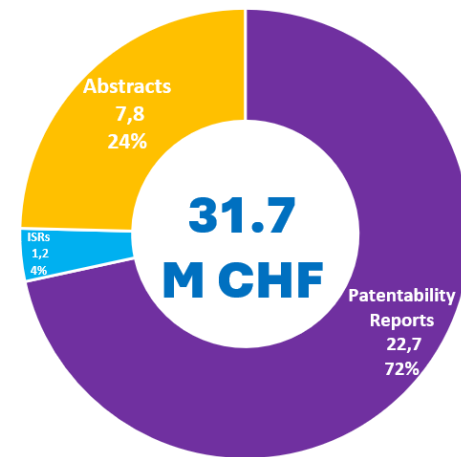
**ISR**  
To be translated 3 weeks before publication (18 months minus 3 weeks)

The PCT Translation Section has developed Manuals for all main translation types, which helps retain the Institutional Knowledge.

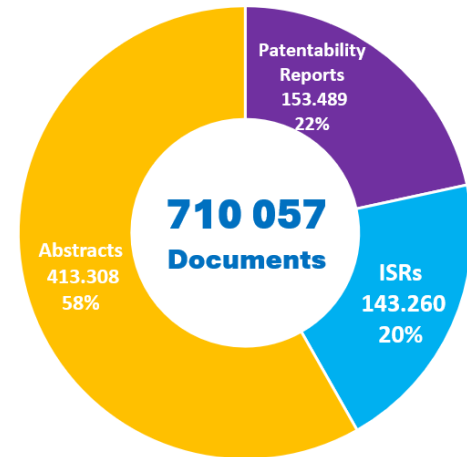
Number of translated Words (millions) per document type: 2024



Outsourcing Costs (CHF Millions) per document type: 2024



Number of Translations per document type: 2024



Data source: 2024 Report on volumes, quality and cost of translation in the PCT Translation Division

# 4

## Observations and Recommendations

### Translation Workflow

The diagram on the right represents the generalized translation process workflow at the PCT Translation Division. The steps in the translation workflow may differ depending on the document type.

Some key terms:

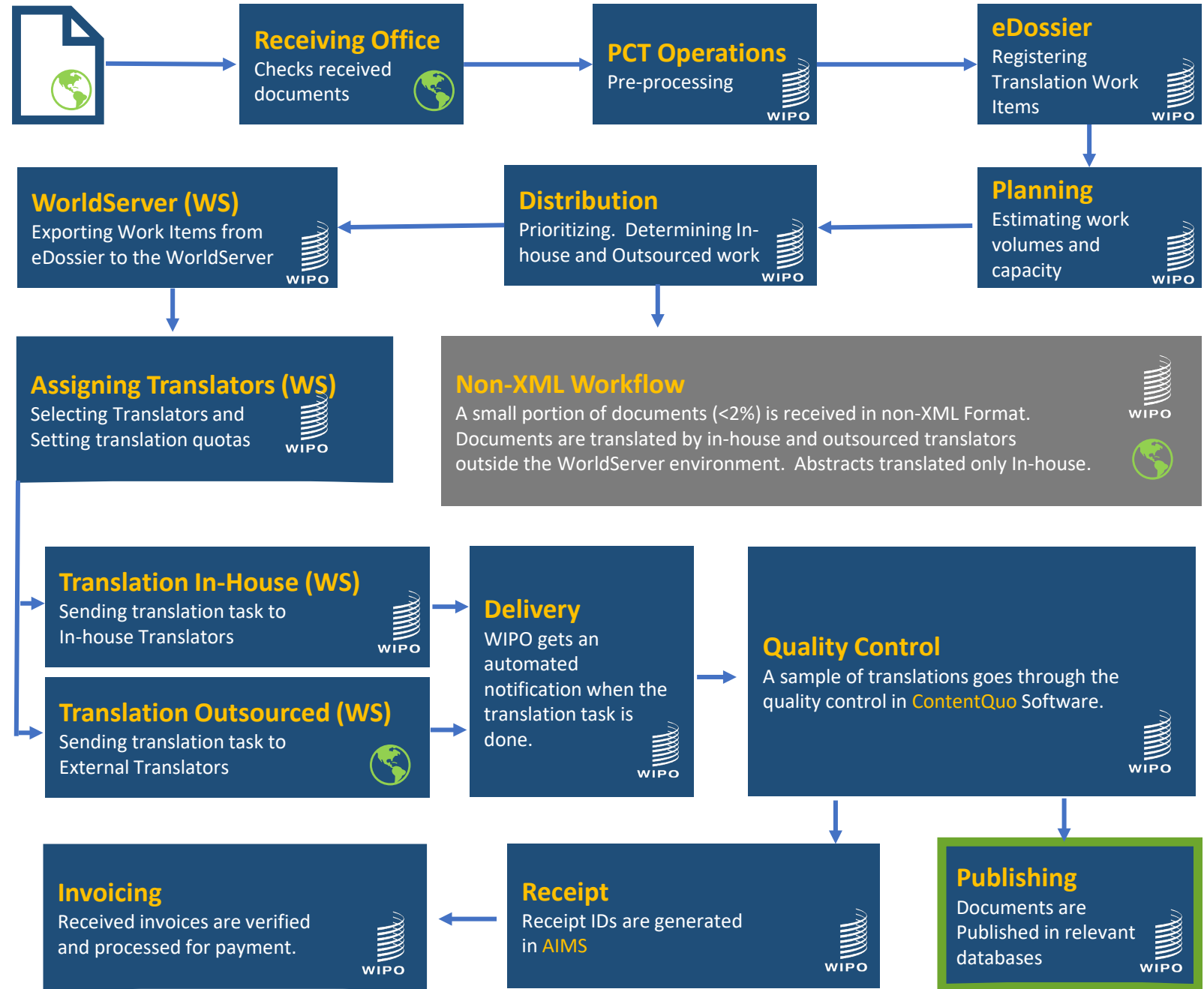
**Receiving Office (RO)** – The national or regional patent office where an applicant submits their international patent application. The RO is the first office involved in the international phase of the PCT process and plays a key role in formally processing applications.

**eDossier**- PCT document management system.

**ContentQuo** -A cloud software platform for managing and scaling Language Quality Assessment and quality evaluation programs for translations.

 - Processed outside WIPO

 - Processed at WIPO



# 4

## Observations and Recommendations

### Translations Quality Control (1 of 2)

#### Objectives of Quality Control:

- Meeting Quality Standards
- Information for Corrective Actions
- Identification of best quality for money

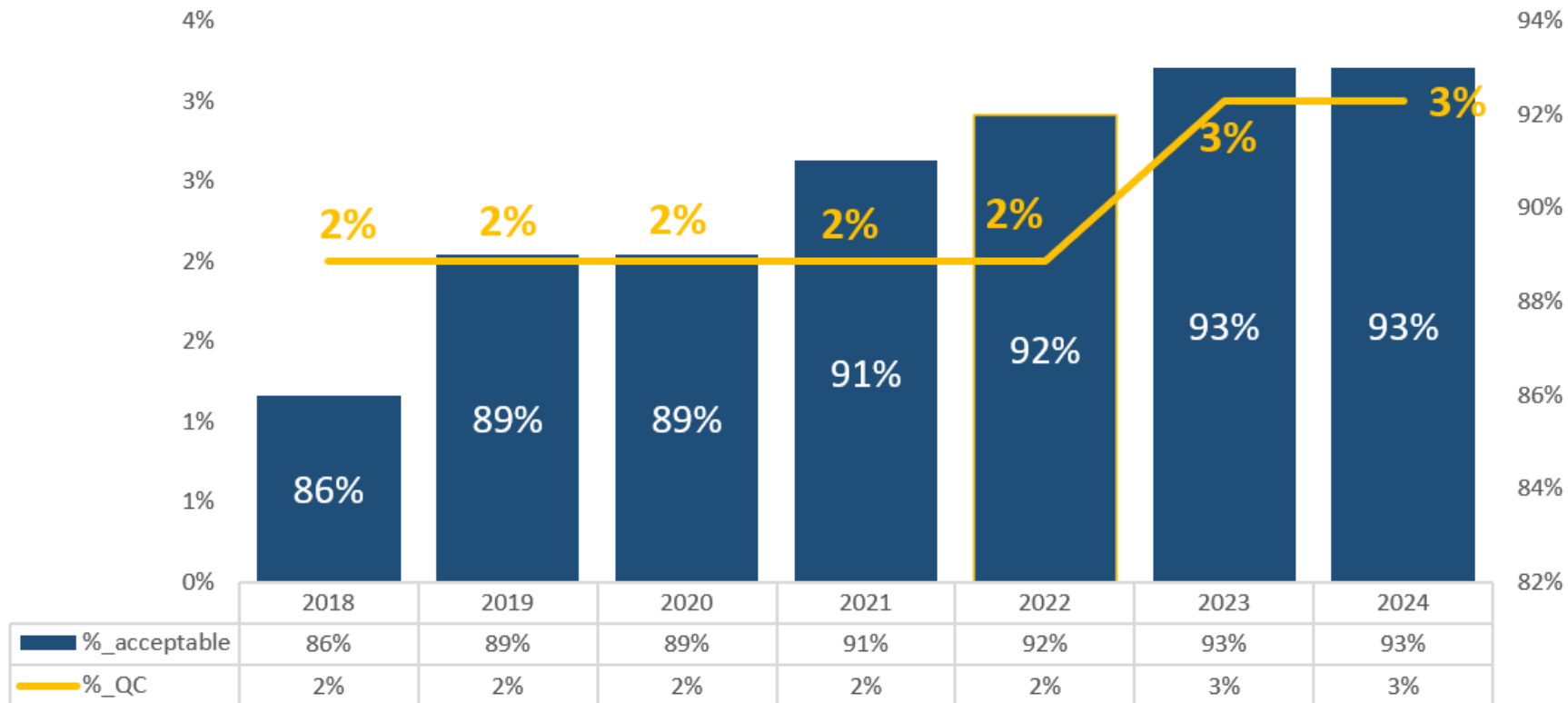
#### Principles of Quality Control:

- Clear Methodology
- Harmonized evaluation of errors
- Performed by a Native Speaker
- At least 2 revisers read all Quality Control (QC) reports
- QC Groups to be small, efficient
- Regular update of guidelines.

#### The system of Grading

- Acceptable (A+, A, A-)
- Not Acceptable (NA+, NA, NA-)

## PCT Translation Quality: % of translations graded “Acceptable” and % of Quality-Controlled translations 2018-2024; all languages; Abstracts, WOSAs, IPRP2s.



Data source: 2024 Report on volumes, quality and cost of translation in the PCT Translation Division

Statistics show a gradual increase of “Acceptable” translations over time. Similarly, the coverage of Quality Assessment grew from 2% in 2022 to 3% in 2023 and 2024.

**i** Quality Control ≠ Training and Revision

**i** Both Outsourced and In-house translations are subject to a QC.

# 4

## Observations and Recommendations

### Translation Quality Control (2 of 2)

## Translation Quality Management Software

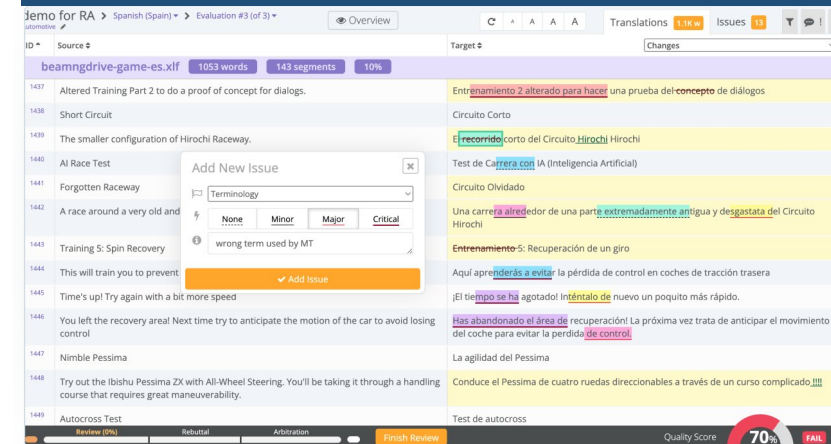


**ContentQuo** — Cloud software platform for managing and scaling Language Quality Assessment & quality evaluation programs for translations. It is hosted internally for security reasons.

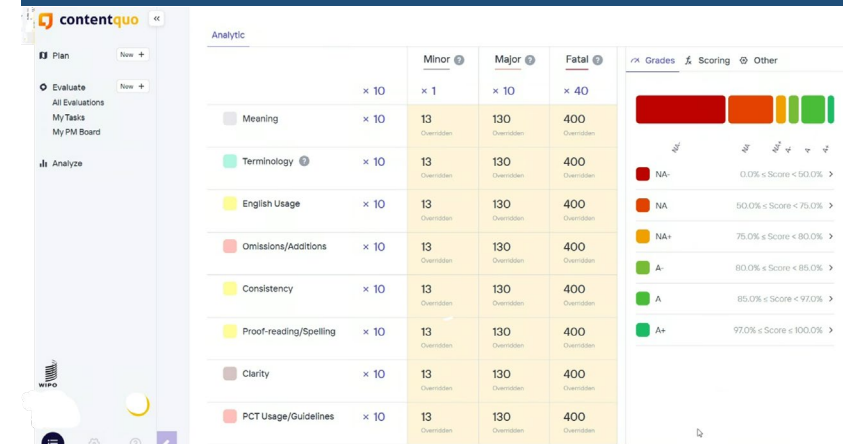
Software tested: May 2024

Sanitized for confidentiality purposes

## Aligned with WIPO Methodology



## Intuitive Design and Robust Insights



# 4

## Observations and Recommendations

### IT Security

Sanitized for confidentiality purposes

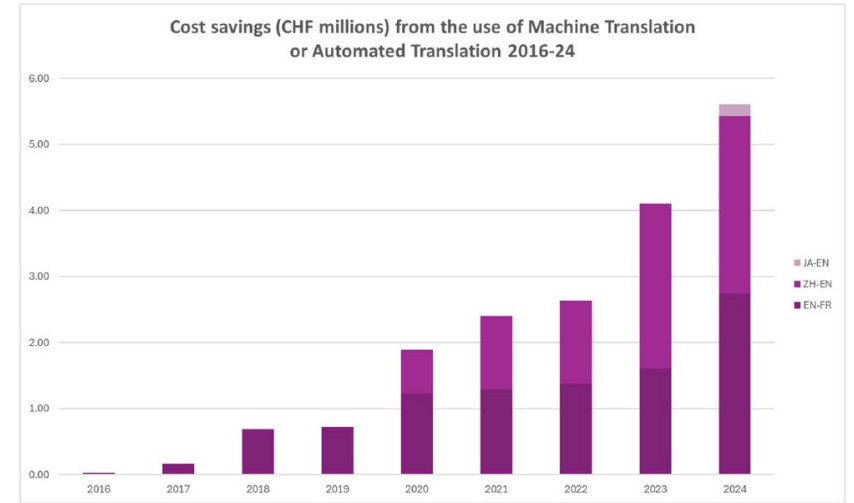
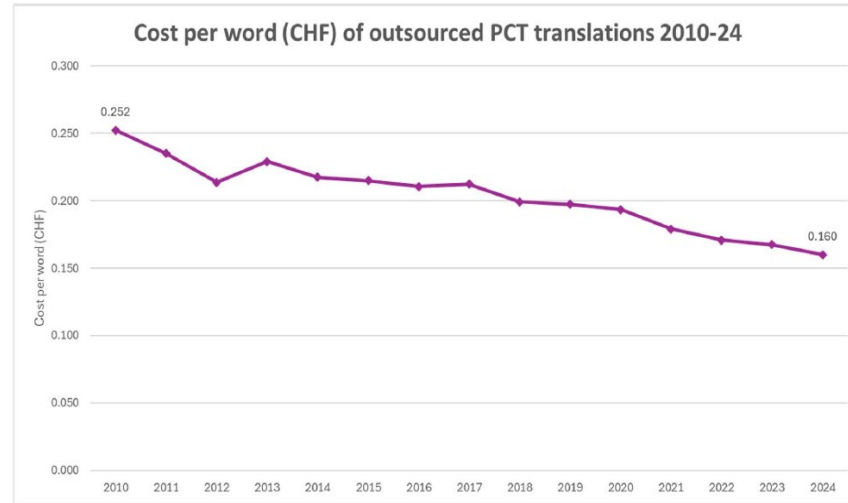
# 4

## Observations and Recommendations

### Cost-Efficiency

- **Machine Translation** is using computer software to automatically translate text or speech from one language to another. This technology leverages algorithms and linguistic rules and often incorporates artificial intelligence and machine learning techniques to improve accuracy and fluency.

## PCT Translations – Efficiency Gains



Data source: PCT Translation Division 2023 Report on volumes, quality, and cost of translation in the PCT Translation Division in 2023, March 2024.

### Decrease in Cost per Word

Statistics show a decrease in Cost per word of outsourced PCT translations over time. Efficiencies mainly resulted from negotiating better contractual terms and broader use of **post-editing Machine Translations\***.

### Increase in Translation Cost Savings

The use of **Machine Translations\*** has allowed for significant cost savings in recent years. Notable savings in 2024 resulted from the use of automation in ZH-EN and EN-FR Post-Editing jobs.

\*machine translation suggestions are post-edited by humans

*«... advances in AI are offering enterprises new opportunities to reduce costs and improve the availability of translation services. In many cases, these augment the activities of human translators.»*

*Gartner, Market Guide for AI-Enabled Translation Services. 14 December 2020.*

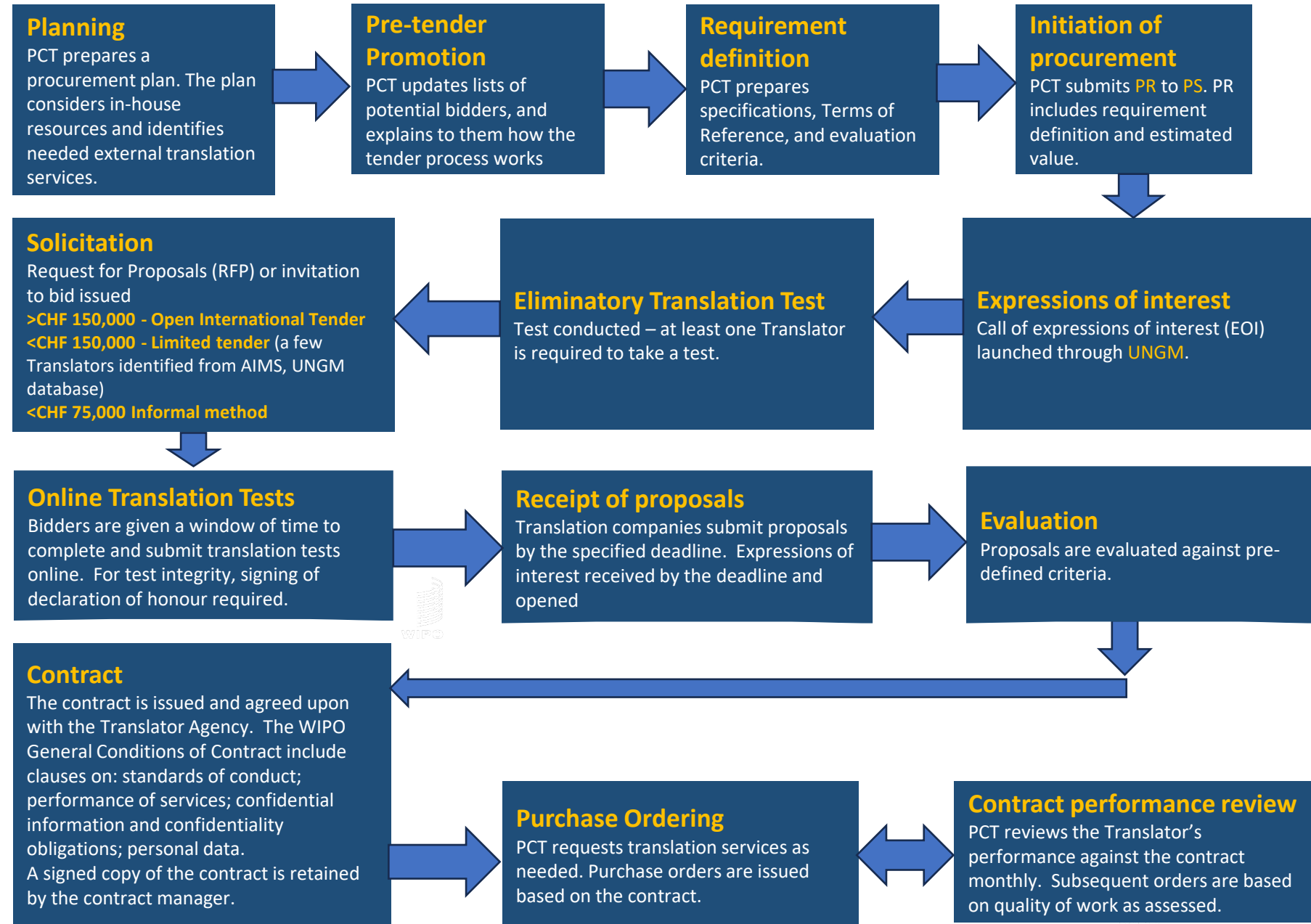
# 4

## Observations and Recommendations

### Sourcing External Translation Companies: Workflow

The diagram on the right represents a summarized process workflow for sourcing External Translation companies in the PCT Translation Division.

PR: Purchase requisition  
PS: Procurement Section  
UNGM: United Nations Global Marketplace



# 4

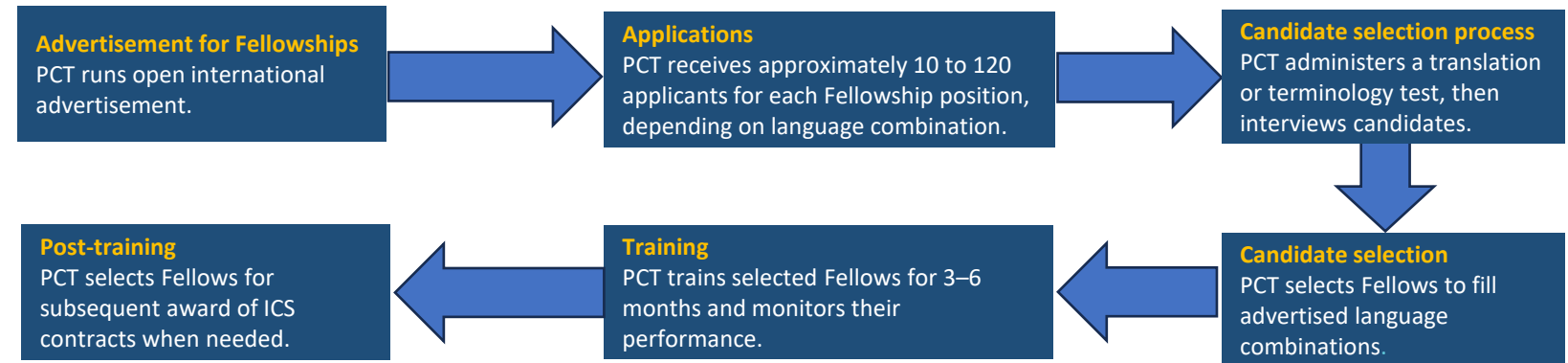
## Observations and Recommendations

### Sourcing External Individual Contractor Service (ICS): Workflow

The diagram on the right represents the process workflow for sourcing external Individual Contractor Services (ICSs) by PCT.

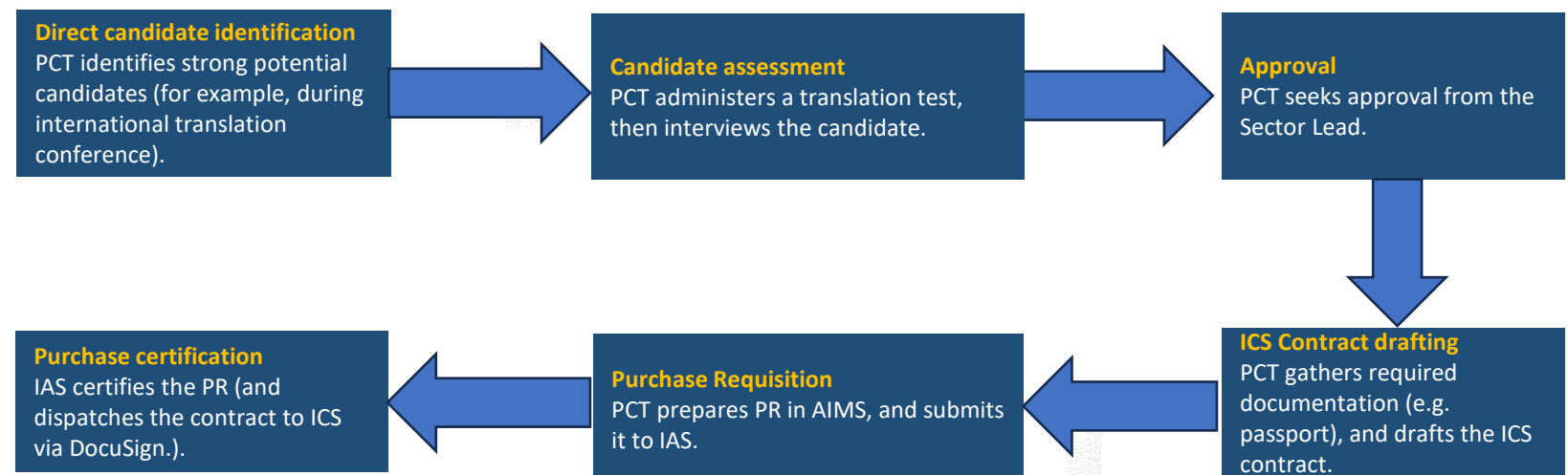
IAS: Individual and Agency Services (IAS) team in Procurement Section  
PR: Purchase requisition

### PCT Method 1: Sourcing ICS Translators through Fellowship Programme



About 95% of ICSs are recruited using Method 1

### PCT Method 2: Direct Sourcing of ICS Translators



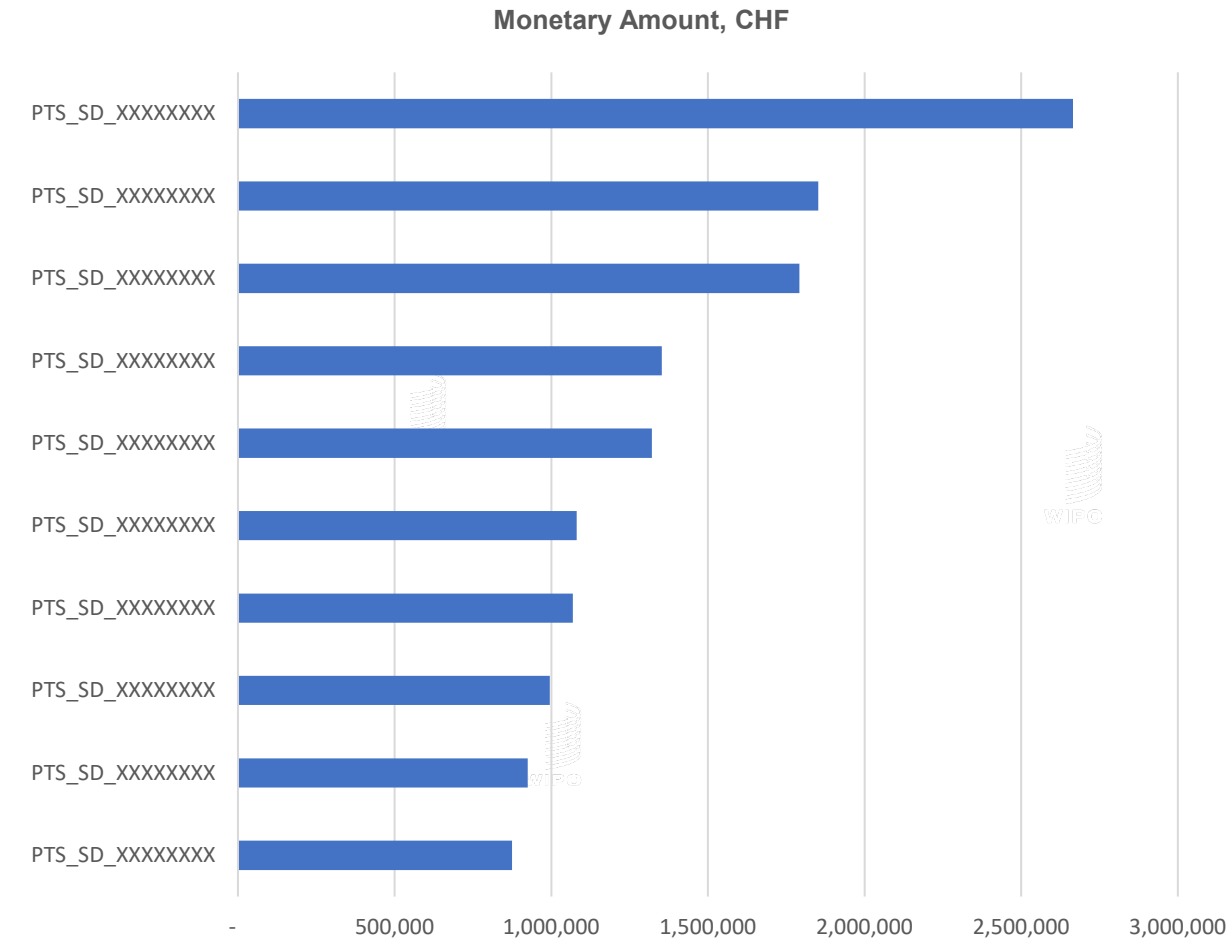
# 4

## Observations and Recommendations

### Sourcing External Translators: Contracts

- 131 contracts – total of CHF 24.75 million.
- Top 10 contracts - CHF 13.93 million (56%).
- Top 10 contracts had 5 distinct solicitations:
  - (1) PTS\_SD\_XXXXXXXXXX;
  - (2) PTS\_SD\_XXXXXXXXXX;
  - (3) PTS\_SD\_XXXXXXXXXX;
  - (4) PTS\_SD\_XXXXXXXXXX; and
  - (5) PTS\_SD\_XXXXXXXXXX.
- The five were reviewed for compliance with sourcing procedures.
- PCT reviews contract performance in terms of quality achieved monthly. For example, 10 successful bidders were awarded contracts on XXXXX arising from an open tender (XXXXX) on UNGM. Nine out of the 10 received orders in 2024, including three in the top 5. The tenth vendor did not receive orders due to prior performance issues.
- Nine (9) successful bidders were awarded contracts on XXXXX arising from an open tender (XXXXX) on UNGM. All 9 received orders, including one in the top 5.

## Top 10 contracts by monetary value for translation companies



# 4

## Observations and Recommendations

### Sourcing External Translators: Evaluation of Proposals

1. IOD tested the evaluation process against five (5) distinct solicitations.
2. IOD reviewed the solicitation method applied, qualification requirements and evaluation criteria, and evaluation matrices.

#### Recommendation 2

The PCT Translation Division should strengthen controls over the conduct of translation tests, beyond requiring the submission of declaration of honour forms, to mitigate risk of undeserving bidders cheating during tests and potentially winning a contract award.

## Evaluation of Procurement Proposals

### Sample of solicitations tested

1. PTS\_SD\_/XXXX/XXX
2. PTS\_SD\_XXXXXXXX
3. PTS\_SD\_XXXXXXXX
4. PTS\_SD\_XXXXXXXX
5. PTS\_SD\_XXXXXXXX

### Good Control Points

1. Specifications are unbiased and exclude restrictive conditions that limit competition.
2. Language translation tests are administered, and results are part of technical evaluations.
3. Evaluation Committee members sign a no-Conflict-of-Interest and confidentiality form before participating in an evaluation.
4. Bid evaluation criteria are defined in advance and included in solicitation documents.
5. During bid evaluation, the evaluation criteria specified in solicitation documents are replicated, and applied to all bidders consistently in evaluation matrices.
6. The Evaluation team is obliged to comment on/justify each score.

#### Finding 2

Medium

In the case of solicitation XXXXX, bidders were required to take three tests, from XXX to XXX. Controls over assuring the integrity of the tests were minimal despite the heavy weighting of translation tests which accounted for 46% of technical evaluation scores and 32% of overall results. The main control for test integrity was submission by test takers of Declaration of Honor forms, to which test takers were compliant. However, there were some control weaknesses. Translators could translate directly onto a downloaded Word test text file or use an empty file, could leave the test page and/or log out of the test system and return later, all without being recorded or monitored. Further, the test process did not require a confirmation of test takers' physical identities. There is a risk that a bidder could unethically manipulate the test process and be awarded a contract.

Monthly quality control reviews usefully identify acceptable/unacceptable quality of translations but must be performed continually during the contract's life cycle and are based on a small sample of translated work, typically 3%. This sample size still requires a significant time investment and is therefore unlikely to be improved much.

Ensuring the integrity of translation tests before selecting a Translator is a pro-active and cost-effective control which could complement quality control reviews.

# 4

## Observations and Recommendations

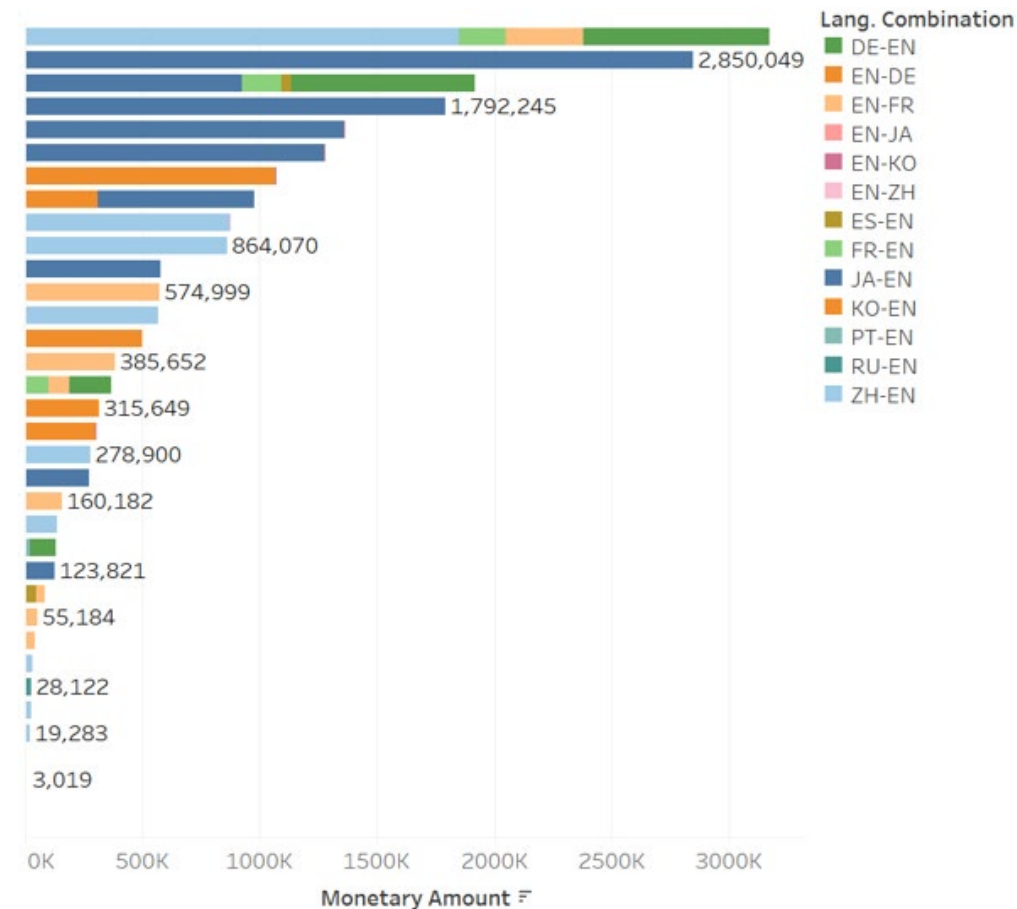
### Sourcing External Translators: Distribution of sourced translation companies

1. Due to timing differences, amounts paid may not fully reflect work allocated but are a reasonable proxy since invoicing is done after work is completed.
2. Out of 35 translation companies and 96 ICSs, the proportions of amounts were as follows: top 1: 13%; top 2: 25%; top 3: 33%; top 5: 46%; and top 10: 65%.
3. For the top 5 language combinations;
  - JA-EN : top 1 (26%)
  - ZH-EN : top 1 (39%)
  - KO-EN : top 1 (38%)
  - EN-FR : top 1 (26%)
  - DE-EN : top 1 (34%); second ranked (34%).

#### Recommendation 3

The PCT Translation Division should formally consider the risk of disruption to externally sourced translation services and avoid a heavy concentration of work volumes in only a few translation companies while continuing to consider their capacity.

## Distribution of translation costs across companies (January – October 2024)



#### Finding 3

Medium

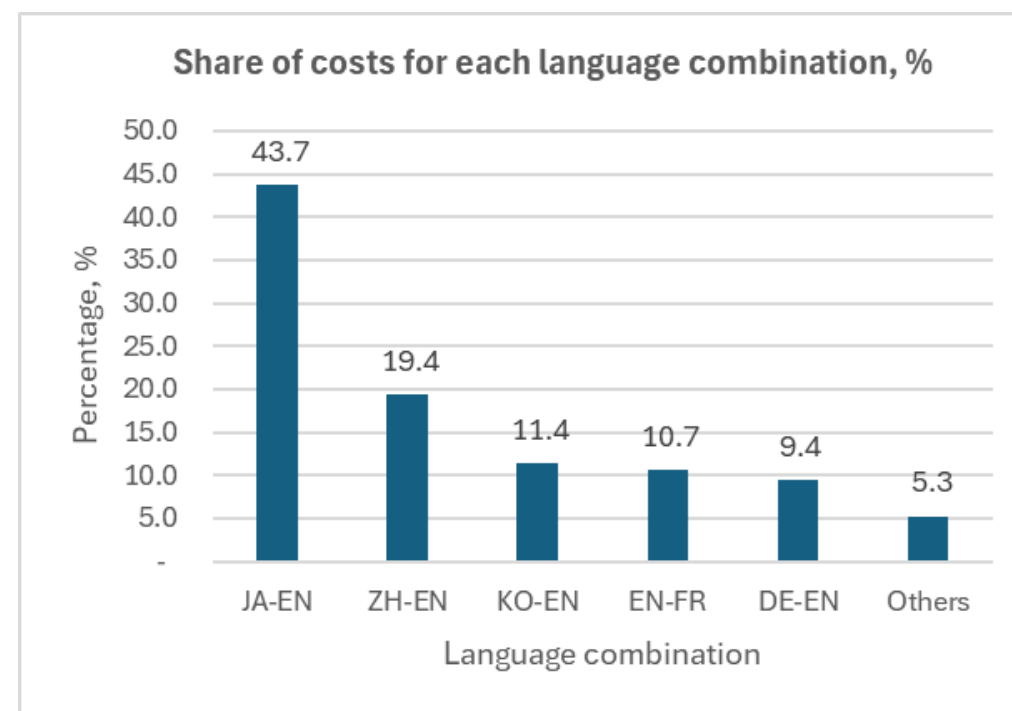
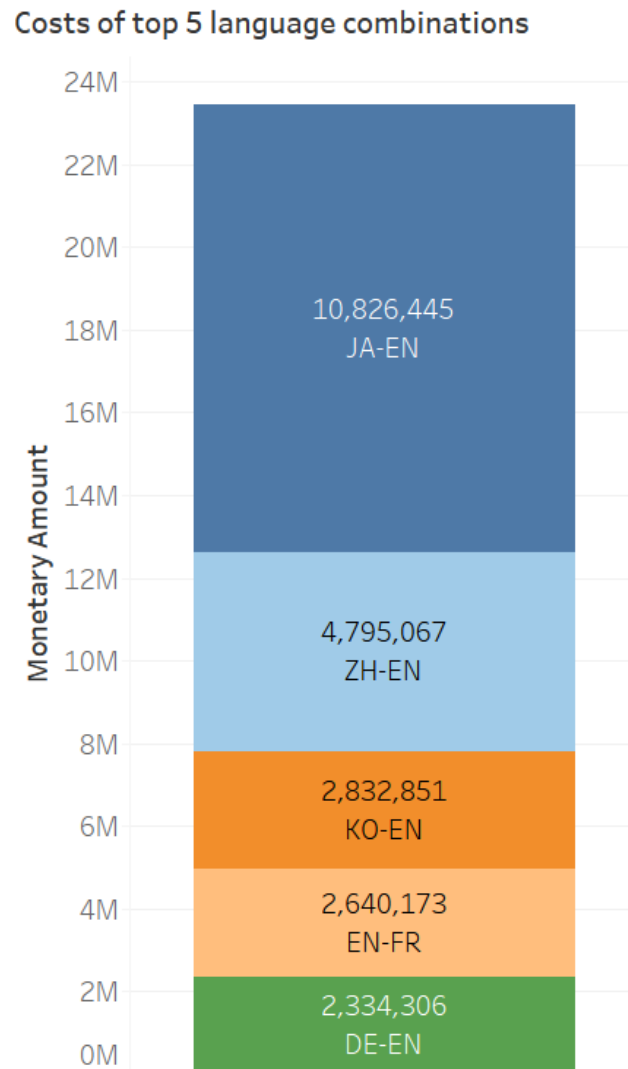
Based on invoices paid for work done (and volumes of work allocated) from January to October 2024, allocation of translation work is concentrated in a few translation companies across the top 5 LCs. For example, for ZH-EN, the top 3 had a 75% share. Further, the top 1 share was 39%, 38%, and 34% for ZH-EN, KO-EN and DE-EN respectively. In case of a disruption to a top translation company on which WIPO is heavily dependent, translation services could be severely impacted. PCT Translation Division was of the view that it considers risk of disruptions in translation companies informally and in the event that a disruption affected a company, it could re-route work volumes to alternate companies if necessary. However, the higher the dependency, the higher the resulting delays and cost implications of such an action.

# 4

## Observations and Recommendations

### External Language Translation Costs

1. Top 5 language combinations were 95% of translation costs.
2. PCT Translation Division found that the JA-EN machine translation quality was not good enough, market rates are relatively high, and there was greater competition in the ZH-EN market.
3. Although JA-EN translation costs are disproportionately high, a recommendation on cost reduction has been excluded on account of the following steps already taken by the PCT Translation Division:
  - Price negotiations for relatively high-priced bidders
  - In XXX, the launch of tender XXXXX for the provision of post-editing services of text (XXX), with the intent to reduce human translation costs.



- From January to October 2024, the JA-EN LC had a 44% share of total costs, compared to 19% for the ZH-EN, which had a higher volume of work translated. Per translated word, JA-EN costs more than twice that of ZH-EN.
- PCT Translation Division found that: market rates were relatively high for JA-EN; machine translation quality for JA-EN was not yet mature enough to realize significant cost savings; and greater competition in the ZH-EN market brought costs down.
- Although there has been an overall reduction in translation costs per word across all LCs, the relatively high JA-EN translation costs offer an opportunity to make further gains. The following steps have been taken:
- PCT Translation Division negotiates prices: For XXXXX (XXX), out of 10 bidders, four with relatively higher prices were targeted, and their prices were reduced below the tender proposal prices.
- In Q4 2024, PCT Translation launched a tender for JA-EN post-editing of text in digital format rather than relying on full human translation. This is expected to reduce costs further, although it is unclear whether machine translation will deliver the expected reductions.

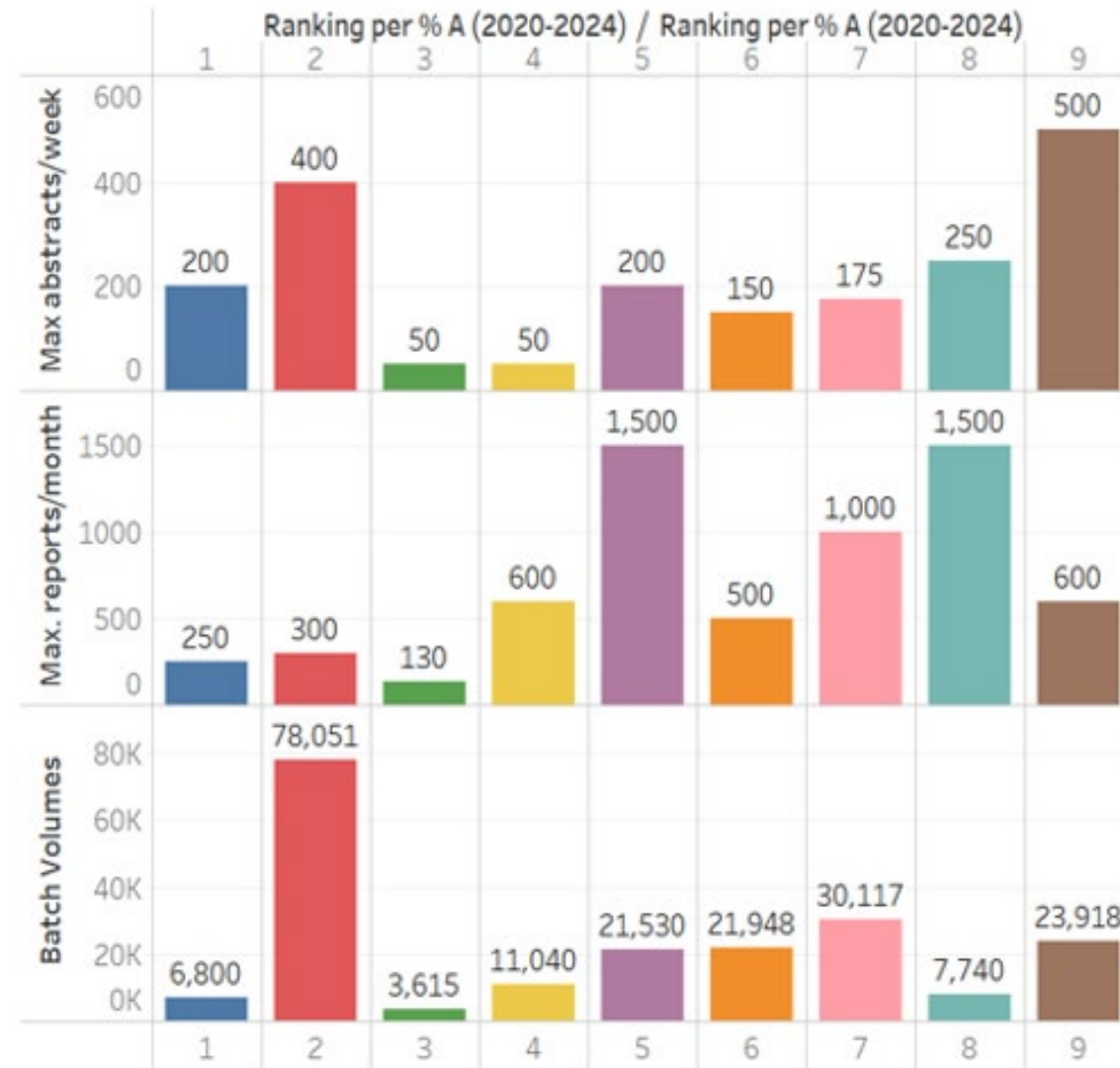
# Batch volumes allocated (2020-2024) versus bidders' translation capacities

## 4

### Observations and Recommendations

#### Sourcing External Translators: Expressed translation capacities versus volume of work allocated

1. Translation companies indicate their capacities in response to requirements specified in solicitation documents.
2. At the technical evaluation stage, the Evaluation Committee reviews the suitability of bidders on this criteria.
3. Example case: Tender XXXXX – bidders' translation capacities at the bid evaluation stage (i.e. maximum number of abstracts per week and maximum number of patentability reports per month).
4. The Chart is derived from statistics presented by PCT. It uses batch volume to measure work allocated to Translators (2020-2024) and compares it to their expressed capacities.



Data source: 2024 monthly and prior years' PCT Quality Control results

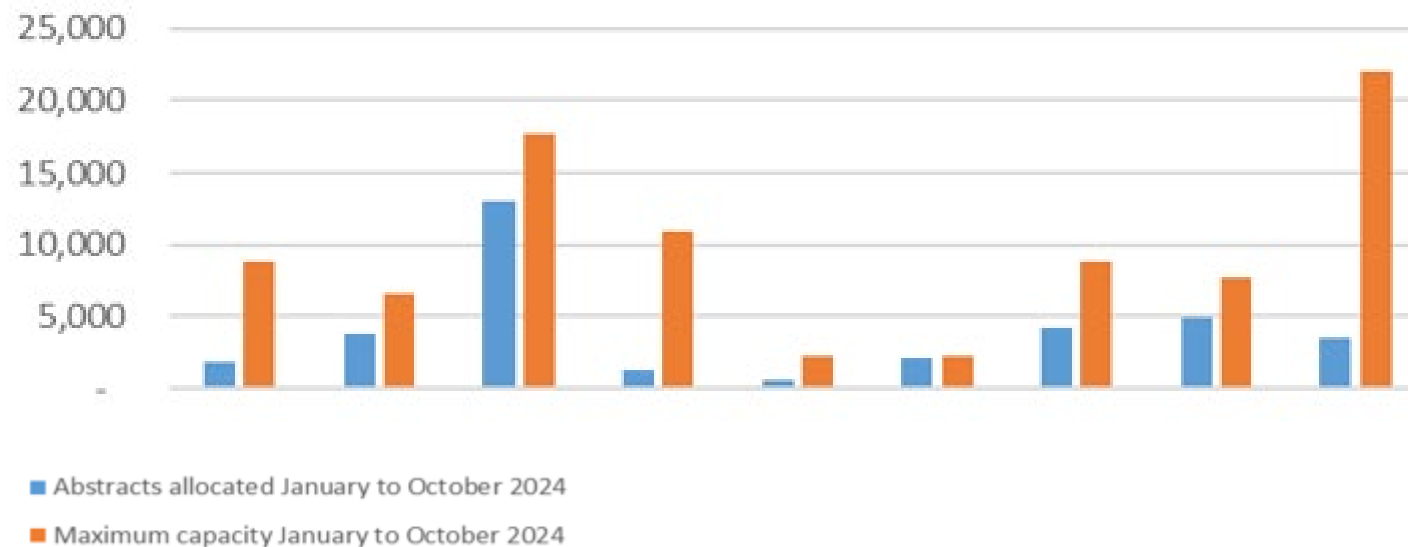
# 4

## Observations and Recommendations

### Sourcing External Translators: Maximum abstracts capacities versus number of abstracts allocated

1. Each Translation company indicated its maximum capacity to translate abstracts per week.
2. The Chart plots capacities against abstracts allocated using weekly data, for nine translation companies.
3. XXX and XXX had low allocations as their % A was relatively low.
4. However, while XXX and XXX had similar % A and XXX had higher capacity, XXX was allocated less abstract work than XXX.
5. Relative to the high usage rate of XXX, the capacities of XXX, XXX and XXX appeared under-utilized. However, PCT Translation explained that the three companies expressed reluctance in taking more work due to potential impact on quality.

Number of JA-EN abstracts allocated to translation agencies versus declared capacity January to October 2024



Data source: 2024 monthly and prior years' PCT Quality Control results

# 4

## Observations and Recommendations

### Translation Company Performance versus volume of work allocated

1. A sample of external Translators' work quality is assessed monthly and graded as a percentage of acceptability (% A).
2. The % A is expected to determine volume of work allocated to an external Translator thereafter. For example, arising from the Tender XXXXX, due to poor quality, one Agency, XXX, was no longer being allocated work.
3. Arising from tender XXXXX, for 2020-2024, XXX had the best average % A but its batch volume was 9% that of XXX, the second best in terms of % A, even though XXX's price was lower. Also, for companies ranked 4 to 8 in terms of average % A, the work allocated increases even as their prices increase. XXX's batch allocation was understandably low (highest price).
4. The next slide highlights, for 2020–2024, the progression of % A against batch volume for companies XXX, XXX, XXX, and XXX.

## Quality % versus Batch Volume and Pricing for one Language Combination



Data source: 2024 monthly and prior years' PCT Quality Control results



# 4

## Observations and Recommendations

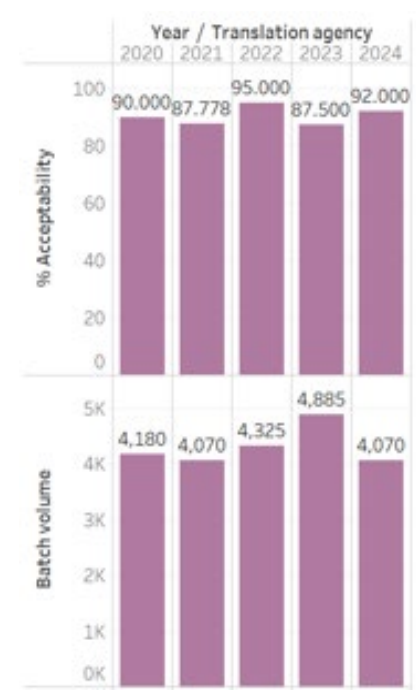
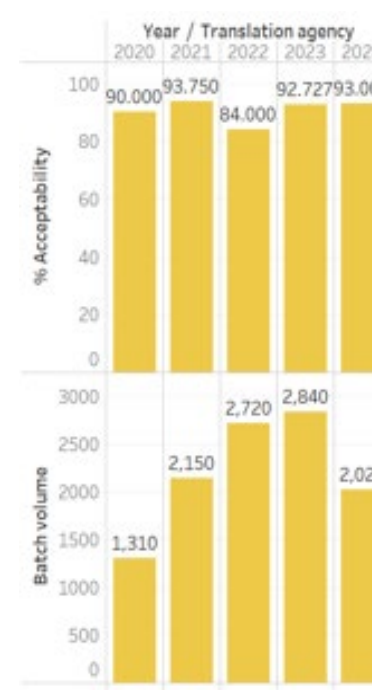
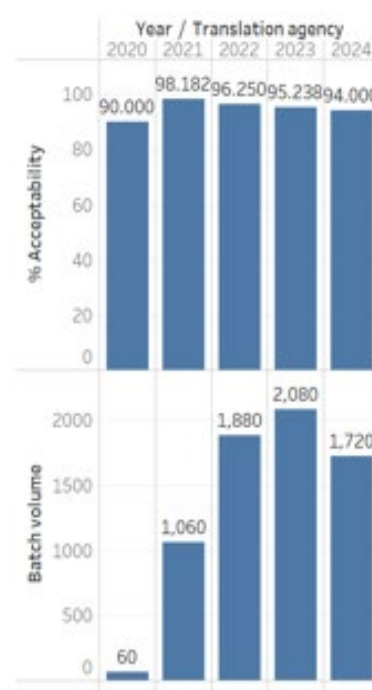
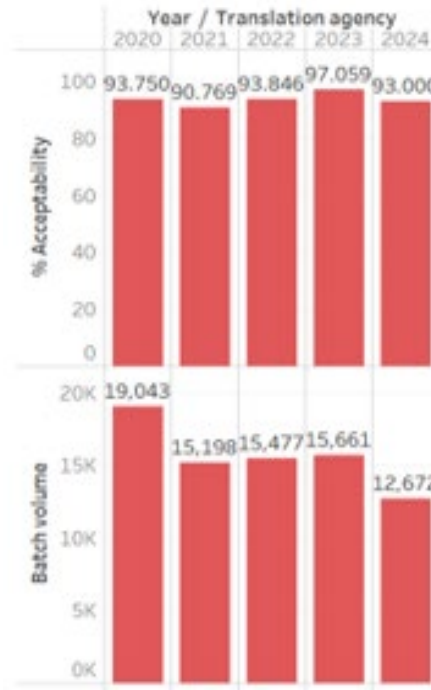
### Sourcing External Translators: %A for four companies 2020-2024

1. XXX: As expected, batch volumes allocated reduced when % A reduced and increased when % A increased.
2. XXX: The initial batch volume allocated in 2020 was relatively low. In 2021 and 2022, XXX had the highest % Acceptability. Its batch volume increased, but was still more than 7 times less than XXX, for example.
3. PCT Translation Division explained that XXX did not consent to an increase in volumes of work despite multiple requests.
4. Inconsistencies in batch volume allocation versus % A are observed for XXX, XXX, and XXX.

#### Recommendation 4

The PCT Translation Division should leverage a suitable business intelligence tool to have greater assurance that work allocated to translation companies is aligned with quality scores (%A) while considering the companies' capacities and pricing.

## Work Allocated (Batch Volume) versus Quality Score for four companies



#### Finding 4 Medium

In general, the results of monthly quality control reviews indicate, for a sample of a translation company's output, the % acceptability score given by the PCT Translation Division. The % A score is a key determinant in decisions on work allocated to translation companies subsequently. Translation capacity and price are also important considerations. However, in some observed cases - for example, translation companies XXX, XXX, and XXX - there were inconsistencies between changes in, and % A achieved versus changes in, and the amount of work allocated. PCT Translation noted that it allocates work based on % A and attributed observed disparities to a lack of a suitable BI tool that would allow greater visibility in the data, as well as a lack of consent to take on more work by XXX despite multiple requests from PCT Translation Division on account of concerns with impact on quality. Wide disparities in work allocated, if not explained by % A (and translation capacity and price differences), should be addressed, given that all translation companies that were offered contracts met specified translation capacity requirements.

# 4

## Observations and Recommendations

### Business Continuity Management (BCM)

## Business Continuity Management

Sanitized for confidentiality purposes

# 4

## Observations and Recommendations

### Systems and Tools

Sanitized for confidentiality purposes

# Acknowledgement

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

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# 5

## Annexes

ID	Description
<a href="#">Annex I</a>	Rating of Engagement Conclusions, Significance of Findings, and Rating of Controls and Residual Risks

# ANNEX I: RATING OF ENGAGEMENT CONCLUSIONS, SIGNIFICANCE OF FINDINGS, AND RATING OF CONTROLS AND RESIDUAL RISKS

Engagement Conclusion	Definition
<b>Satisfactory</b>	<ul style="list-style-type: none"> <li>The assessed governance arrangements, risk management, and controls were adequately established and functioning well.</li> <li>Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.</li> </ul>
<b>Satisfactory, Some improvement needed</b>	<ul style="list-style-type: none"> <li>The assessed governance arrangements, risk management practices, and controls were generally established and functioning, but need some improvement.</li> <li>Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.</li> </ul>
<b>Partially satisfactory, Major improvement needed</b>	<ul style="list-style-type: none"> <li>The assessed governance arrangements, risk management practices, and controls were established and functioning but need major improvement.</li> <li>Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.</li> </ul>
<b>Unsatisfactory</b>	<ul style="list-style-type: none"> <li>The assessed governance arrangements, risk management practices and controls were not adequately established and not functioning well.</li> <li>Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.</li> </ul>
N/A	<ul style="list-style-type: none"> <li>Not Applicable.</li> </ul>

Engagement Finding Significance	Definition
<b>Low Significance</b>	Matters and/or findings considered to be of <b>minor importance</b> to the maintenance of internal control, compliance, good corporate governance, or good practice for processes. Findings raised may also relate to matters warranting consideration for improving the efficiency of existing processes subject to availability of specified resources or technology.
<b>Medium Significance</b>	Matters and / or findings considered to be of <b>importance</b> to maintenance of internal control, compliance, good corporate governance or good practice for processes. Findings raised may also relate to matters warranting consideration for improving the efficiency of existing processes subject to availability of specified resources or technology.
<b>High Significance</b>	Matters and / or findings considered to be <b>fundamental</b> to maintenance of internal control, compliance, good corporate governance, or good practice for processes. The matters and / or findings should be subject to agreed remedial action either immediately or within three (3) months from date of issue of final report to management.

**Effectiveness of Controls and Residual Risk Rating:**  
 The Residual Risk Ratings in the table below are driven by the combination of Inherent Risk (the level of risk before the effect of mitigating controls) and the Effectiveness of Controls.

		Inherent Risk			Residual Risk
		Low	Medium	High	
Control Effectiveness	Not Effective	Low	Medium	High	
	Partially Effective	Low	Medium	High	
	Effective	Low	Low	Medium	