

## **WIPO General Assembly**

### **Thirty-Ninth (20<sup>th</sup> Extraordinary) Session Geneva, September 20 to 29, 2010**

#### **REVIEW OF THE INTERNAL AUDIT CHARTER**

*prepared by the Secretariat*

1. The present document contains the information on the Review of the Internal Audit Charter (document WO/PBC/15/14), which is being submitted to the WIPO Program and Budget Committee (PBC) at its fifteenth session (September 1 to 3, 2010).
2. The recommendation of the PBC in respect of this document will be included in the “Summary of Recommendations Made by the Program and Budget Committee at its Fifteenth Session Held from September 1 to 3, 2010” (document A/48/24).
3. *The General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/15/14, as recorded in document A/48/24.*

[Annex follows]



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WO/PBC/15/14  
ORIGINAL : ENGLISH  
DATE : JULY 13, 2010

## **Program and Budget Committee**

### **Fifteenth Session**

**Geneva, September 1 to 3, 2010**

#### **REVIEW OF THE INTERNAL AUDIT CHARTER**

*prepared by the Secretariat*

1. In accordance with paragraph 33 of the Internal Audit Charter, the Charter is required to be revised, as may be needed, every 3 years. Proposal by the Secretariat for a revised Internal Audit and Oversight Charter is contained in the Annex to the present document.
2. Proposed amendments marked in track-changes mode as well as the current WIPO Internal Audit Charter as revised in 2007<sup>1</sup> are attached as Appendices I and II.
3. The main purposes of the revisions proposed by the Secretariat are to:
  - (a) Convert the Internal Audit Charter into an Internal Audit and Oversight Charter as recommended by the External Auditors. This mainly entails listing the four oversight functions, namely: internal audit, investigation, inspection and evaluation, in all relevant areas. (IAC paragraphs 1-3, 5, 10, 12-18)
  - (b) Add appropriate other specific references and a definition for Evaluation. (IAC paragraphs 2 and 14)
  - (c) Make more clear the current references and definition for investigation and investigation reporting; and to include reference to the process for reporting

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<sup>1</sup> Document GA/34/15, Annex II and document GA/34/16, paragraph 40.

- investigations of senior managers (this has been recommended by the Audit Committee). (IAC paragraphs 2, 5, 20 and 21)
- (d) Make explicit the rights of non staff personnel to make complaints and have protection by the Director General against reprisal for making complaints. (IAC paragraphs 8 and 9)
  - (e) Provide functional independence to the Director, IAOD to carry out his functions; as well as the operational independence already set out. (IAC paragraph 4)
  - (f) Fix the title of the Head of the IAOD as “Director, IAOD” instead of just “Internal Auditor”. (IAC paragraph 4)
  - (g) Update the section on the appointment of the Director, IAOD; and make the terms of office in line with a recommendation by the JIU, i.e., a fixed term of office, non renewable, of between 5 to 7 years (IAC paragraphs 30-31). The proposed single term of office of 6 years is also then in line with the periods of office of other “senior staff” (see paragraph 4 of the current IAC) in WIPO.
  - (h) General update the current text, whilst preserving the strength and functionality of the current Charter.

*4. The Program and Budget Committee is invited to recommend to the General Assembly the approval of the Internal Audit and Oversight Charter contained in the Annex to the present document.*

[Appendix follows]

## WIPO INTERNAL AUDIT AND 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>.
- (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

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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 WIPO for Economic Cooperation and Development (OECD DAC).

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 senior 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 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 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 guidance standards and norms generally accepted and applied by the UN system organizations<sup>6</sup>.
6. The Director, IAOD shall be independent of all the programs, operations and activities he/she audits, to ensure impartiality and credibility of the work undertaken.

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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.

<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).

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 Chair of the General Assembly.
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:
  - (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. Investigation reports, 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 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 six 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.

[Appendix I follows]

## WIPO INTERNAL AUDIT AND OVERSIGHT CHARTER

*(proposed amendments marked in track-changes mode)*

### A. INTRODUCTION

1. This Charter constitutes the framework for the Internal Audit and other Oversight functions<sup>1</sup> ~~function~~ of the World Intellectual Property Organization (hereinafter referred to as “WIPO” ~~or “the Organization”~~) 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 the Organization’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 the Organization.

### 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) 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.~~
- (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

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<sup>1</sup> ~~The Internal Audit function, in the context of the Internal Audit Charter, refers exclusively to the oversight functions of Internal Audit, Inspection and Investigation. Evaluation, defined as the systematic and impartial assessment of an activity, project, program, strategy, policy, theme, sector, operational area, institutional performance, etc., which focuses on expected and achieved accomplishments and aims at determining their relevance, impact, effectiveness, efficiency, and sustainability, is the subject of a policy framework outside this Charter. 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.

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>.

- (c) Investigation is a [legal formal fact finding](#) inquiry to examine allegations of [unlawful acts](#) [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 functions](#) [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](#)" "[the Internal Auditor](#)") is responsible to the Director General and is part of the WIPO senior [management](#) [staff](#). The [Director, IAOD](#), [Internal Auditor](#) 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](#) [Internal Auditor](#) shall receive requests for his/her services from the Director General, to be included in the [workplans](#) [workplan](#), but he/she should be free to carry out any action within the purview of his/her mandate. The [workplans](#) [workplan](#) of the [Director, IAOD](#) [Internal Auditor](#) 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](#) [Internal Auditor](#). In this process, the [Director, IAOD](#) [Internal Auditor](#) shall take into account the comments of the Director General and Member States.
- 5. The [Director, IAOD](#) [Internal Auditor](#) 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

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<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 WIPO for Economic Cooperation and Development \(OECD DAC\).](#)

<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.

reduce the undesirable effects of any conflicts of interest. The Director, IAOD will perform all [internal audit and oversight](#) work with due professional care and in accordance with [good best practice and advice](#) recommended by the Institute of Internal Auditors, [the norms and standards for UN evaluation, the Uniform Guidelines for Investigations and other guidance standards and norms generally](#) ~~which is~~ accepted and applied by the UN system organizations<sup>6</sup>.

6. The [Director, IAOD](#) ~~Internal Auditor~~ shall be independent of all the programs, operations and activities he/she audits, to ensure impartiality and credibility of the ~~audit~~ work undertaken.
7. For the performance of his/her duties, the [Director, IAOD](#) ~~Internal Auditor~~ 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 Organization~~. The [Director, IAOD](#) ~~Internal Auditor~~ shall have access to the Chair of the General Assembly.
8. The [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~. The [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~, 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](#) ~~Internal Auditor~~ with knowledge of its falsity, or with willful disregard of its truth or falsity.
10. The [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~an audit~~.

## E. DUTIES AND MODALITIES OF WORK

11. The ~~Internal Auditor~~ [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](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~ 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 \(CII\).](#)

- (a) Establish long- and short-term flexible [Internal Audit and Oversight](#) ~~audit~~ 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](#) ~~internal-audit~~ 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](#) ~~Internal Audit function~~ 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](#) ~~Internal Auditor~~'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 ~~and, more generally, the 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](#) ~~Internal Auditor~~ shall assist [WIPO](#) ~~the Organization~~ by performing the following:
- (a) Review and appraise the reliability, effectiveness and integrity of [WIPO](#) ~~the Organization~~'s internal control mechanisms.
  - (b) Review and ~~appraise~~ [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~~ [evaluate](#) the effective, efficient and economical use, and the safeguarding of human, financial and material resources of [WIPO](#) ~~the Organization~~.
  - (f) Determine the extent to which assets are accounted for and safeguarded from loss.
  - (g) Identify and evaluate significant exposure of [WIPO](#) ~~the Organization~~ 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 Internal Auditor.
- (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 internal audit, evaluation, inspection or investigation, a ~~an audit~~ report shall be issued, which shall present the objectives, scope, methodology, findings, and conclusions and recommendations of the specific activity concerned ~~of the audit~~, and include, if applicable, recommendations for improvements and lessons learnt from the program, person or activity.
- 16. ~~The draft~~ Draft internal audit, evaluation and inspection reports ~~report~~ 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 ~~report~~ and, if applicable, on the recommended plans of action, as well as on any timetable established for implementation purposes. Should the Director, IAOD Internal Auditor and the program manager be unable to agree on the facts evidenced in ~~the~~ draft audit, ~~report~~ inspection and evaluation reports, the final reports ~~audit report~~ shall reflect the opinion of the Director, IAOD Internal Auditor. The managers concerned shall have the opportunity to comment on the reports ~~report~~ and the Director, IAOD Internal Auditor, shall have the opportunity to reply to the comments.
- 18. The Director, IAOD Internal Auditor shall submit final internal audit and oversight reports to the Director General, ~~copied to the Audit Committee~~. 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 Internal Auditor's office.
- 19. The Director, IAOD Internal Auditor may also issue audit communications concerning oversight matters to any concerned WIPO manager for matters of a minor or routine nature, which do not necessitate formal reporting.
- 20. Investigation reports, 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](#) ~~Internal Auditor~~ are responded to promptly, indicating actions taken regarding specific report findings and recommendations.
23. The [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~ shall make a presentation on a regular basis on his/her activities to the Program and Budget Committee.
25. The [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~. 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](#) ~~the Organization~~ 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](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~ is in disagreement.
  - (g) A summary of any instance where information or assistance requested by the [Director, IAOD](#) ~~Internal Auditor~~ was refused.
  - (h) A summarized version of the report submitted by the [Director, IAOD](#) ~~Internal Auditor~~ 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](#) ~~Internal Auditor~~ and his/her capacity to achieve the required objectives of his/her



mandate. The allocation of resources to the Director, IAOD ~~Internal Auditor~~ shall be clearly identified in the Program and Budget proposal.

28. The Director General, in consultation with the Director, IAOD ~~Internal Auditor~~, will ensure that the WIPO Internal Audit and Oversight functions comprise ~~function comprises 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 INTERNAL AUDITOR**

29. The Director, IAOD ~~Internal Auditor~~ should be a person with high qualifications and competence in auditing and oversight functions. The recruitment of a Director, IAOD ~~an Internal Auditor~~ shall be based on an open, transparent international selection process to be provided by the Director General.
30. The appointment, ~~renewal~~, replacement or dismissal of the Director, IAOD ~~Internal Auditor~~ 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. ~~On the basis of such information, the Audit Committee shall provide, as appropriate, information through its reporting to the Program and Budget committee. The internal Auditor will have a fixed term of four years, renewable on the recommendation of the Audit Committee, for an additional term of four years. He/she would not be eligible for any further employment in WIPO.~~
31. The Director, IAOD will have a non renewable fixed term of office of six 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.

[Appendix II follows]

**WIPO INTERNAL AUDIT CHARTER**  
(as revised in 2007, Document GA/34/15, Annex II  
and document GA/34/16, paragraph 40)

**A. INTRODUCTION**

1. This Charter constitutes the framework for the Internal Audit function<sup>1</sup> of the World Intellectual Property Organization (hereinafter referred to as “WIPO” or “the Organization”) 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 the Organization’s mission and goals. The purpose of this Charter is also to strengthen accountability, stewardship and corporate governance in the Organization.

**B. 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) 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) Investigation is a legal inquiry to examine allegations of unlawful acts and wrongdoing in order to determine whether they have occurred and if so, the person or persons responsible.

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<sup>1</sup> The Internal Audit function, in the context of the Internal Audit Charter, refers exclusively to the oversight functions of Internal Audit, Inspection and Investigation. Evaluation, defined as the systematic and impartial assessment of an activity, project, program, strategy, policy, theme, sector, operational area, institutional performance, etc., which focuses on expected and achieved accomplishments and aims at determining their relevance, impact, effectiveness, efficiency, and sustainability, is the subject of a 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 Investigation and Inspection the Standards applied are those developed and used by the UN.

## C. MANDATE

3. The Internal Audit function provides the Management with systematic assurance, analyses, appraisals, recommendations, advice and information. Its objectives include endeavoring to ensure cost-effective control, and identifying means for improving 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>3</sup>

## D. AUTHORITY AND PREROGATIVES

4. The Director of Internal Audit (hereinafter referred to as "the Internal Auditor") is responsible to the Director General and is part of the WIPO senior staff. The Internal Auditor enjoys 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 Internal Auditor shall receive requests for his/her services from the Director General, to be included in the workplan, but he/she should be free to carry out any action within the purview of his/her mandate. The workplan of the Internal Auditor shall be based on a risk assessment, to be carried out at least annually, on which basis work would be prioritized by the Internal Auditor. In this process, the Internal Auditor shall take into account the comments of the Director General and Member States.

5. The Internal Auditor shall conduct internal audits 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 internal Auditor will perform all audit work with due professional care and in accordance with best practice recommended by the Institute of Internal Auditors, which is accepted and applied by the UN system organizations.

6. The Internal Auditor shall be independent of all the programs, operations and activities he/she audits, to ensure impartiality and credibility of the audit work undertaken.

7. For the performance of his/her duties, the Internal Auditor 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 the Organization. The Internal Auditor shall have access to the Chair of the General Assembly.

8. The Internal Auditor shall be available to receive directly from individual staff members complaints or information concerning the possible existence of fraud, waste, abuse of authority,

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

non-compliance with rules and regulations of WIPO in administrative, personnel and other matters or other irregular activities relevant to the mandate of the Internal Auditor. The Internal Auditor 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 to communicate confidentially with, and provide information to the Internal Auditor, 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 Internal Auditor with knowledge of its falsity, or with willful disregard of its truth or falsity.

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

#### E. DUTIES AND MODALITIES OF WORK

11. The Internal Auditor 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 Internal Auditor shall encompass in particular the undertaking of management audits, performance audits, financial audits, compliance audits, value-for-money audits, inspections and investigations.

13. To effectively implement WIPO's Internal Audit function, the Internal Auditor shall:

(a) Establish long- and short-term flexible audit 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 internal audit functions i.e., internal audit, 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 and an investigation procedures manual. This shall include the terms of reference of the Internal Audit function and a compilation of audit and investigation procedures.

(d) Establish and maintain follow-up systems to determine whether effective action has been taken, following the Internal Auditor's 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 services and, more generally, the 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 Internal Auditor shall assist the Organization by performing the following:
- (a) Review and appraise the reliability, effectiveness and integrity of the Organization's internal control mechanisms.
  - (b) Review and appraise the adequacy of organizational structures, systems and processes to ensure that the results are consistent with the objectives established.
  - (c) Review and appraise systems aimed at ensuring compliance by WIPO staff with WIPO's Rules, Regulations and established internal policies.
  - (d) Review and appraise the effective, efficient and economical use, and the safeguarding of human, financial and material resources of the Organization.
  - (e) Determine the extent to which assets are accounted for and safeguarded from loss.
  - (f) Identify and evaluate significant exposure of the Organization to risk and contribute to the improvement of risk management.
  - (g) Undertake, when required, any investigation pertaining to cases of alleged wrongdoing or malfeasance falling within the mandate of the Internal Auditor.
  - (h) Undertake *ad hoc* inspections to identify vulnerable areas and malfunctions.
  - (i) Ensure completeness, timeliness, objectivity and accuracy in the reporting of internal audits, investigations and inspections.

## I. REPORTING

15. At the end of each audit, an audit report shall be issued, which shall present the objectives, scope, methodology, findings and conclusions of the audit, and include, if applicable, recommendations for improvements concerning the audited program or activity.
16. The draft audit report shall be presented to the program manager directly responsible for the program or activity that has been the object of the audit, who shall be given the opportunity to respond within the term provided therein.
17. The final internal audit reports shall include any relevant comments from the managers concerned on the facts established within the audit report and, if applicable, on the recommended plans of action, as well as on any timetable established for implementation purposes. Should the

Internal Auditor and the program manager be unable to agree on the facts evidenced in that draft audit report, the final audit report shall reflect the opinion of the Internal Auditor. The managers concerned shall have the opportunity to comment on the report and the Internal Auditor shall have the opportunity to reply to the comments.

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

19. The Internal Auditor may also issue audit communications to any concerned manager for matters of a routine nature, which do not necessitate formal reporting.

20. The Director General is responsible for ensuring that all recommendations made by the Internal Auditor are responded to promptly, indicating actions taken regarding specific report findings and recommendations.

21. The Internal Auditor shall present, on an annual basis, a report to the Director General, regarding the implementation of recommendations made by the External Auditor.

22. The Internal Auditor shall make a presentation on a regular basis on his/her activities to the Program and Budget Committee.

23. The Internal Auditor 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 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 Internal Auditor. Comments the Director General may deem appropriate may be submitted in a separate report

When applicable, the annual report shall include the following:

- (a) A description of significant problems, abuses and deficiencies relating to the administration of the Organization 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 Internal Auditor 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 Internal Auditor is in disagreement;
- (g) A summary of any instance where information or assistance requested by the Internal Auditor was refused;
- (h) A summarized version of the report submitted by the Internal Auditor to the Director General regarding the implementation of recommendations made by the External Auditor. In addition, the Internal Auditor shall comment on the scope of his activities and the adequacy of resources for the purpose intended.

## I. RESOURCES

24. 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 Internal Auditor and his/her capacity to achieve the required objectives of his/her mandate. The allocation of resources to the Internal Auditor shall be clearly identified in the Program and Budget proposal.
25. The Director General, in consultation with the Internal Auditor, will ensure that the WIPO Internal Audit function comprises 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.

## I. APPOINTMENT AND DISMISSAL OF THE INTERNAL AUDITOR

26. The Internal Auditor should be a person with high qualifications and competence in auditing. The recruitment of an Internal Auditor shall be based on an open, transparent international selection process.
27. The appointment, renewal, replacement or dismissal of the Internal Auditor 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. On the basis of such information, the Audit Committee shall provide, as appropriate, information through its reporting to the Program and Budget Committee. The Internal Auditor will have a fixed term of four years, renewable on the recommendation of the Audit Committee, for an additional term of four years. He/she would not be eligible for any further employment in WIPO.

## I. REVISION CLAUSE

28. This Charter shall be subject to review every three years.