

WIPO General Assembly

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FINANCIAL SUPERVISION AUDIT OF WIPO'S INVOLVEMENT WITH THE UNITED NATIONS INTERNATIONAL COMPUTING CENTRE (UNICC)

Document prepared by the Secretariat

1. The present document contains the External Auditor's Report: Financial Supervision Audit of WIPO's Involvement with the United Nations International Computing Centre (UNICC) (document WO/PBC/19/17), which is being submitted to the WIPO Program and Budget Committee (PBC) at its nineteenth session (September 10 to 14, 2012).
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 Nineteenth Session held from September 10 to 14, 2012" (document A/50/14).
3. *The WIPO General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/19/17, as recorded in document A/50/14.*

[Document WO/PBC/19/17 follows]

Program and Budget Committee

Nineteenth Session Geneva, September 10 to 14, 2012

FINANCIAL SUPERVISION AUDIT OF WIPO'S INVOLVEMENT WITH THE UNITED NATIONS INTERNATIONAL COMPUTING CENTRE (UNICC)

Document prepared by the Secretariat

1. In accordance with Article 11(10) of the Convention Establishing the World Intellectual Property Organization (WIPO), the designated External Auditors, the Swiss Federal Audit Office, have established for the year 2011 a "Financial Supervision Audit of WIPO's involvement with the United Nations International Computing Centre (UNICC)".
2. The observations from the Secretariat in respect of the Recommendations made by the External Auditors are set out below, in the order in which they appear in the Audit Report.

Recommendation 1

3. *"I recommend that the Organization should adjust the 2011 accounts as a consequence. Furthermore, in the interests of respecting the no-netting principle of not offsetting revenue and debts against each other, I suggest that henceforth the rental income from the computer room should be posted under the appropriate product heading".*
4. Observations by the Secretariat: A new account, 73813, has been created within the chart of accounts which is entitled UNICC Services. 2011 entries for transactions relating to UNICC have now been adjusted and are all to be found in this new account. Correcting entries have also been passed in order to post rent received for the WIPO Computer Room during the year to 'miscellaneous revenue'. There is therefore no longer any inappropriate netting-off and expenditure concerning UNICC is shown gross within the accounts.

Recommendation 2

5. *“In my view, WIPO should adopt management indicators concerning the field of information technology as a whole, involving all organizational units. Given that this is a relatively complex task, I think that it should be closely linked to the implementation of ERP”. Moreover, in referring to the various terms of reference concerning the studies on services that UNICC commissioned consulting firms to carry out, I note that these firms shed light on the issue of how UNICC services compare to commercial firms providing the same services”.*

6. Observations by the Secretariat: Indicators for ICT program activities have been developed and included in the Program and Budget. ICC Management Committee has engaged independent consultants and conducted periodic benchmarking of ICC’s cost-effectiveness against the industry. As part of the ERP portfolio a number of indicators will be implemented, in liaison with ICT, to allow management to measure information technology effectiveness across the organization.

7. *The Program and Budget Committee is invited to recommend to the General Assembly to take note of the contents of this document.*

[Annex follows]

Report by the Auditor

WORLD INTELLECTUAL PROPERTY ORGANIZATION (OMPI-WIPO)

Financial supervision audit of WIPO's
involvement with the United Nations
International Computing Centre (UNICC)

The mandate of external auditor of the World Intellectual Property Organization (WIPO) must be carried out by a member of the highest authority of public financial auditing of the selected country and it is assigned on an individual basis. On the strength of this provision and further to the WIPO General Assembly and the Assemblies of the Paris, Berne, Madrid, Hague, Nice, Lisbon, Locarno, IPC, PCT and Vienna Unions, the Member State representatives have renewed the mandate of the Swiss Government as auditor of the accounts of WIPO and the Unions administered by WIPO, as well as the accounts of the technical assistance projects carried out by the Organization, up to and including 2011. The Government of the Swiss Confederation entrusted me, as Director of the Swiss Federal Audit Office ("my Office"), with the auditing of the accounts of WIPO.

My terms of reference are defined in Regulation 6.2 of the WIPO Financial Regulations as well as by the Additional Terms of Reference Governing Audit annexed to those Regulations. I carry out my duties autonomously and independently with the help of colleagues from my Office.

My Office carries out external audits of the accounts of WIPO in a completely independent manner from its role as the supreme organ of financial supervision of the Swiss Confederation. My Office employs a team of highly qualified professionals with broad experience of audits in international organizations.

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<u>Contents</u>	<u>Paragraph</u>
Audit summary	
Regulations, standards and information	1-7
Brief description of UNICC and its tasks	8-11
Audit environment	12-14
Profitability and economy	15-20
Efficiency	21-31
Indicator figures	32-39
Conclusion	40

Berne, December 12, 2011

Registration number
1.11101.944.00333.02

AUDIT SUMMARY

A financial supervision audit on WIPO's involvement with the United Nations International Computing Centre (UNICC), a common body of the United Nations in the field of IT, was carried out at WIPO. The checks performed by my colleagues demonstrate that WIPO is satisfied with the services provided by this organization. Indeed, WIPO has been delegating evermore tasks to UNICC. It should be pointed out that UNICC is supervised by a Management Committee which is currently chaired by WIPO's Director of IT Services.

In my report I highlight certain points that I felt it would be useful to examine further. Firstly, I note that the reforms carried out by the United Nations strengthen the central role of UNICC in terms of the provision of computing services to the United Nations organizations. I point out that this body guarantees independence and confidentiality concerning the processing of data, a real advantage from WIPO's point of view. Secondly, in the report I note that some accounting data are currently biased, giving rise to the danger that WIPO might draw erroneous conclusions from their examination. I therefore suggest that WIPO should put the small number of incorrect accounting entries in order. Finally, in summing up, I state that WIPO does not have a global indicator that would allow it to have an overall view and to determine the true economic significance of information technology activities.

REGULATION, STANDARDS AND INFORMATION

Financial regulations and subject of audit

1. As well as the relevant provisions of the various Conventions and those governed by the provisions of the WIPO Financial Regulations and Rules¹, the examination carried out concerning WIPO's involvement with the United Nations International Computing Centre (UNICC), which is the subject of this report, consisted of a financial supervision audit using the auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI)².

2. These auditing standards specify that "... auditing of the public sector includes regularity and performance audit ..." and that "... performance audit is concerned with the audit of economy, efficiency and effectiveness ...". The examinations extend to the following areas:

- examination of regulations and specific processes in the relationship between WIPO and UNICC, with verification of their application.
- verification of the existence of indicators or information systems for assessing profitability and efficiency, defining potential savings and evaluating the effectiveness of the results in the relationship between WIPO and UNICC.

3. The issues of minor importance which were clarified and discussed with those responsible during the audit are not included in this report.

Audit standards, information and acknowledgements

4. As well as referring to INTOSAI's auditing standards, checks were carried out in line with the International Standards on Auditing published by the International Auditing and Assurance Standards Board (IAASB) (ISA – 2010 Edition)³, as well as in observance of the additional terms of reference contained in the WIPO Financial Regulations and Rules.

5. The issues of minor importance which were clarified and discussed with those responsible during the audit are not included in this report.

¹ Entry into force January 1, 2008, amended on October 1, 2009, January 1, 2010, October 1, 2010 and October 5, 2011.

² The International Organisation of Supreme Audit Institutions

³ International Standards on Auditing (ISA), 2010 edition published by International Auditing and Assurance Standards Board

6. Where audits by means of random sampling were carried out, my colleagues selected the samples based on the risks or relative size of the amounts recorded under the headings examined.

7. I wish to express my thanks for the information and documents provided. The result of the audit was discussed on December 12, 2011, with Mr. Philippe Favatier, Chief Financial Officer (Controller), Mrs. Janice Cook Robbins, Head of Finance Services, Mr. András Makadi and Mr. Johan Maurissen of the Information and Communication Technology Department and Mr. Tuncay Efendioglu, Head of the Internal Audit Section.

BRIEF DESCRIPTION OF UNICC AND ITS TASKS

UNICC, an entity serving more than 25 United Nations bodies

8. The United Nations International Computing Centre (UNICC) was established in 1971, pursuant to Resolution 2741 approved by the Twenty-Fifth Session of the General Assembly of the United Nations. The Centre operates solely within the United Nations system and enjoys the privileges and immunities arising from membership of that system.

9. UNICC offers services designed to facilitate the transfer of information and communications technologies at competitive rates, charged with a view to covering the Centre's costs, rather than for the purpose of making a profit. This organization therefore operates on the basis of recouping the cost of providing the services rendered. However, the UNICC may be considered to be a "services cooperative". More than 25 bodies, funds and programs belonging to the United Nations system currently make use of UNICC's services and take part in its governance. The UNICC Management Committee, which is currently chaired by the representative of WIPO, is regularly consulted regarding operational matters.

10. UNICC's services are available seven days a week, 24 hours a day. The Centre has offices in Geneva, New York, Rome, Brindisi and Kuala Lumpur. External consultants are regularly called on to produce comparisons with other enterprises working in the same field.

11. UNICC's business processes are constantly being documented and updated. Data and applications are stored within the United Nations family. These processes rely on the "CobiT⁴" frame of reference and can be divided into four separate fields:

- Plan and Organize (PO)
- Acquire and Implement (AI)
- Deliver and Support (DS)
- Monitor and Evaluate (ME)

In accordance with current best practices, UNICC makes use of 41 CobiT control objectives. Furthermore, the Centre guarantees the storage of data at several sites across the world. Finally, the reform process undertaken by the United Nations has strengthened UNICC's central role in terms of the provision of computing services to the United Nations organizations, guaranteeing independence and confidentiality in data processing.

AUDIT ENVIRONMENT

A framework agreement on service provision sets out the tasks and responsibilities of UNICC and WIPO

12. The Master Service Delivery Agreement signed by WIPO and UNICC on December 23, 2009⁵ sets out the services to be provided to WIPO by UNICC and determines the competencies of each of the two organizations. This service agreement was "ratified" by the Director of UNICC in a letter dated December 28, 2009, and addressed personally to Mr. Wei Lei, Chief Information Officer of the Information and Communication Technology Department.

⁴ CobiT: Control Objectives for Information Technology

⁵ Ref. WIPO-MSDA-1011-v1.0

13. The service provision contract signed between WIPO and UNICC at the end of 2009 for the 2010 to 2011 biennium is based on the following eight agreements:

- Mainframe Services
- Internet Messaging and Networking Services
- Remote Access Services
- Consultancy and Related Projects
- EPO Patent Hosting
- Managed PeopleSoft Hosting
- ADABAS System Hosting
- Managed Messaging Service

Estimated total expenditure for all eight agreements came to more than USD 6.4 million. It should be pointed out that the "Mainframe Services", the cost of which was estimated to be around USD 480,000, only covered the months of January and February 2010, at the end of which period UNICC ceased to provide such services to WIPO. Moreover, given WIPO's request to UNICC to provide additional services, by the end of the biennium in question expenditure will have greatly exceeded the 2009 cost estimate (see figure 36).

14. In addition to the abovementioned agreements, UNICC provides its clients with a catalogue of services⁶ for 2011. This confidential document contains detailed information relating to the services provided by UNICC according to the type of contract signed and the rates charged for the services on offer.

PROFITABILITY AND ECONOMY

External consultants regularly check the quality of the services provided by UNICC

15. UNICC commissioned the consulting firm Deloitte AG to prepare an "SAS 70 Type II" report. The aim of this report was to determine whether UNICC's operations met verification requirements concerning providers' data storage and processing systems, as well as the needs of the external auditors concerning the internal audit environment. The study carried out by the consultants included an analysis of procedures in order to obtain reasonable assurances that:

■ *in all material respects, the description of the processes presents fairly those controls relevant to a user organization's internal control as required by an audit of financial statements;*

■ *the controls provided for are suitably designed to achieve the control objectives specified in the description. It was essential that checks be carried out to ensure that these controls are complied with satisfactorily and that user groups apply those aspects of internal control contemplated in the design of UNICC's controls;*

■ *such controls were still in place on February 28, 2011.*

16. As they mention in their report, the consultants believe that the description of the processes fairly sets out, in all material aspects, the relevant controls inherent in the internal control of such an organization. The definition of the controls demonstrates that they are suitably designed, providing reasonable assurance that the application of the specified control objectives makes satisfactory compliance with the provisions of the frame of reference possible. Alongside the procedures deemed necessary with regard to the issuing of this opinion, the consultant applied specific control tests. Indeed, 22 CobiT processes and sub-processes were analyzed. This task involved work in the following fields: Plan and Organize (PO), Acquire and Implement (AI) and Deliver and Support (DS). In general, three of the processes/sub-processes did not apply to UNICC. The analyses carried out on the other 19 processes/sub-processes did not reveal any specific problems. In fact, no exceptions were identified in terms of their application.

⁶ "Service Catalogue 2011".

17. The UNICC Management Committee also commissioned the consulting firm McKinsey and Company to carry out a review of the services provided by UNICC to its clients. This exercise had three main objectives:

- *to provide an assessment of the competitiveness of UNICC compared to organizations of a similar size offering analogous IT services;*
- *to provide an assessment and opinion regarding the best way to continue to absorb the annual trends in terms of growth of between 15 and 50 per cent, including the impact on configuration, the organization and the related risks;*
- *to identify potential in terms of new technological possibilities for UNICC (for example, cloud computing, virtual work stations).*

18. The main points and recommendations made in the study are contained in the report "Strategic Assessment of UNICC", produced on May 9, 2011, by McKinsey and Company and may be summarized as follows:

- *as to costs, the aim of UNICC is to achieve, and even exceed, its objectives concerning all the services assessed;*
- *it is important for UNICC to achieve the goal of at least 25,000 mailboxes in order to remain competitive with regard to the actual costs of the Managed Messaging Services (MMS);*
- *the measures regarding growth open to UNICC in terms of improving its services would make it possible to cut support costs for portable telecommunications devices (BlackBerry), while at the same time increasing support. Storage capacities managed virtually by the staff on a full-time basis would be enhanced as a consequence;*
- *the qualitative assessment indicates that UNICC is competent in terms of IT governance, infrastructure and lost data-recovery. UNICC computer data centers are run in a professional manner;*
- *However, UNICC could improve its project management and that of its providers. In order to do so, the Centre needs to implement a monitoring system designed to increase transparency in terms of the performance of the services it provides to its partners;*
- *UNICC has made significant advances over the past few years, and is now in a position to expand further owing to its low cost structure, its capacity to guarantee data security and the expected growth in that field;*
- *in order to be able to absorb that growth, UNICC must take specific measures in terms of: strategy; client management; the services offered; the way the Centre is organized; its partners and with regard to its systems and processes;*
- *UNICC must resolve three issues which remain pending: the model for relationships with partners; long-term strategy and the position of the Director.*

19. In view of these two reports, which were prepared by recognized external consultants, I note that the results of the studies show that UNICC's work is in line with industry standards. The fees charged by UNICC to its clients are competitive owing to UNICC's membership of the "United Nations family". These reports also refer directly to possibilities, of which the WIPO partners concerned have been made aware, in terms of the improvement of the management of UNICC.

Various ways of posting UNICC invoices were identified

20. My colleagues carried out audits by means of random sampling concerning the invoices issued in 2010 and 2011 by UNICC and their posting at WIPO. They noted the following points:

- *the payments made to UNICC are often advances on expenses based on cost estimates. During a particular period, UNICC may draw up an invoice containing an amount adjustment, as was the case with invoice HQS/11/0138 of July 14, 2011 (Voucher 60144252), including a remark along the lines of "CR: Service Volume Adjustments 2011Q2". Regarding accounting, the adjustment amount of USD 862,374 was correctly posted as a cut in expenditure. Given the size of the amount adjusted, I have drawn the attention of Finance Services to the need for fees paid in advance to be defined periodically by the end of 2011.*
- *UNICC directly deducted the amount of USD 8,865 in the case of other invoices, providing an explanation in the form of the remark "Rental of WIPO Computer Room". From an accounting point of view, this amount was posted by WIPO as a cut in expenditure,*

either in gross or net terms. In the case in point, the no-netting principle of not offsetting revenue and debts against each other has not been respected. In the same way, in certain cases, the principle of gross accounting has not been respected.

■ My colleagues have noted that UNICC invoices are listed in account 73810 "IT Commercial Serv Prov" or account 74350 "CCAQ/UN Joint Services". The account number has been corrected regarding a number of these entries (account 74350 corrected to the benefit of account 73810). In support of the provisions of Office Instructions No. 21/2006, No. 53/2009 and No. 41/2010, items of expenditure concerning units of United Nations organizations must be posted in such a way that they may be clearly distinguished from ordinary commercial items of expenditure. Indeed, UNICC invoices should all be under account 74350 "CCAQ/UN Joint Services", as is stated in the electronic catalogue of the Procurement Service. In view of this situation and given the fact that UNICC's services do not constitute ordinary commercial operations, WIPO Finance Services were requested to carry out the reversal of entries concerning UNICC incorrectly listed in account 73810 "IT Commercial Serv Prov" for 2011. Possible posting errors for 2010 have not been altered.

■ The expenditure provided for in the Master Service Delivery Agreement was based on an initial cost estimate of USD 6.4 million. As can be seen from the table in figure 36 below, the total amount of net UNICC invoices drawn up in 2010 and up to mid-October 2011 already stands at around CHF 9.4 million. The surplus expenditure is explained by the fact that UNICC is providing evermore services to WIPO. This trend continues to grow, with the Organization requesting UNICC to carry out an increasing amount of work, an approach WIPO intends to expand on in the future.

Recommendation No. 1

I recommend that the Organization should adjust the 2011 accounts as a consequence. Furthermore, in the interests of respecting the no-netting principle of not offsetting revenue and debts against each other, I suggest that henceforth the rental income from the computer room should be posted under the appropriate product heading.

EFFICIENCY

Processes described in the application "AIMS/eWork"

21. My colleagues noted that the Information and Communication Technology Department employs several processes described in the "AIMS⁷/eWork" software program. Other data flow diagrams are currently being prepared. The management of WIPO computer equipment and IT applications has therefore been partly documented. It should be pointed out that the implementation of IPSAS has sped up this work, which has yet to be completed in the other organizational units. As I already mentioned in my report on the final audit of the 2010⁸ accounts, the implementation of the internal control system must remain one of WIPO's medium-term objectives. The recommendation contained in that report therefore remains relevant with regard to the description of other processes required according to the risks identified.

22. Office Instruction No. 61/2009 sets out the Information, Communications and Technology Framework and Governance. However, the Instruction specifically states that the "Chief Information Officer (CIO), in consultation with individual Sectors or Programs, will be responsible for the management of the relationship with all external infrastructure service providers, such as the United Nations International Computing Centre (ICC) and other commercial entities". Bearing this principle in mind, the development of business information systems of the various Sectors and Programs of the Organization (PCT, Brands and Designs, Coordination and Development of Global IP Infrastructure, for example) may remain within the business areas concerned.

⁷ Administrative Integrated Management System (AIMS)

⁸ Registration number 1.11355.944.00333.02 of July 4, 2011

23. In view of this dispersal of activities, my colleagues decided to look into the question of whether there might be duplication in terms of the performance of tasks. Every WIPO staff member questioned with regard to this possibility clearly informed my colleagues that the IT tasks carried out by WIPO, UNICC and other third party firms were set out and defined in such a way as to avoid duplication. My colleagues examined the provisions of several contracts and informed me that the roles and competencies of all actors are specifically defined if needs be.

24. As a result of their auditing work, my colleagues noted that the Information and Communication Technology Department has access to several relevant management tools (summary tables, minutes of meetings, etc) which make it possible to monitor changes in terms of IT (evolution of development work, updating and development of programs).

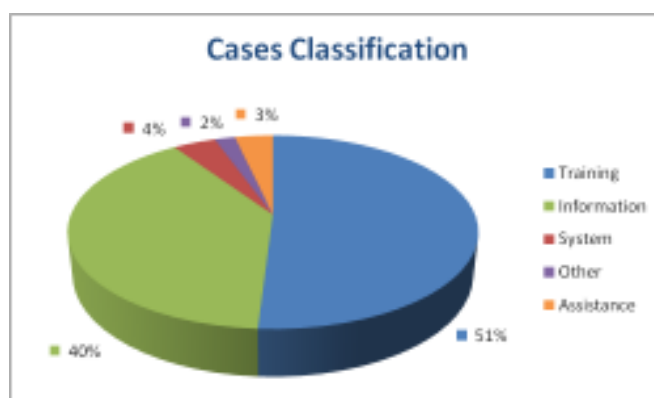
25. However, I note that the Director of IT Services is not always aware of the precise level of progress regarding projects under development in the various sectors. Nevertheless, the Director is briefed as soon as projects enter the production stage. This measure is sufficient to meet needs in terms of IT security. In view of these various parameters, I am therefore of the opinion that the activities linked to the field of IT are run in an appropriate fashion and that information is disseminated in a timely manner.

26. My colleagues also addressed the issue of WIPO IT support (Helpdesk) within the framework of this audit. As my colleagues note, IT support at the first level of troubleshooting is in principle provided by staff from the firm CeRFI SA with regard, for example, to WINDOWS applications. The second level of help is usually provided by WIPO's IT services. However, plans to extend provision by the firm CeRFI SA of first level troubleshooting services to include the AIMS environment (including PeopleSoft) are currently being considered.

An external, independent firm is responsible for carrying out efficient troubleshooting at the first level of intervention

27. In fact, with regard to ordinary work tasks relating to the AIMS system, it seems clear that the training process accounts for over 50 per cent of the requests for help. Forty per cent of the other requests originating from system users do not in themselves involve troubleshooting per se, but rather requests for information relating to the fields of Finance, the Budget, the support catalogue and AIMS. The remaining calls (nine per cent) are related to assistance and other services, as can be seen from the following graph:

Source: Information and Communication Technology Department



28. On that basis, WIPO's plan is to extend CeRFI SA's role to cover the first level of troubleshooting for AIMS. Such a transfer of competencies would free up specialized WIPO staff working on system development. Given the circumstances, I feel that the idea of WIPO outsourcing this area of activity could lead to improved synergy between the services and increased efficiency.

29. I note that, for the moment, WIPO has no plans to outsource first level troubleshooting to UNICC. In the past UNICC carried out this task on a temporary basis. The option of using UNICC services is nevertheless an attractive one when services provided are shared with other bodies. However, as things currently stand, this would not be the case regarding IT support, hence the decision to maintain the services of CeRFI SA.

Major IT incidents are recorded in a specific register

30. The management of major IT incidents is recorded in a register⁹ on the Intranet. Access to this file is limited to a small number of authorized individuals. Between 2010 and the end of October 2011 around forty incidents were recorded in this register. The date of the incident, the length of time it took to resolve the issue, the cause and the measures taken are all noted in the register. The incidents recorded in the register involve all fields of activity and do not necessarily affect all users, sometimes only having an impact on small groups, depending on the issue that has arisen.

31. There is no record in this register of the relatively unstable management of the UNICC message service. In this regard, UNICC recently migrated WIPO's email accounts to a new server, a step which should improve the Centre's performance in this field.

INDICATOR FIGURES

Budgetary monitoring is based on documents made available on the Intranet to authorized individuals

32. The services concerned can access budgetary monitoring directly on the WIPO Intranet website at all times. The information displayed on the "Administrative Integrated Management System (AIMS) Program Management Reports – Units" pages is constantly being updated. The accounting information for the biennium for each program and sub-program is accessible through the following statements:

- Cost Category by Unit
- Budget, Allocations, Expenditures and Obligations: By Program Unit and Cost Category
- Cost Category by Unit and Activity
- Budget, Allocations, Expenditures and Obligations: By Program Unit, Activity Code and Cost Category
- Detailed Transactions Listing
- Obligations, Expenditures, Obligation amounts: By Program Unit and Activity Code

33. The statements presenting the detailed transactions contain all the accounting entries attributed to the budgetary program concerned. In support of the information provided by my colleagues, I should like, however, to point out that heads of programs/sub-programs do not necessarily check the accuracy of the cost elements involved. In fact, their priority lies in ensuring that the amounts linked to the programs are appropriate (see figure 20). Indeed, a posting in the wrong expenditure account might not necessarily be spotted by the head of the program/sub-program.

34. In this regard, I feel that the budgetary controls should also include spot checks of the accuracy of the posting of items of expenditure. Such an approach would ensure that erroneous payments were not made. The risk of ending up with distorted accounting information would be greatly reduced, thus also eliminating potential distortions in terms of values when comparing accounts going back several years. I do not wish to make a recommendation on this point because it falls within the framework of the implementation of the internal control system. My colleagues did, however, take the liberty of suggesting verbally to the Internal Audit Service that they should consider carrying out a review by means of random samplings regarding the accuracy of postings of items of expenditure.

Costs relating to UNICC appear in the budgetary expenditure for Program 25 "Information and Communication Technology"

35. Budgetary monitoring for Program 25 is carried out by the Information and Communication Technology Department. As is the case with all WIPO programs, the current budgetary cycle covers the 2010-2011 biennium. The table below contains a comparison of the budgetary data and real expenditure for Program 25 as of mid-October 2011:

⁹ Incident Register

Program 25 Information and Communication Technology

<i>Amounts in millions of francs</i>	Budget	Real mid-October 2011	Budget variance	variance in % terms
0090 Program Management	5.92	5.120	0.80	13.6
0091 Administrative Applications	5.32	4.863	0.46	8.7
0092 Information Security	1.97	1.572	0.39	20.2
0093 Internet Services	3.74	3.350	0.39	10.5
0094 Technical Services	25.0	22.583	2.43	9.7
0095 Communication Services	2.49	2.166	0.33	13.3
Total Program 25	44.	39.654	4.82	10.

36. Looking at an excerpt from the individual accounts of commercial firms and UNICC summed up below, I note that the current expenditure linked to these partners has a major impact on the fees relating to Program 25 for the 2010-2011 biennium. The payments for UNICC services alone represent almost a quarter (23.9 per cent) of total expenditure for the program.

Service providers	CHF	% of total
CeRFI SA	1.518	7.1%
Trygin Technologies	1.201 *)	5.6%
Cedar Consulting (UK)	1.811	8.5%
Cross Systems	3.684	17.3%
Satyam	3.594	16.9%
ICC	9.455 *)	44.5%
Total	21.263	100.0%

(*) Overall amounts in USD, converted at an average rate of 0.98

37. According to my colleagues, no information technology indicator exists that would make it possible to determine potential savings, or indeed the economical allocation of IT resources. IT costs are spread over several budgetary programs that are independent of one another. This also means that they are monitored by several organizational units.

38. As to financial accountancy, the entries registered in certain expense accounts do not only involve IT expenditure but are also linked to other services. Consequently, it is difficult to confirm that the data are both comprehensive and accurate (see figure 20). In the light of this situation, nobody has an overview of computing expenses in general. However, I feel that the gradual implementation of Enterprise Resource Planning (ERP), ending in 2015, could facilitate the development of relevant indicators concerning this issue.

Recommendation No. 2

In my view, WIPO should adopt management indicators concerning the field of information technology as a whole, involving all organizational units. Given that this is a relatively complex task, I think that it should be closely linked to the implementation of ERP.

39. Moreover, in referring to the various terms of reference concerning the studies on services that UNICC commissioned consulting firms to carry out, I note that these firms shed light on the issue of how UNICC services compare to commercial firms providing the same services.

CONCLUSION

40. This financial supervision audit is the latest in a number of such exercises that have been carried out at WIPO. I believe, however, that the analysis of this issue has a certain added value for the Member States. As such work obviously goes beyond the usual remit of an audit of WIPO annual accounts, I have decided to issue a separate report. This obviously does not contain an audit opinion, as that is only issued following the final audit of the financial statements.

Signed

K. Grüter
Director
Swiss Federal Audit Office
(Auditor)

[End of Annex and of document]