

WIPO



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PROGRAM AND BUDGET COMMITTEE

Thirteenth Session

Geneva, December 10 and 11, 2008

NEW CONSTRUCTION PROJECT:
“EVALUATION REPORT OF THE EXTERNAL AUDITOR
ON THE NEW ADMINISTRATIVE BUILDING AND ADDITIONAL STORAGE
CONSTRUCTION PROJECT – FOLLOW-UP TO THE 2007 AUDIT”

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 in the course of the first semester of 2008, the “Interim audit of the new administrative building and additional storage construction project – follow-up to the 2007 audit”,¹ which was received by the Secretariat on October 30, 2008, and which is enclosed in the Appendix together with the covering letter dated October 28, 2008.
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.

¹ The previous report of the External Auditor: “Interim audit of the new administrative building construction project for the World Intellectual Property Organization—follow up of the 2006 audit”, was issued as document A/43/INF/6 on the occasion of the Forty-Third Series of Meetings of the Assemblies of the Member States (held from September 24 to October 3, 2007).

3. Recommendation 1:

“Provide a replacement for the key project functions and include a reserve for “Miscellaneous and unforeseen” in the project financial envelope so as not to prejudice the decisions to be taken, which are essential for the progress of the project. Furthermore, the Secretariat should submit to the Member States as quickly as possible the revised financial envelope for the new administrative building construction project.”

4. The first part of Recommendation 1 (*“Provide a replacement for the key project functions”*) is still under consideration and has therefore not yet been implemented.

5. The second part of Recommendation 1 (*“include a reserve for “Miscellaneous and unforeseen” in the project financial envelope so as not to prejudice the decisions to be taken, which are essential for the progress of the project”*) has been implemented by way of a proposal presented to the Program and Budget Committee and the Assemblies of the Member States for consideration and approval at their respective December 2008 sessions. The proposal is aimed at introducing a “Contingency Provision for Miscellaneous and Unforeseen” as well as a “Provision for Project Modifications”, and is the subject of document WO/PBC/13/6(b), in particular, paragraphs 8 to 20, and 21(iii).

6. The third part of Recommendation 1 (*“Furthermore, the Secretariat should submit to the Member States as quickly as possible the revised financial envelope for the new administrative building construction project”*) has been implemented by way of a proposal presented to the Program and Budget Committee and the Assemblies of the Member States for consideration and approval at their respective December 2008 sessions. The proposal is aimed at presenting an updated and consolidated budget, on the basis of the fixed-price contract signed with the General Contractor in February 2008, and is the subject of document WO/PBC/13/6(b), in particular, paragraphs 3 to 7, and 21(i) and (ii).

7. Recommendation 2:

“Respect the principle of “non-discrimination” between the bidders for forthcoming Requests for Proposals and document all phases of the procedure.”

8. The principle of non-discrimination will continue to be applied by the Secretariat in respect of future tender processes as provided by the “Procurement and Purchase General Principles, Framework and Procedures”; the various phases of tender procedures will continue to be documented, including those which are not at present required by the above-mentioned General Principles. It is recalled that the respective selections of the project pilot, general contractor and financing entity were made by an independent Selection Board composed of representatives of Member States, not by an internal WIPO Committee. The final negotiations with the general contractor took place only after it had been selected by the Selection Board.

9. Recommendation 3:

“Introduce a system for validating invoices on the basis of original documents.”

10. A system for validating invoices on the basis of original documents has been fully implemented since September 2008, along the lines of the diagram appearing as Annex 4 to the Audit Report and in accordance with the explanations given in the Audit Report, paragraphs 60 and 61.

11. Recommendation 4:

“Introduce a cost reporting system for the Construction Committee.”

12. A system for reporting cost has been established by the Team in charge of monitoring the financial engagements for the new construction project (composed of the Coordinator of the International Project Monitoring Team and a representative each of the Finance Department and the Office of the Controller). A monthly monitoring table is prepared and presented to the Construction Committee at each of its ordinary sessions.

*13. The Program and Budget
Committee is invited to take note of this
document and of its Appendix.*

[Appendix follows]