

## SWISS FEDERAL AUDIT OFFICE

*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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## Report by the Auditor

### **WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)**

Audit of the financial statements  
for the 2008–2009 biennium

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Berne, July 5, 2010  
Reg. No. 1.10027.944.00333.V04  
modi/dear

## **AUDIT SUMMARY**

The 2008–2009 biennium coincides for WIPO with its last financial period based on the United Nations System Accounting Standards (UNSAS) before the transition on January 1, 2010 to financial statements based on International Public Sector Accounting Standards (IPSAS). The findings of the audit of this last biennium are on the whole very satisfactory. No significant problems were noted and, as Auditor, I am able to issue an audit opinion without reservation or comment.

I would like to emphasize, however, that I have not issued certain recommendations in this report concerning the operations relating to the transition from UNSAS to IPSAS. My audit of the opening balance sheet for the 2010 financial year, which I will finalize in autumn 2010, will tackle this issue.

Furthermore, I note in my report some points which I believe it useful to develop in more detail. I would like to be provided with a complete draft version of the Financial Management Report for the biennium under review at the start of my audit. In addition, while I commend the initial measures taken, I invite WIPO to establish the general principles regarding the existence of an Internal Control System (ICS) in the WIPO Financial Regulations. I also propose that the Organization formally defines the key processes, implements them and documents their verification.

## **REGULATIONS, STANDARDS AND INFORMATION**

### **Financial regulations and subject of audit**

1. In addition to the relevant provisions of the various Conventions, the 2008–2009 biennium was governed by the provisions of the WIPO Financial Regulations and Rules which entered into force on January 1, 2008 and were amended on October 1, 2009. The initial budget and the revised budget approved by the Assemblies of the Member States on December 12, 2008 in Geneva, the Financial Management Report and the United Nations System Accounting Standards (UNSAS) served as a framework of reference for this audit.
2. The audit relates to the financial statements of WIPO and the Unions administered by it as at December 31, 2009, as well as the budget accounts.
3. The accounts for the 2008-2009 biennium of the International Union for the Protection of New Varieties of Plants (UPOV) and those of the 2009 financial period for the (closed) WIPO Pension Fund, as well as the 2009 interim audit of the project for the construction of the new administrative building have been covered by separate audit reports.

4. As part of the audit carried out during the 2008–2009 biennium, my colleagues carried out an information technology audit of the accounting system. The findings of that audit are contained in a separate report dated December 23, 2008.
5. Furthermore, I assessed the internal audit function of WIPO in accordance with the International Standards on Auditing (ISA)<sup>1</sup> which state that the external auditor shall review internal audit activities and their potential impact on external audit procedures. My findings are contained in a separate report dated August 11, 2009.
6. A financial supervision audit of surface and infrastructure management was carried out in 2009 in three international organizations including WIPO. The audit was carried out based on INTOSAI<sup>2</sup> auditing standards (AS 1.0.38 and 1.0.40). These auditing standards stipulate 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 findings of this audit are included in a separate report finalized in February 2010.

#### **Auditing standards, information and acknowledgements**

7. The audit was carried out in accordance with the Swiss Auditing Standards published by the Fiduciary Chamber (2004 edition)<sup>3</sup>, whilst also observing the additional Terms of Reference forming an integral part of the Financial Regulations and Rules of WIPO.
8. Issues of minor importance were clarified and discussed with the relevant persons during the course of the work and are not commented on in this report.
9. The results of the audit were discussed with Mr. Philippe Favatier, Chief Financial Officer (Controller), Mrs. Janice Cook Robbins, Head of Finance Services, and with other members of staff mainly in the Department of Finance and Budget during the final discussion on June 4, 2010. Recommendations were made at that time and were approved. I have not therefore reproduced the points concerned in this report in order to draw the attention of the Assemblies of the Member States only to the elements which I regard as essential.

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<sup>1</sup> See ISA 610, *Using the Work of Internal Auditors*

<sup>2</sup> International Organization of Supreme Audit Institutions

<sup>3</sup> These Swiss Auditing Standards are intended to give effect to all International Standards on Auditing (ISA) published on June 30, 2003 by the International Auditing and Assurance Standards Board (IAASB).

10. Where checks were carried out by random sampling, my colleagues selected the samples based on the risks or the relative size of the amounts recorded under the headings examined.
11. I wish to express my thanks for the cooperative manner in which information and documents were supplied by all the WIPO officials whom we approached.
12. In the course of the audit, my colleagues had regular meetings with Mr. Philippe Favatier, Chief Financial Officer (Controller), Mr. Avarad Bishop, Deputy Director, Office of Legal Counsel, Mr. Sergio Escudero, Head, Office of Legal Counsel, Contracts and General Legal Section, Mrs. Janice Cook Robbins, Head, Finance Services, and other members of staff from the Department of Finance and Budget and other departments including the Internal Audit and Oversight Division (IAOD).
13. A list of the disputes, appeals or proceedings in progress against WIPO and investigations under way by the IAOD was obtained, together with the relevant provisions. It should be noted that all pending cases are relatively insubstantial and do not pose significant financial risks for the Organization.
14. Furthermore, I would like to emphasize that, just like the financial statements, the Financial Management Report is a vital document for the purpose of completing my audit successfully. For that reason, it is essential that my colleagues are provided with a provisional version at the start of the audit. This also means that my colleagues can limit the requests made to various members of staff.

**Recommendation No. 1/2009:** I believe that a complete provisional version of the Financial Management Report for the biennium under review should be submitted at the start of the audit. I encourage WIPO to plan and respect the timetable accordingly.

## **FOLLOW-UP TO THE RECOMMENDATIONS**

15. The various recommendations<sup>4</sup> made during previous audits which may be regarded as implemented or in the process of being implemented are not included in this report. Furthermore, and taking into account the work done, the six recommendations arising from the audit of inventory management performance are also regarded as having been implemented.

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<sup>4</sup> Recommendations Nos. 1-5 and 7 made during the final audit of the 2006–2007 accounts.

16. Recommendations which have a direct impact on the transition to IPSAS on January 1, 2010, such as the recommendation concerning provisions and the one concerning the recognition of income, will be included in the report on the audit of the opening balance sheet.

## **INTERNAL CONTROL SYSTEM**

### **An internal control system in the process of being formalized**

17. My colleagues checked the existence of the Internal Control System (ICS) with reference to Swiss Auditing Standard AS 890. The ICS assessment was based on the following factors:
- Control environment
  - Information and communication
  - Monitoring
  - Risk assessment and control activities
18. The Organization has an independent Audit Committee and an internal auditor within the Internal Audit and Oversight Division (IAOD). These two groups of individuals contribute to monitoring the management of WIPO.
19. For operational tasks I note that an ICS exists within WIPO and functions well within Finance Services. I also note that the implementation of an ICS is in the process of being formalized and that a member of staff from Finance Services has been appointed to monitor the task in this area. I also note the existence of risk analysis in the area of construction and for the part of the ERP<sup>5</sup> project currently underway. For its part, the IAOD establishes its own risk analysis in the context of preparing its annual audit program.

**Recommendation No. 2/2009:** While I commend the initial measures taken, I invite WIPO to establish the general principles regarding the existence of the Internal Control System (ICS) in the WIPO Financial Regulations and Rules. The relevant provisions should also include the role of auditing and approving the existence of ICS played by WIPO senior management. Therefore, I propose that the Organization defines the key processes formally, implements them and documents the audits undertaken.

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<sup>5</sup> Enterprise Resource Planning

20. When WIPO's ICS has been developed sufficiently to be regarded as standardized, it will be possible to put in place a control monitoring mechanism. Through ICS monitoring, WIPO senior management can be sure that the ICS objectives will be respected. In the context of improving the current ICS, my colleagues sent to Mr. Philippe Favatier and Mrs. Janice Cook Robbins, by e-mail as an example, model documentation which can facilitate the establishment of an ICS in a public administration body.
21. It should be noted that Office Instruction No. 16/2010 issued by Mr. Francis Gurry, Director General of WIPO, entitled "Implementation of oversight recommendations: Procedures for the preparation of reports and definition of roles and responsibilities", defines the procedures to be followed by program managers and other relevant staff when preparing reports and contributes to strengthening the ICS.

## **2008–2009 BUDGET IMPLEMENTATION AUDIT**

### **Implementation of the budget, figures and transfers all in order**

22. The revised budget for the 2008–2009 financial period approved by the Assemblies of the Member States on December 12, 2008, as well as the accounts for the 2008–2009 biennium as presented in the 2008–2009 Financial Management Report can be summarized as follows:

	<b>Revised budget (CHF)</b>	<b>Accounts (CHF)</b>
<b>Total income</b>	628,400,000	607,400,000
<b>Total expenditure</b>	-628,400,000	582,800,000
<b>Net result</b>	0.00	24,600,000

23. With regard to budget implementation, I refer to the comments made by the Director General in the Financial Management Report. Budget transfers were made across programs in accordance with Regulation 5.5 of the Financial Regulations.

## **AUDIT OF THE FINANCIAL STATEMENTS FOR THE 2008–2009 BIENNIUM**

### **Key figures from the 2008–2009 financial statements: confirmation of a healthy financial situation**

24. The financial statements comprising Statements I to IV of the 2008–2009 Financial Management Report, as well as the "Notes concerning the 2008–2009 Financial Management Report" contained at the end of that document were checked during the audit.

25. The Table below gives a comparison of key values from the Program and Budget closing balance sheets for 2007 and 2009. I will not comment on these values. However, in the paragraphs below I will make more detailed and specific comments on certain accounts included on the 2009 balance sheet.

<b>Item</b>	<b>December 31, 2007</b>	<b>December 31, 2009</b>
<b>Balance sheet total</b>	429,240,000	519,178,000
<b>Result of the financial period</b>	76,675,000	30,632,000*
<b>Liquid assets</b>	362,285,000	350,890,000
<b>Other assets</b>	66,955,000	168,288,000
<b>Liabilities</b>	195,547,000	245,451,000
<b>Provisions (total amount)</b>	38,405,000	47,806,000
<b>Reserve Funds</b>	118,613,000**	195,288,000***

\* The profit shown here does not include Reserve-funded projects for which expenditure was 6,009,000 Swiss francs.

\*\* The amount shown for the Reserve Funds does not include the profit recorded during the 2006–2007 financial period (76 million Swiss francs).

\*\*\* This sum does not take into account net profit distribution (24 million Swiss francs) during the 2008-2009 biennium entered in the accounts with a validity date of 2009.

### **Liquid assets: cut-off date for payments not always optimal**

26. The balances of the various treasury accounts as at December 31, 2009 were compared with those indicated on the statements issued by the banks. For several accounts the balances indicated on the bank confirmations were different to the amounts shown on the balance sheet. All these differences can be justified using the reconciliation documents specifically prepared. Furthermore, my colleagues considered that the closure instructions issued for the end of the 2008–2009 biennium could be improved. The preparation of more complete closure instructions and the cut-off date for payments are two issues that will arise again during the transition to IPSAS.

### **Investments: sound and appropriate management**

27. The investment of funds amounting to around 327 million Swiss francs on December 31, 2009 were deposited with the Federal Finance Administration (FFA). As no confirmation of the business relationship was produced by the FFA, the closing balances of the two accounts as at December 31, 2009 were checked using the accounting documents from the first quarter of 2010. The amounts corresponded and no other investigation in that regard was considered necessary in itself.

28. During the interim audit of the accounts for the biennium under review in autumn 2008, my colleagues analyzed and checked the movement of funds in the investment accounts during the period January 1 to September 30, 2008. The checks carried out gave entirely satisfactory results. WIPO's investment strategy can be regarded as prudent and has delivered results, particularly during these recent turbulent months in the financial markets. The largest cash investments were made with the Swiss Confederation. Good returns have been made and the counterparty risks (solvency of the institution) are very low. The liquid assets held in Swiss and foreign currency with other financial institutions have been managed correctly.

#### **Contributions in arrears and frozen: a provision required**

29. The contributions owed showing in asset Account Nos. 12000 to 12018 amount to 4,700,902 Swiss francs. These are assessed contributions which have not yet been paid by certain Member States. An analysis of the contributions owed on December 31, 2009 shows that some countries have owed assessed contributions for many years. With regard to the payment of these debts owed by certain Member States to WIPO, my colleagues noted that WIPO Finance Services are unable to recover most of these outstanding receivables. In addition to the contributions in arrears, other contributions amounting to 4,444,300.00 Swiss francs on December 31, 2009 have been frozen (Account Nos. 27200 to 27219). These are contributions owed by least developed countries which have been in arrears from before 1990. A specific provision for all receivables outstanding for more than one year should be created. The issue of provisions will arise again during the transition to IPSAS.

#### **Property, plant and equipment**

30. The restatement of the values of fixed assets is one of the essential components of the transition to IPSAS and this issue will therefore be included in my audit of the opening balance sheet for the 2010 financial year. However, for information purposes for the biennium under review, WIPO's land and buildings are valued at 313 million Swiss francs. These assets comprise the administrative buildings in use and the costs of the work on the buildings currently under construction. The accumulated amortization of these assets as at December 31, 2009 amounts to 180.5 million Swiss francs.
31. It should be noted that WIPO has contracted a loan of 114 million Swiss francs with the Banque Cantonale de Genève and the Banque Cantonale Vaudoise. It drew down 50 million Swiss francs of this available credit on March 20, 2009 in order to partly finance the construction of the new administrative building. The Organization has the right to draw down the loan up to February 8, 2011 if it wishes to increase its borrowings from these cantonal banks in order to finance the balance of the construction cost of the new administrative building.

### **Inventory of fixed assets required**

32. My colleagues were unable to obtain a detailed inventory of WIPO equipment and materials (furniture, IT equipment, miscellaneous items etc.). It should be noted that this type of fixed asset appears on the balance sheet with a symbolic value of one Swiss franc.
33. The insurance value of the equipment was 51.6 million Swiss francs on December 31, 2009. Initial estimations concerning the restatement of the UNSAS balance sheet based on IPSAS should result in a markedly lower value of around 5.1 million Swiss francs.

**Recommendation No. 3/2009:** Without entering into the issue of the transition to IPSAS, I propose that WIPO reviews the appropriateness of certain contractual clauses in its “commercial insurance”, which might lead to savings on the annual premium, which could have amounted to about 164,000 Swiss francs in 2009.

### **Provisions: restatement required with the transition to IPSAS**

34. A total of around 47.8 million Swiss francs was included in the balance sheet across various provision accounts at the end of 2009 as shown in Notes 13 and 14 of the Financial Management Report. The overall amount of the provisions as at December 31, 2009 exceeds the value of the provisions for the 2006–2007 biennium by some 9.4 million Swiss francs. Despite this considerable increase, I note that these provisions probably do not yet include all sums to be allocated as provisions in accordance with IPSAS and, as mentioned above, this issue will be included in my report on the audit of the opening balance sheet for the 2010 financial year prepared according to IPSAS.

### **Commitments excluded from the balance sheet: amounts to be updated**

35. A list of WIPO’s commercial contractual undertakings with external partners was sent to my colleagues. This list does not contain the amounts of the contractual undertakings nor their precise frequency. The list is due to be updated by the Procurement and Travel Division (PTD) in 2010.

### **Funds-in-trust (FIT): reconciled amounts**

36. Assets and liabilities in connection with FIT projects appear in separate accounts from those of WIPO. The consolidated financial statements for FIT as a whole and the information concerning each project are shown in the section entitled “Trust funds” of the 2008–2009 Financial Management Report. The random checks carried out by my colleagues confirmed the validity of this information.

37. The money paid by donors is deposited individually in separate bank accounts. The balances of the various accounts as at December 31, 2009 were compared with the figures in the statements or certificates issued by the banks. Taking into account reconciliation entries, the amounts corresponded.

**Staff expenditure: completeness of salary data confirmed**

38. I entrusted my IT auditors with the task of analyzing the salary expenditure originating from the SIGAGIP system using the Audit Command Language (ACL) tool. They checked that the data in the SIGAGIP software (Human Resources) corresponded with that in the PeopleSoft Administration Integrated Management System (AIMS) tool (Finance Services) with a view to checking the completeness of the salary data generated by the Organization. The tests carried out showed that the data corresponded and, on the whole, the findings were positive.
39. Staff expenditure accounts for a considerable proportion of WIPO's operating costs. I entrusted my colleagues with the task of checking several staff files and the salaries paid to staff members at grades D, P and G. The files checked did not give rise to any particular comments. The salaries paid corresponded to the individual terms and conditions applicable to the staff members concerned.

**Severance pay paid to the former Director General: a matter dealt with by Member States**

40. The severance pay paid to the former Director General was dealt with by Member States. It was roughly equivalent to his annual salary, 60 days' accumulated leave, a repatriation grant and an education grant. The total amount of the severance pay was around 736,000 Swiss francs. I entrusted my colleagues with the task of examining the supporting documents relating to this severance pay. They noted that the related accounting documents were formally validated by the Organization given the delicate nature of the situation. I mention this purely for information purposes.

**Office equipment and supplies: a purchasing process under control**

41. My colleagues checked the general procedure followed by the PTD for the purchase of office equipment and supplies. The checks carried out showed that validation and control procedures are in place. The results of the random checks carried out relating to the period from January 2008 to September 2009 in respect of Account Nos. 75312 ("Office supplies") and 75319 ("Other supplies") were positive.

**Member State contributions: correct entry in the accounts confirmed**

42. The total assessed contributions of WIPO Member States stood at more than 34.8 million Swiss francs for the 2008–2009 biennium. The contributions invoiced during those two years were more or less identical. Based on random sampling carried out by my colleagues, I can confirm the correct entry in the accounts of the amounts of Member State contributions as shown in Tables 9 and 10 of the financial statements for the 2008–2009 biennium.
43. According to Table 11 of the Financial Management Report entitled “Contributions received in advance”, the amounts received in advance by December 31, 2009 totaled just over 1.4 million Swiss francs. The random checks carried out show that Angola, Cameroon and Suriname have paid several years in advance.

**Fees under the Patent Cooperation Treaty (PCT Union)**

44. PCT income arising from the receipt of fees relating to international patent applications accounts for more than 81 per cent of the total fees received by WIPO. Thus, with an income of nearly 444 million Swiss francs arising from the fees for international applications which are transferred to the International Bureau by receiving Offices, the Patent Cooperation Treaty constitutes the main financial resource of WIPO (73 per cent of WIPO’s total revenue).
45. According to the explanations received, I propose that ways should be sought to optimize the procedure for the receipt of transmittal fees, international filing fees and search fees. The receipt of a total amount incorporating all three of these fees and transmitted directly according to the scale in force on the date on which the international application is filed could substantially reduce the work to reconcile the various PCT accounts.
46. On the subject of monitoring the processing of files, I noted that WIPO is at present unable to determine what progress has been made in processing files (work under way) overall. On the contrary, based on the file identification number in the computer system, it does have information available on an individual basis. The possibility of identifying the progress made in processing individual files in this way would make it easier to determine the point at which income is generated.

47. At the international level, the application of Rule 16.1(e)<sup>6</sup> of the Regulations under the Patent Cooperation Treaty places WIPO under an obligation to compensate international searching authorities for exchange rate losses incurred with regard to search fees as the International Bureau is contractually required to bear such risk. It should also be noted that exchange rate differences are usually justified by the searching authorities in general terms. The International Bureau does not receive the details of these differences which would allow it to carry out strict checks.
48. At the internal WIPO level and with regard to the various prices set for the registration of patents, there are several means of payment including by credit card. The cost of processing interbank or credit card payments reduces revenue and therefore results in a loss of earnings for WIPO. Furthermore, the fluctuation in exchange rates also entails a risk for the Organization, since payments are made in different currencies. Managing the rates in foreign currencies and occasionally adjusting those rates in line with exchange rate fluctuations is a major undertaking and the rates come into force only several weeks later. Furthermore, it results in quite considerable administrative work for the Organization.

**Recommendation No. 4/2009:** On the basis of the above concerns, the External Auditor is of the opinion that the principle of price setting limited to three or four currencies (CHF, EUR, USD, JPY, for example) could be considered. The administrative work carried out by Finance Services and the PCT would be reduced accordingly and the risks linked to exchange rates would be reduced for WIPO. It is in that direction that discussions between the various internal partners of the Organization are recommended, in order to seek an appropriate amendment to the PCT Regulations, including in particular the provisions of Rule 16.1(e) of the Regulations under the PCT.

49. In the context of the introduction of IPSAS, WIPO has established a model that allows it to identify PCT income received in advance from patents not published at the end of an accounting year. Using the ACL tool, my IT auditors carried out checks and found that the model concerned worked. However, the checks carried out also showed that the supplementary fees and handling fees had not been incorporated in the amounts taken into account, which amounts to an overall

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<sup>6</sup> Rule 16.1(e) provides that “Where, in respect of the payment of the search fee in a receiving Office currency, other than the fixed currency or currencies, the amount actually received by the International Searching Authority in the headquarters currency is less than that fixed by it, the difference will be paid to the International Searching Authority by the International Bureau, whereas, if the amount actually received is more, the difference will belong to the International Bureau”.

unrecognized amount of some 38 million Swiss francs. This issue will be dealt with soon as part of the audit of the accounting data from the opening balance sheet for 2010 based on IPSAS. My colleagues also noted that the statistics relating to the filing of patents, originating from the ORACLE database and then reprocessed in the statistical database, contain discrepancies which are nonetheless insignificant.

#### **Fees concerning the international registration of marks (Madrid Agreement)**

50. My auditors checked the process relating to the recording in the accounts of the basic fees for the international registration of marks (Madrid Agreement). The amounts received for international applications for the registration and renewal of marks corresponded to the deposits made.
51. However, they noted several insignificant discrepancies between the registrations listed by the Finance Department and those listed by the Trademark Department (statistical values). In view of the immaterial nature of the data, it was decided not to carry out more systematic checks to determine the reasons for these discrepancies.
52. The various tables contained in the Financial Management Report relating to the Madrid distribution (supplementary fees, complementary fees, individual fees for 2008 and 2009) were checked by random sampling. The few errors noted were corrected immediately.

#### **Registration fees for the international deposit of industrial designs (Hague Agreement)**

53. During the 2008 interim audit of the 2008–2009 biennium, I entrusted my colleagues with the task of checking the revenue from the fees for the international deposit of industrial designs (Hague Agreement). The checks carried out showed that the various fees calculated by the applicants for applications for registration and/or renewal are systematically checked by the Examination Section of WIPO's International Designs Registry.
54. The result-oriented checks carried out by my colleagues, taking the months of September and October 2008 as a sample, revealed that the fees received for international registrations or renewals governed by the 1960 Act or the 1999 Act, pursuant to Rule 12.1(i), (ii) and (iii) *et seq.* of the Common Regulations under the Hague Agreement, corresponded to the scale in force from January 1, 2008. The checks carried out on amounts received from clients as deposits, on the amounts recorded as income and on the amounts distributed to Hague Union Members (approximately 160,000 to 180,000 Swiss francs per month) gave positive results. Any anomalies noted had been corrected the following month, which confirmed the efficiency of the control system in place.

55. My colleagues checked by random sampling the Hague Union Tables relating to State and designation fees. The values contained in the Financial Management Report were checked and found to be correct.

### **CONCLUSION**

56. As a result of the work done, I am able to issue the audit opinion annexed to this report and drawn up in accordance with paragraph 5 of the Terms of Reference Governing External Audit (Annex II of the WIPO Financial Regulations and Rules).

K. Grüter  
Director  
FEDERAL AUDIT OFFICE  
OF THE SWISS CONFEDERATION  
(Auditor)

Annex: Audit opinion

## AUDIT OPINION

I have examined the financial statements of the World Intellectual Property Organization (WIPO) constituted *inter alia* by Statements I to IV and the Notes on the 2008–2009 Financial Management Report, in addition to the financial statements for the Funds-in-Trust for the financial period ending on December 31, 2009, presented in the same document. My work was completed on May 28, 2010. The establishment of those financial statements is the responsibility of the Director General. My role consists in expressing an opinion on them in the light of the audit undertaken by me.

I conducted my audit in accordance with the Swiss Auditing Standards published by the Fiduciary Chamber (2004 edition). Those standards require me to plan and carry out the audit in such a way as to gain reasonable assurance that the financial statements are free of serious errors. An audit consists in examining, by sampling and to the extent considered necessary by the External Auditor in the circumstances, the supporting documents provided to back up the amounts and the data appearing in the financial statements. I consider that the audit that I undertook provides a reasonable basis for the opinion that I present here.

In my opinion, the financial statements give a satisfactory account, on all essential points, of the financial position on December 31, 2009, and of the results of operations and movements of funds for the financial period ending on that date, in accordance with the specified accounting policies of WIPO which are set forth in the Notes on the 2008–2009 Financial Management Report, and which have been applied in a manner consistent with the previous accounting period.

In addition, it is my opinion that the WIPO operations that I checked by sampling in the course of my audit were on all essential points consistent with WIPO's Financial Regulations and Rules and the authority given by the deliberative bodies of the Organization.

Pursuant to paragraph 6 of the Terms of Reference Governing External Audit annexed to the WIPO Financial Regulations, I have also drawn up a detailed report on my auditing of the financial statements of WIPO, which is dated July 5, 2010.

Berne, July 5, 2010

K. Grüter  
Director  
FEDERAL AUDIT OFFICE  
OF THE SWISS CONFEDERATION  
(Auditor)