

## **Program and Budget Committee**

**Twenty-Second Session**  
**Geneva, September 1 to 5, 2014**

PROPOSAL TO REFORM AND ENHANCE PROGRAM PERFORMANCE AND  
FINANCIAL REPORTING

*Document prepared by the Secretariat*

### **I. INTRODUCTION**

1. The Secretariat is continually looking for opportunities to improve the quality, transparency, comprehensiveness and readability of information and reports that it provides to its stakeholders and Member States.
2. In this regard, the financial and performance reporting by the Secretariat constitute significant elements of both annual and biennial reporting. A number of incremental improvements have been implemented over the last few years, both in response to Member States' requests and based on the Secretariat's own experience of the performance dialog during the Program and Budget Committee (PBC) meetings. In line with its continuous improvement approach and with a view to improving the quality and efficiency of the reporting process with no loss of disclosure in the information provided, the Secretariat has reviewed the content and format of the different financial and performance reports for the biennium 2012/13, prepared for this session of the PBC, and has examined ways in which they could be streamlined.
3. The results of the review were shared with the Independent Advisory Oversight Committee (IAOC) at the initiative of the Secretariat through a brief high-level presentation. The IAOC welcomed the initiative to improve Secretariat reporting and agreed with Management that such a proposal should be developed.
4. The present document has been prepared with a view to presenting the opportunity for improvements in respect of program performance and financial reporting to the PBC and obtaining its inputs that will guide the preparation of a more detailed proposal.

## II. PERFORMANCE AND FINANCIAL REPORTING FRAMEWORK

5. The Organization's current performance and financial reporting framework in a biennium consists of a number of documents, as follows:

### *Planning*

(a) The Program and Budget, submitted to the Member States for approval each biennium, provides the programmatic and budgetary framework for the implementation of WIPO's activities and achievement of Expected Results, in accordance with Chapter 2 of the Financial Regulations and Rules (FRR). This is a "planning" document and establishes the basis for all subsequent performance and financial reporting.

### *Reporting*

(b) The Program Performance Report (PPR) is an end-biennium report which assesses the achievement of the Expected Results with the resources approved in the Program and Budget by means of Performance Indicators, in accordance with Regulation 2.14 of the FRR. The annual PPR reports on progress towards the achievement of the Expected Results at the end of the first year of implementation.

(c) The Financial Statements (FS) are prepared on an annual basis, in compliance with the accounting standards applicable to the United Nations System (IPSAS since 2010) and in line with Rule 106.3 of the FRR.

(d) The Financial Management Report (FMR) is transmitted to the PBC in accordance with Regulation 6.6 of the FRR. It provides an overview of the Organization's biennial financial results compared to the biennial budget (on a budgetary basis). It also provides details of the Organization's financial performance and financial position at the end of each biennium.

(e) Other related documents: In addition to the above, a number of other reports are submitted on a regular basis to Member States, including reports on the use of the Organization's reserves and cost efficiencies. For the present session of the PBC, the reporting on cost efficiencies has been included in the PPR 2012/13 as an integral part of program implementation and performance assessment. Equally, the reporting on reserves utilization has been included in the FMR as an integral part of financial management reporting.

## III. KEY ISSUES

6. The analysis conducted by the Secretariat of the content of the above reports highlighted some duplication and overlap in the information disclosed in the FMR and the PPR and a considerable overlap and duplication between the FMR and the FS.

7. The detailed analysis of the content of these documents is set out in the Annex. The duplication and overlap results in an information overload on the users of these reports, a higher level of effort to coordinate the drafting of the documents and a higher level of effort and cost of translation and publication.



8. The main reasons for this situation are:
- (i) In an effort to provide more comprehensive reporting to Member States enabling a meaningful assessment of program performance, the Secretariat has increasingly integrated both programmatic and budgetary information within the PPR. Such integration was also recommended by the previous Audit Committee in the context of strengthening Results Based Management. This has resulted in the biennial PPR being expanded to include information and analysis on budget utilization by program (and result) which overlaps with the FMR.
  - (ii) In complying with IPSAS and the July 2013 pronouncement of the International Public Sector Accounting Standards Board (IPSASB) that recommended that “information in financial statement discussion and analysis should meet with the qualitative characteristics of financial reporting taking into account the constraints on information included in general purpose financial reports”, the Financial Statements, which under UNSAS were limited to financial reports and tables, have been expanded to include analysis of income and expenditure. While the analysis in the FS is on an IPSAS basis and that in the FMR is on a budgetary basis, there is duplication of content from a user’s perspective between the FS and FMR.
9. The total number of pages across these documents and in all languages was 2,115 pages in the 2010/11 biennium and approximately 2,758 pages in 2012/13 biennia. The initial estimate of duplicated content is in the range of 20-30 percent.

#### IV. ENHANCED REPORTING OPPORTUNITY

10. The aforementioned analysis highlights a clear opportunity to enhance the current biennial reporting to Member States, through the issuance of a comprehensive Biennial Performance Report, which would bring together information that is currently split across the biennial PPR and the FMR in a single report, with a format and presentation that would be more user-friendly and accessible. The key principles that would guide the Secretariat in developing the proposal for such a report would include maintaining or enhancing the level of disclosure, full compliance with the regulatory framework (FRR) and minimizing duplication.

11. The Annual Financial Statements produced at the end of each year of the biennium, which form the basis of the External Auditors’ Audit of Financial Statements, must continue to be produced in accordance with IPSAS. Changes and improvements to these Annual Financial Statements, if any, would be proposed after consultation with the External Auditors.

12. The PPR submitted at the end of the first year of the biennium, which reports on progress towards the achievement of Expected Results, will be maintained with changes being limited to those required to ensure coherence and consistency with the proposed Biennial Performance Report.

13. The approach to achieve this objective would consist of the following steps:
  - (i) Conduct a questionnaire survey among Member States to obtain feedback on the content, usability and presentation of information in existing reports;
  - (ii) Complete the in-depth analysis of the content, format and presentation of financial and performance information across all reports provided to the Member States;
  - (iii) Based on feedback received from Member States and the analysis carried out, develop a detailed proposal for an improved consolidated Biennial Performance Report that would include programmatic, budgetary and financial information; this proposal would include a detailed table of contents and a mock-up of the report that will enable Member States to assess its look and feel as well as the content.
  - (iv) Present the proposal for the consideration by Member States at the next session of the PBC.

## V. BENEFITS

14. The integration of programmatic, budgetary and relevant financial information in a comprehensive Biennial Performance Report will enable Member States to review the Organization's biennial performance in a holistic manner thus further strengthening Results Based Management and the performance dialog.

15. Presentation and format of the reports would be enhanced based on Member States' feedback through the survey.

16. Elimination of duplication and reduction of the total number of publications will enable savings in translation and production costs.

17. Potential benefits could accrue from a more streamlined agenda for the Program and Budget Committee as a consequence of moving to more comprehensive and integrated reporting.

18. The level of effort required by the Secretariat to develop the reports will be reduced.

19. The following decision paragraph is proposed.

*20. The Program and Budget Committee, having reviewed document WO/PBC/22/27:*

*(i) recognized the opportunity to improve biennial performance and financial reporting;*

*(ii) welcomed the Secretariat's proposal to move to a comprehensive and integrated Biennial Performance Report; and*

*(iii) requested the Secretariat to submit a detailed proposal on the format and content of such a report at its next session, taking into account Member States' feedback through a structured survey.*

[Annex follows]

**Mapping of Information in FMR, FS, PPR  
and FMR Information Overlaps**

Information in FMR only	Information in FS only	Information in PPR only	Information overlap FMR and FS <sup>1</sup>	Information overlap FMR and other documents	Information overlap FMR and PPR
<b><u>Summary of Results by Union</u></b>			Results by Union Reserve and Working Capital Funds by Union for end of year Income and Expenditure by Union – end biennium (budgetary basis)	Reserve Appropriations	
<b><u>Budget</u></b> Post and Headcount Report by Program – biennium Post and Headcount Report for Funds in Trust and Reserve-Funded Projects – biennium			Approved Budget and Transfers by Program – biennium		
<b><u>Expenditure</u></b>			Expenditure by Object of Expenditure – biennium		Budget and Expenditure Report by Program – biennium
<b><u>Personnel Resources</u></b> Expenditure Evolution by Year			Expenditure against Budget		
<b><u>Travel and Fellowships</u></b> Expenditure Evolution by Year			Expenditure against Budget		
<b><u>Contractual Services</u></b> Expenditure Evolution by Year			Expenditure against Budget		
<b><u>Operating Expenses</u></b> Expenditure Evolution by Year			Expenditure against Budget		
<b><u>Equipment and Supplies</u></b> Expenditure Evolution by Year			Expenditure against Budget		

<sup>1</sup> Discussions and analysis in FS are on an IPSAS basis



Information in FMR only	Information in FS only	Information in PPR only	Information overlap FMR and FS <sup>1</sup>	Information overlap FMR and other documents	Information overlap FMR and PPR
<p>Madrid and Hague Distributions</p> <p>Madrid Union – Supplementary fees - first year of biennium</p> <p>Madrid Union – Complementary fees – first year of biennium</p> <p>Madrid Union – Total of fees - first year of biennium</p> <p>Madrid Union – Supplementary fees - second year of biennium</p> <p>Madrid Union – Complementary fees – second year of biennium</p> <p>Madrid Union – Total of fees - second year of biennium</p> <p>Protocol relating to the Madrid Agreement – Individual fees – first year of biennium</p> <p>Protocol relating to the Madrid Agreement – Individual fees – second year of biennium</p> <p>Madrid Union – Payment made in accordance with Rule 39 of the Common Regulations under the Madrid Agreement and Protocol</p> <p>Hague Union – State and designation fees - first year of biennium</p> <p>Hague Union – State and designation fees – second year of biennium</p> <p>Madrid and Hague Unions – Distribution first year of biennium</p> <p>Madrid and Hague Unions – Distribution second year of biennium</p> <p>Madrid and Hague Unions – Recapitulation (biennium)</p>				<p>Working Capital Funds as at December 31 (end biennium)</p>	
		<p>Summary of achievements in biennium</p> <p>Program Performance by program for the biennium</p> <p>Report on Expenditures Related to Development Activities</p>	<p>Trust Funds</p>		

Information in FMR only	Information in FS only	Information in PPR only	Information overlap FMR and FS <sup>1</sup>	Information overlap FMR and other documents	Information overlap FMR and PPR
		Implementation of Funds-in-Trust (end biennium)			
	Financial Statement Discussion and Analysis				
	Statement of Financial Position				
	Statement of Financial Performance				
	Statement of Changes in Net Assets				
	Statement of Cash Flow				
	Statement of Comparison of Budget and Actual Amounts – Revenue				
	Statement of Comparison of Budget and Actual Amounts – Expense				
	Statement of Financial Position by Business Unit				
	Statement of Financial Performance by Business Unit				
	Special Accounts by Donor Contributions				
	Notes to the Financial Statements				

[End of Annex and of document]