

Program and Budget Committee

Thirty-Ninth Session
Geneva, June 16 to 20, 2025

REPORT BY THE EXTERNAL AUDITOR

prepared by the Secretariat

1. This document comprises the following items:
 - (i) The Independent Auditor's report which contains the opinion of the External Auditor on the financial statements of the World Intellectual Property Organization (WIPO) for the year ended December 31, 2024; and
 - (ii) Report of the External Auditor for the financial year 2024 to the 66th Series of Meetings of the Assemblies of the Member States of WIPO (also known as the "long form report"). This report contains the External Auditor's recommendations arising from the audit work undertaken during the year 2024.
2. The following decision paragraph is proposed.
 3. *The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to take note of the "Report by the External Auditor" (document WO/PBC/39/4).*

[Report by the External Auditor follows]



BPK RI THE AUDIT BOARD OF
THE REPUBLIC OF INDONESIA

AUDIT REPORT

WORLD INTELLECTUAL PROPERTY ORGANIZATION

Financial Year 2024

MAY 2025



**CHAIR OF THE AUDIT BOARD
REPUBLIC OF INDONESIA**

**Letter from the External Auditor to the Chair of the General Assembly of the
World Intellectual Property Organization**

Number: /S/I/05/2025

Chair of the General Assembly
World Intellectual Property Organization
34, chemin des Colombettes
CH-1211 Geneva 20
Switzerland

Dear Chair,

In accordance with Regulation 6.11 of the World Intellectual Property Organization's (the Organization) Financial Regulations, I have the honor of presenting the Audit Board of the Republic of Indonesia's (Badan Pemeriksa Keuangan (BPK)) report to you.

This report comprises the External Auditor's Opinion and the External Auditor's Long-Form Report on the Audited Financial Statements of the Organization for the year ended 31 December 2024, prepared by the Organization.

Yours sincerely,

Dr. Isma Yatun, CSFA, CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
May 2025

Table of Contents

| | |
|---|-----------|
| Table of Contents | 4 |
| List of Tables..... | 6 |
| Part I – External Auditor's Opinion | |
| Part II - External Auditor's Long-form Report | |
| Executive Summary | 13 |
| A. Introduction | 15 |
| Mandate | 15 |
| Audit Objectives | 15 |
| Audit Scope..... | 15 |
| Auditing Standards..... | 16 |
| Audit Methodology..... | 16 |
| Reporting | 17 |
| Initial Audit Engagement | 17 |
| B. Financial Overview | 19 |
| Financial Position | 19 |
| Financial Performance | 19 |
| Financial Health..... | 20 |
| Budgeting..... | 20 |
| C. Financial Audit | 23 |
| Overall Audit Result | 23 |
| Internal Control..... | 23 |
| Findings and Recommendations | 24 |
| <i>Optimizing System Utilization and Automation for Financial Reporting</i> | <i>24</i> |
| <i>Improving of the Accounting Policy Governing the Madrid System Fee.....</i> | <i>25</i> |
| <i>Addressing Unresolved Trademark Deposits</i> | <i>26</i> |
| D. Performance Audit | 27 |
| Background | 27 |
| Audit Observations | 28 |
| <i>Establishing Unified SOPs to Organize Meetings of WIPO's Decision-Making and Negotiation Bodies.....</i> | <i>28</i> |
| <i>Refining the Formulation and Consistency of WIPO's KPIs for Better Performance Measurement.....</i> | <i>29</i> |
| <i>Optimizing the Application of Machine Translation for WIPO Publications .</i> | <i>30</i> |
| <i>Enhancing WePerform's Role in the Performance Assessment Process</i> | <i>32</i> |
| <i>Improving the Survey Process to Strengthen WIPO's Evaluation Process</i> | <i>32</i> |
| E. Implementation of External Audit recommendations from Prior Years | 34 |
| F. Disclosure by Management..... | 35 |
| Write-off of Losses of Cash, Receivable, and Property | 35 |
| Ex-Gratia Payments | 35 |
| Cases of Fraud and Presumptive Fraud..... | 35 |
| G. Audit Handover | 35 |
| H. Acknowledgement | 36 |

| | |
|---|----|
| Annex 1. Status of Implementation of External Audit Recommendations from Prior Years as of 31 March 2025 | 37 |
| Annex 2. List of Acronym | 4 |

List of Tables

| | |
|--|----|
| Table 1. Organization's Financial Ratio | 20 |
| Table 2. Outturn Against Budgets (million Swiss francs)..... | 21 |
| Table 3. Recapitulation of Status of Implementation of External Audit Recommendations from Prior Years..... | 34 |

Part I

External Auditor's Opinion



THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA

AUDIT OPINION

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION AS AT AND FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

To the General Assembly of the World Intellectual Property Organization

Opinion on the Financial Statements

We have audited the Financial Statements of the World Intellectual Property Organization (the Organization), which comprise the Statement of Financial Position as at 31 December 2024; the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flow, and the Statement of Comparison of Budget and Actual Amounts for the year then ended; and Notes to the Financial Statements.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position as at 31 December 2024, and financial performance and cash flow for the year then ended of the Organization in accordance with International Public Sector Accounting Standards (IPSAS).

Opinion on Regularity

In our opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the General Assembly of the Organization and the financial transactions conform to the Organization's Financial Regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Organization's Financial Regulations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Organization, in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Financial Statements of the Organization for the year ended 31 December 2023, were audited by the United Kingdom National Audit Office, who expressed an unmodified opinion on those statements on 14 May 2024.

Other Information

Management is responsible for the other information, which comprises the Director's Statement, contained below, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether this other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IPSAS, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Management and Those Charged with Governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is included in Annex of this auditor's report. This description forms part of our auditor's report.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the revenue and expenses reported in the Financial Statements have been applied for the purposes intended by the General Assembly and the financial transactions comply with the Financial Regulations which govern them.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report

In accordance with Regulation 6.11 of the Organization's Financial Regulations, we have also issued a long-form report on our audit of the Organization.

Dr. Isma Yatun, CSFA, CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor

Jakarta, Indonesia
May 2025

Annex. Description of Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Draw conclusions as to the appropriateness of Management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Organization to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Part II

External Auditor's

Long-form Report

EXECUTIVE SUMMARY

The Importance of this Audit

In 2024, the World Intellectual Property Organization (the Organization) managed substantial financial resources critical to its global mission. During the year, the Organization generated revenue of 496.67 million Swiss francs and recognised expenses of 430.33 million Swiss francs, while holding assets of 1,912.96 million Swiss francs and liabilities of 1,202.30 million Swiss francs.

An independent audit is essential for the accountability of the Organization in light of its pertinent role in the global intellectual property system. The Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan (BPK)) presents this report following a comprehensive audit of the Organization's financial statements for the year ended 31 December 2024. Additionally, BPK conducted a performance audit to identify areas for improvement in the Organization's services to its stakeholders. Our audit was conducted in accordance with International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI).

Audit Objectives

The financial audit was conducted primarily to enable BPK to form an opinion as to whether the financial statements of the Organization for the year ended 31 December 2024, present fairly, in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment to test whether the transactions were, in all significant respects, in accordance with the Organization's Financial Regulations and Rules.

The objective of the performance audit was to assess the effectiveness of the Organization's Management in improving the organization's services to its stakeholders with respect to Pillar 1 and Pillar 2 of the Organization's Medium Term Strategy Plan (MTSP) 2022-2026.

Audit Opinion

BPK concluded that the financial statements present fairly, in all material respects, the financial position as at 31 December 2024, and its financial performance and cash flow for the year then ended of the Organization in accordance with IPSAS.

Other Matter

The financial statements of the Organization for the year ended 31 December 2023, were audited by the United Kingdom National Audit Office, who expressed an unmodified opinion on those statements on 14 May 2024.

Financial Matters

BPK acknowledges that the financial statements fairly represent the organization's financial position in accordance with IPSAS and Financial Regulations. In the first year of its engagement, BPK reviewed the internal control and compliance with the regulation, with audit focus including the Madrid system and Information Technology (IT) control. The

audit identified some areas requiring improvement in the Organization's financial management systems and accounting practices, including the need for enhanced system optimization and automation in financial reporting processes, improvement to policy documentation for revenue recognition, particularly for Madrid System fees, and development of efficient mechanisms to address unresolved trademark deposits.

Performance Observations

BPK acknowledges that the Organization effectively managed the planning, monitoring, and evaluation of its programs and activities during the audited period, ensuring alignment with stakeholder needs through its supporting divisions. Notably, the Organization has implemented a Results-Based Management approach in the development of its Program Work and Budget, alongside an information system to support work plan formulation. To further strengthen performance, certain areas present opportunities for improvement. These include refining the formulation of the Organization's Key Performance Indicators (KPIs) by establishing well-defined and consistent KPIs, ensuring clear means of verification, and comprehensively documenting all contributing sectors to KPI achievement. Additionally, expanding the use of machine translation to all eligible publications in accordance with the criteria outlined in the Organization translation policy, thus enabling the Organization to effectively reach and serve a broader audience.

Comprehensive details of the audit observations are presented in this report.

Previous Audit Recommendations

In relation to the management of audit matters arising, BPK has noted that since 2018, the Organization has successfully addressed 91.2% of the previous audit recommendations.

EXTERNAL AUDITOR'S LONG-FORM REPORT

Report of the External Auditor on the Financial Statements of the World Intellectual Property Organization As at and for the Financial Period Ended 31 December 2024

| Key Facts | |
|-----------------------------|--|
| 486.44 million Swiss francs | Updated Budget-Revenue for 2024 |
| 425.40 million Swiss francs | Budget After Transfer-Expense for 2024 |
| 496.67 million Swiss francs | Total Revenue |
| 430.34 million Swiss francs | Total Expenses |
| 66.34 million Swiss francs | Operating Surplus |
| 710.66 million Swiss francs | Net Assets |
| 1,735 | Staff and Personnel (as of 31 December 2024) |

A. Introduction

Mandate

1. Pursuant to Regulation 6.5 of the Financial Regulations and Rules of the World Intellectual Property Organization (the Organization) and the terms of reference set out in Annex II of the Regulations, the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan (BPK)) conducted an audit of the Organization for the period 1 January to December 2024.

Audit Objectives

2. The financial audit was conducted primarily to enable BPK to form an opinion as to whether the financial statements of the Organization for the year ended 31 December 2024, present fairly, in all material respects, in accordance with the International Public Sector Accounting Standard (IPSAS). This included an assessment to test whether the transactions were, in all significant respects, in accordance with the Organization's Financial Regulations and Rules.
3. The main audit objective of the Performance Audit was to assess the effectiveness of the Organization's management in improving the Organization's services to its stakeholders.

Audit Scope

4. The financial audit of the Organization for the year ended 31 December 2024 comprised an audit of the Statement of Financial Position as at 31 December 2024; the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flow, and the Statement of Comparison of Budget and Actual Amounts for the year then ended; and Notes to the Financial Statements.

5. The process of selecting the scope and sample as to the potential key areas of focus has taken into consideration several selection factors (further detail is provided below). As a result, four divisions were selected as samples for the 2024 performance audit. The selected divisions included:
 - a. Information and Digital Outreach Division.
 - b. International Classification and Standards Division.
 - c. Copyright Law Division.
 - d. Building Respect for IP Division.

Auditing Standards

6. The audit was conducted in accordance with the International Standards on Auditing (ISAs). The Standards require that BPK complies with ethical requirements and plans and conducts the audit to obtain reasonable assurance that the organization's financial statements are free from material misstatement. In addition, relevant International Standards of Supreme Audit Institutions (ISSAI) provide audit principles, standards, and guidance for conducting our performance audit. Regarding regularity, the audit follows the Financial Regulations.

Audit Methodology

7. In line with ISA 315 – “Identifying and Assessing the Risks of Material Misstatement” (Revised 2019), BPK applies a risk-based approach in the financial audit to focus on areas with the highest risk of material misstatement. This standard addresses BPK’s responsibility to identify and to assess risks through understanding the Organization and its environment, including business processes and internal controls. BPK identified and assessed risks of material misstatement, both in the financial statement level and assertion level, which then served as the basis of the audit procedures.
8. BPK designed and implemented audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement. It includes test of controls and substantive procedures, with a focus on areas with higher risks. BPK maintains the relevance of the audit procedures by continuously updating the risk assessment as new information is obtained.
9. Concerning the performance audit, BPK used a system-oriented approach in the context of result-based management to determine the nature of the examination to be made and define the necessary knowledge, information, and data. A system-oriented approach examines the proper functioning of management systems as a condition for effective and efficient policies and does not focus primarily on the policy or the goals. The audit methodology encompasses a comprehensive framework that begins with preparing researchable audit questions for preliminary assessments, followed by development of detailed audit criteria. Evidence was gathered using the Organization’s policies, guidelines, and international best practices as benchmarks. Final audit conclusions were formulated through both quantitative and qualitative assessments, accounting for the significance and materiality of findings to evaluate management effectiveness, with key areas and questions having been communicated to Management in a supplementary engagement letter.

10. The audit focus of the performance audit for the year 2024 (being the first year of BPK's appointment as the Organization's external auditor) are Pillar 1 (Reach out worldwide to explain the potential for intellectual property to improve the lives of everyone, everywhere) and Pillar 2 (Bring People Together and Partner with Stakeholders to Shape the Future of The Global Intellectual Property Ecosystem) of the Organization's Medium Term Strategy Plan (MTSP) 2022-2026. The process of selecting the scope and sample as the potential key areas of audit focus considered several selection factors, including: the corresponding priorities in the Program of Work and Budget 2022/23 and 2024/25; the organization's synergies, efficiency-related concerns, budget significance, risks to management, previous audits, potential impact; and current Management considerations.
11. BPK recognised the important role that internal audit plays in good governance practices of the United Nations system, and their invaluable contribution to oversight and improvement of the effectiveness of risk and result-based management of the Organization. Therefore, BPK communicated with the Internal Oversight Division (IOD) and considered the work of the IOD to determine whether that work was adequate for the purposes of the audit.
12. BPK examined, updated, and reported on the status of external auditor's recommendations from prior year audits.

Reporting

13. The purpose of this Audit Report is to communicate the audit results to the Organization and Those Charged with Governance, as well as other stakeholders. Important audit findings or observations arising from the audit procedures performed were, after detailed discussions with the management responsible, conveyed through management letters. The more significant audit findings, appropriately aggregated, have been incorporated in this report, after due consideration of Management's final responses and their action plans for the implementation of the audit recommendations.

Initial Audit Engagement

14. In accordance with the requirements of ISA, BPK undertook preliminary procedures before commencing the initial audit engagement, including:
 - a. Preliminary understanding of the Organization and its environment

BPK obtained an initial understanding of the Organization's operations, industry, regulatory environment, and internal control systems to assist in identifying and assessing the risks of material misstatement.
 - b. Agreement on Terms of Engagement

A formal engagement letter outlining the scope, objectives, and responsibilities of BPK and the management was prepared and signed, thereby establishing a mutual understanding of the audit engagement terms.

c. Assessment of Independence and Ethical Compliance

A review was conducted to confirm the auditor's independence and compliance with relevant ethical requirements.

d. Preliminary Analytical Procedures

Initial analytical procedures were performed to assist in understanding the entity's financial condition and to identify areas that may represent specific risks, consistent with the guidance in the Standards.

B. Financial Overview

Financial Position

15. The financial position as of 31 December 2024, reflects a 10.4% increase in Total Assets, reaching 1,912.96 million Swiss francs (2023: 1,732.47 million Swiss francs). This growth was primarily driven by increases in Cash and Cash Equivalents and Non-Current Investments, which rose by 13.1% and 18.3%, respectively, compared to the prior year's balances.
16. A notable increase of 65.93 million Swiss francs (11.4%) in Non-Current Employee Benefits liabilities significantly contributed to an increase in Total Liabilities to 1,202.30 million Swiss francs (2023: 1,127.31 million Swiss francs). Changes in the discount rate and the medical claim cost in the After Service Health Insurance (ASHI) calculation are the major drivers of this increase.
17. The closing Net Assets position, presented in the Statement of Financial Position, amounted to 710.66 million Swiss francs (2023: 605.17 million Swiss francs), which showed a healthy financial situation for the Organization. This was an increase of 105.49 million Swiss francs (2023: 45.20 million Swiss francs) from the previous year. This was mainly due to the surplus for the year 2024, which was 140.07 million Swiss francs.

Financial Performance

18. The Organization demonstrated financial growth in 2024, with Total Revenue increasing by 1.5% to reach 496.67 million Swiss francs (2023: 489.29 million Swiss francs). The Organization's revenue was primarily driven by the Patent Cooperation Treaty (PCT) system fees, which remained the Organization's largest revenue source at 371.09 million Swiss francs (74.7% of Total Revenue), followed by Madrid System Fees at 83.32 million Swiss francs (16.8% of total revenue).
19. Total Expenses increased by 0.6% to 430.33 million Swiss francs (2023: 427.64 million Swiss francs). Personnel Expenditure remains the largest expense category at 252.84 million Swiss francs (58.8% of Total Expenses), followed by Contractual Services at 113.41 million Swiss francs (26.4% of total expenses). Several expense categories increased, particularly travel, training and grants, which grew by 14.8% to 16.91 million Swiss francs, while decreased expenses were equipment and supplies, which fell by 42.1% to 2.29 million Swiss francs, and operating expenses, which declined by 4.1% to 24.53 million Swiss francs, respectively.
20. The Organization's financial performance strengthened considerably in 2024, with the Total Surplus increasing by 26.24 million Swiss francs (23.0%) to reach 140.07 million Swiss francs (2023: 113.83 million Swiss francs). This substantial growth can be attributed to the Operating Surplus and the Investment Fair Value (unrealized gains) which are recorded at 66.34 million Swiss francs and 73.73 million respectively, during 2024.

Financial Health

21. BPK uses ratio analysis of the Organization's financial health in our audit to show how financial position and financial performance change over time. They express the relationship of one item of account against another. For example, there are 0.65 Swiss francs of current assets for every 1 Swiss franc of current liabilities. This might normally be a cause for concern, however this low level is considered manageable as indicated by other ratios, such as total assets : total liabilities, where a high ratio is a good indicator of solvency, and the operating ratio, where the Organization maintains more revenue retained as a percentage of expenses. The Organization's financial ratios for the last five years are described in Table 1 below.

Table 1. Organization's Financial Ratio

| Ratio | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|------|------|------|------|------|
| Current Ratio¹ Current Assets : Current Liabilities | 0.65 | 0.66 | 0.66 | 0.54 | 0.63 |
| Total assets: Total liabilities² Assets: Liabilities | 1.59 | 1.54 | 1.53 | 1.35 | 1.39 |
| Cash Ratio³ Cash plus Short-Term Investments : Current Liabilities | 0.50 | 0.52 | 0.52 | 0.38 | 0.50 |
| Days Cash on Hand⁴ Cash and Cash Equivalents : [(Total Expenses - Depreciation Expenses) / 365] | 87 | 78 | 225 | 142 | 147 |
| Operating Ratio⁵ (Revenues – Expenses) : Total Expenses | 0.15 | 0.14 | 0.24 | 0.22 | 0.28 |

Source: The Organization's Financial Statements

1. A high ratio indicates the Organization's ability to pay off its current liabilities.
 2. A high ratio is a good indicator of solvency.
 3. The cash ratio is an indicator of the Organization's liquidity. It measures the amount of cash and cash equivalents and short-term investments to cover current liabilities.
 4. Days cash on hand measures the number of days of expenses that can be covered from existing cash and cash equivalents. Generally, higher values indicate a stronger liquidity position, although there is both a benefit and an opportunity cost to holding cash reserves.
 5. The operating ratio measures the net revenues that are retained by the Organization as a percentage of expenses. Generally, not-for-profit organizations must maintain some surplus to replace existing facilities and extinguish debt. This ratio should be evaluated in the context of the anticipated needs of the Organization.
22. BPK noted that the overall financial ratios of the operation of the Organization, as reported in the financial statements, were sound.

Budgeting

23. The Organization's Program of Work and Budget is prepared on a modified accrual basis and approved by the Assemblies on a biennial basis. However, separate estimates are prepared for each of the two annual periods. Statement V provides a comparison between the approved budget and actual expenditures for the year 2024. A reconciliation of budgetary performance with the revenue and expense figures presented in the Statement of Financial Performance is presented in Note 15 to the financial statements.

24. The original budget for the 2024–2025 biennium, as approved by the General Assembly, included revenue and expenditure estimates of 972.6 million Swiss francs and 857.3 million Swiss francs, respectively. The Organization presents its budget analysis in Statement V on a modified cash basis, reconciling this to the IPSAS outturn. Table 2 reports the trends in budget performance based on the budget numbers before the IPSAS adjustments, thereby comparing outturn against the approved forecasts.

Table 2. Outturn Against Budgets (million Swiss francs)

| Category | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------|---------|---------|---------|---------|---------|
| Revenue | | | | | |
| Original Budget | 479.201 | 483.836 | 467.925 | 448.839 | 433.930 |
| Outturn | 486.671 | 480.208 | 491.946 | 469.121 | 462.937 |
| Variance | 7.470 | -3.628 | 24.021 | 20.282 | 29.007 |
| Expenses | | | | | |
| Original Budget | 426.869 | 398.131 | 395.660 | 387.280 | 381.122 |
| Outturn | 383.366 | 385.796 | 356.971 | 348.137 | 327.881 |
| Variance | 43.503 | 12.335 | 38.689 | 39.143 | 53.241 |
| Net Surplus/(Deficit) | | | | | |
| Planned Surplus | 52.332 | 85.705 | 72.265 | 61.559 | 52.808 |
| Actual Surplus ¹ | 103.305 | 94.412 | 134.975 | 120.984 | 135.056 |
| % of Revenue ² | 21% | 20% | 27% | 26% | 29% |
| Investment Return | | | | | |
| Budget | Nil | Nil | Nil | -0.844 | -0.844 |
| Actual | 73.728 | 52.184 | -88.055 | 22.713 | 33.429 |

Notes

1. Excludes investment revenues/gains and losses
2. Surplus before IPSAS adjustments Source: The Organization's Financial Statements

25. Following revisions to the revenue forecast, the updated revenue budget for 2024 was set at 486.44 million Swiss francs. Actual revenue for the year amounted to 486.67 million Swiss francs on a comparable basis, reflecting an overall positive performance. Most revenue streams exceeded their budgeted expectations, with the exception of the PCT and Madrid systems— the Organization's primary revenue sources—which recorded a slight under-performance, achieving 99.4% and 99.6% of their respective budget targets. The strong revenue performance was largely driven by substantial increases in income from Arbitration and Mediation services, as well as other miscellaneous sources, which reached 163.6% and 228.4% of their budgeted levels, respectively.
26. The Organization's final expenditure appropriation for 2024 was 425.41 million Swiss francs, following adjustments from the original 426.87 million Swiss francs. Actual spending amounted to 383.37 million Swiss francs, reflecting 90.1% budget utilization and resulting in a surplus of 103.31 million Swiss francs —169.2% of the budgeted

surplus. Spending across sectors remained closely aligned with approved budgets, with major expenditures in Patents and Technology (101.05 million Swiss francs), Administration, Finance and Management (135.14 million Swiss francs), and other sectors tracking proportionally to their respective allocations.

27. Note 20 to the financial statements outlines the financial performance by Union, with the PCT Union continuing as the main contributor, generating surpluses of 121.44 million Swiss francs in 2023 and 152.32 million Swiss francs in 2024. In contrast, the Lisbon and Hague Unions recorded deficits, covered through inter-union support approved by the Assemblies. In 2024, the PCT Union provided 14.73 million Swiss francs to support Contribution-financed Unions and 7.55 million Swiss francs to cover the Hague Union's deficit. The Madrid Union also contributed 1.40 million Swiss francs to offset the Lisbon Union's shortfall, highlighting a growing dependence on surplus-generating Unions to sustain those in deficit.

C. Financial Audit

Overall Audit Result

28. BPK has audited the Organization's financial statements for the year ended 31 December 2024, which comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flow, Statement of Changes in Net Assets, Statement of Comparison of Budget and Actual Amounts, and Notes to the financial statements. Our audit opinion confirms that the financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2024, and of its financial performance and cash flow for the year then ended. It also confirms their proper preparation in accordance with IPSAS and that, in all material respects, the transactions underlying the financial statements have been made in accordance with the Financial Regulations and applied to the purposes intended by Member States.

Internal Control

29. In this initial engagement, BPK has sought to assess the effectiveness of the Organization's internal control, including: internal control and Statement on Internal Control, risk management, fraud detection and prevention, the IOD, and the Independent Advisory Oversight Committee (IAOC). It is noted that the Director General, in accordance with Regulation 5.2 of the Financial Regulations and Rules, establish an internal control framework and system in accordance with relevant and prevailing best practices. Furthermore, Regulation 5.3 regulates that the Director General establish and sign an annual Statement in Internal Control, providing assurance to stakeholders. The Statement on Internal Control is supported by assurances from designated officials and draws upon the internal oversight opinion of the Organization's governance, risk management, and control environment. Based on our review, the Organization has established an internal control system and risk management framework through the Organization's Accountability Framework and Risk Management Framework. Overall, we found no significant control weaknesses which impacted on our audit opinion.
30. The IOD provides Management of the Organization with independent, objective assurance, analyses, appraisals, recommendations, lessons learned, advice and information, through the undertaking of internal audits, evaluations and investigations. During our audit, BPK has coordinated with IOD and have reviewed their reports. This has helped BPK in minimizing any duplication of audit effort. It is from the reports also where BPK was informed of fraud that took place in the Organization during 2024. BPK also obtained the IOD Annual Oversight Workplan 2025, which is beneficial for next year's audit planning.
31. The IAOC is a subsidiary body of the Organization's General Assembly and of the Program and Budget Committee, which serves in an independent expert advisory capacity and assists the Organization's General Assembly and the Program and Budget Committee in fulfilling their oversight responsibilities. As aligned with the good practice, BPK has communicated the audit results to the Committee prior to finalising the audit work.

32. While acknowledging the effectiveness of the Organization's internal controls, we have identified several audit findings and recommendations relating to the financial and performance audits, as detailed in the following paragraphs.

Findings and Recommendations

Optimizing System Utilization and Automation for Financial Reporting

33. As part of the Organization's financial audit for the year ended 2024, BPK reviewed the financial reporting process and the use of Administrative Integrated Management System (AIMS), the Organization's customized Enterprise Resource Planning (ERP) system built on Oracle's PeopleSoft platform. BPK identified opportunities for improvement in AIMS in the following areas: utilization of the AIMS Tree structure for financial statements roll-up; consolidated trial balance generation feature in AIMS Finance; and reconciliation in the general ledger.
34. BPK noted that instead of utilizing the AIMS Tree feature, the Organization prepared the financial statements using spreadsheet and trial balance accounts grouping. Observation on the existing AIMS Tree revealed that it does not fully align with the Organization's financial statements roll-up, notably in the roll-up of current assets, current liabilities, revenues, and expenses. Aligning AIMS Tree and the Organization's financial statements structure could reduce manual workload, improve consistency, and enhance the efficiency of financial reporting.
35. The Organization currently relies on multiple trial balances generated by AIMS for each defined business unit —namely WIPO1, FITSW, and WISP1— to prepare its financial statements. Despite the ability to generate trial balances at the business unit level, AIMS was not equipped with a functionality to produce a consolidated trial balance that aggregated account balances across all business units trial balances, therefore a consolidation process was performed manually outside the system, requiring additional effort and increasing the risk of errors or inconsistencies in financial reporting. Enhancing AIMS with an automated consolidated trial balance feature could improve efficiency, reduce manual workloads, and strengthen the accuracy and reliability of financial data.
36. A discrepancy was also identified between the financial statements and the General Ledger (GL) extracted from AIMS, caused by a direct un-posting in the GL of a transaction that had originally been recorded in a subledger. Additionally, BPK noted that a number of users were authorized to record manual journal entries throughout 2024, indicating an opportunity to strengthen internal controls. In line with the Organization's information security standards, greater emphasis should be placed on enforcing segregation of duties and responsibilities to mitigate the risks of unauthorized or unintentional modifications and to reduce reconciliation challenges.

Recommendation 1

BPK recommends the Organization improve the optimization of the system and the automation of financial reporting to enable automated summarization of financial statements, consolidation of the trial balance, minimization of errors, streamline financial reporting, and enforcing of controls to ensure data integrity, efficient and accurate financial reporting.

Management's response:

Management agrees with the recommendation. Noting that the Organization will soon move to a new ERP system, the configurations recommended will be addressed through the design of the Chart of Accounts in the new AIMS ERP system. The closing criteria will be the results of testing the configuration of the new system for the system control and the tree structure recommended.

The action is expected to be finalized by 31 December 2026 in line with the design and user acceptance testing of the new ERP.

Improving of the Accounting Policy Governing the Madrid System Fee

37. The Organization has developed Detailed Policy Guidance which serves as practical guidelines for the application of the IPSAS framework and principles in financial reporting. The guidance papers address organization-specific scenarios such as the treatment of accounting transactions related to Madrid system fees. It also provides operational references for finance staff to maintain consistent practices across the organization.
38. BPK reviewed the guidance related to the Madrid system fees and noted that notwithstanding it includes accounting treatment related to Advance Receipts, it does not provide guidance on Transfers Payable and Current accounts, accounts that closely related to the revenue accounting process. Through discussion with Management, BPK identified several established accounting practices related to the Transfers Payable and Current accounts that were not formally documented in existing policy guidance. These include the treatment of advance payments routed through Current Accounts, treatment of earmarked Current accounts, estimation methodologies for the advance receipts and transfer payable, classifications of line items that are presented in the financial statements, and year-end adjustments.
39. BPK considers that incorporating these established practices into formal guidance would significantly enhance policy clarity and transparency regarding financial reporting procedures. A more comprehensive policy would provide clearer direction throughout the reporting process.
40. Management has acknowledged this condition, noting that the Organization is currently developing updated detailed policy guidance on Madrid system fee recognition as part of the implementation of IPSAS 47, which will address the established practices to the policy.

Recommendation 2

BPK recommends the Organization enhance its accounting policy to address the classification of balances related to the Madrid system fees.

Management's response:

Management agrees with the recommendation and as part of the work towards the implementation of IPSAS 47, the Organization is in the process of developing updated detailed policy guidance around the recognition of Madrid system fees. In this context, management will ensure that updated guidance, which also addresses the classification of related balances, is prepared.

The action is expected to be finalized by 30 September 2025.

Addressing Unresolved Trademark Deposits

41. The Madrid system is the Organization's international trademark registration framework that provides services for applicants to register their trademark in more than 130 countries. It generates significant revenue for the Organization and is a crucial system in the Organization's financial operations. In practice, the applicant submits the application for trademark registration through the national IP office, which later registers the application to the Organization, and pays the registration fee directly to the Organization. These procedural pathways necessitate reconciliation to align trademark applications with their corresponding payments, thereby ensuring that paid applications proceed through registration in the Trademark system.
42. BPK observed that several factors could not be resolved by the reconciliation which resulted in the accumulation of unrecognized deposits. BPK noted that some unrecognized deposits that have remained idle for over a year. As of 31 December 2024, the total amount of unrecognized cash deposit is 5.9 million Swiss francs, comprising deposits received in 2012 to 2023.
43. Management has explained that the Organization maintains an established policy for writing back unrecognized deposits older than three years. For unutilized funds equal to or less than 350 Swiss francs, the Organization automatically recognizes a write-back gain. For unutilized funds exceeding 350 Swiss francs, the Organization endeavors to identify and reimburse the payer; should the payer remain unidentifiable, the Organization then recognizes a write-back gain. It was clarified that the write-back did not eliminate the payer's right to a refund. In accordance with the Madrid Regulations, customers remain entitled to reclaim these funds. Off-ledger records of the written-back deposits are maintained to facilitate future claims if necessary.
44. BPK is of the view that the accumulation of unrecognized deposits is an administrative burden that increases annually as the number of affected accounts grows. The Organization must spend resources to track, manage, and attempt to identify the payer. As this pool of unrecognized deposits grows in line with the growth of the Madrid system, the Organization faces the challenge that the older the deposit is, the harder it becomes to successfully resolve or identify the payer to process the refund.

45. Management is aware of the issue and implemented several initiatives to address the unresolved deposit and enhance the refund process. The Organization has assigned officials who were primarily responsible for tracking and contacting the relevant customers. Moreover, data analytics is in place to improve customer records in the finance system and regularly updated contact details of new customers post-payment to facilitate future refunds. It is noted that the vast majority of funds received from customers are successfully utilized or refunded.
46. Management also noted that they have been currently developing a new ERP system, which includes improvements to enhance the matching and customer refund process. The final design and implementation may include the use of unique referencing numbers to facilitate such matching and simplify any eventual refund requirements and also make use of modern technologies such as Artificial Intelligence (AI) enhanced driven matching and research tools.

Recommendation 3

BPK recommends the Organization develop a system and mechanism to minimize the backlog of trademark deposits and ensure that the new ERP system implements a mechanism to prevent unrecognized deposits balances wherever possible.

Management's response:

Management agrees with the recommendation and with respect to future enhancements, management is actively involved in the design and implementation of several new systems at the Organization, including the new ERP System, which are expected to enhance the matching process and the identification of customer details. The final design and implementation may include the use of unique referencing numbers to facilitate such matching and simplify any eventual refund requirements. Additionally, Management expects these new systems to make use of modern technologies such as AI enhanced driven matching and research tools to further improve the matching and refund processes for payments.

The action is expected to be finalized by 31 December 2027 in line with the timeline for the implementation of the new ERP system.

D. Performance Audit

Background

47. The MTSP prioritizes outreach and collaboration under Pillar 1 and Pillar 2 to broaden the global relevance of Intellectual Property (IP). Pillar 1 aims to expand communication efforts worldwide to demonstrate IP's potential to enhance lives by transforming ideas into valuable assets. Through tailored messaging, impactful storytelling, and strategic use of digital media, the Organization seeks to engage diverse audiences like Small and Medium Enterprises (SMEs), youth, and the general public. Pillar 2 focuses on fostering partnerships and international cooperation to

address global IP challenges, including creating balanced legal frameworks and convening stakeholders to address emerging issues like AI and frontier technologies. Together, these pillars reflect the Organization's vision of making IP a transformative and inclusive tool for innovation and development. Notably, these two pillars have been identified as our audit area for the current year, ensuring a focused evaluation of their implementation and impact.

48. To ensure accountability and effectiveness, the Organization adopts a Results-Based Management (RBM) approach. This framework systematically plans, monitors, and evaluates its activities through a results chain. Expected Results (ERs) are defined and measured using Key Performance Indicators (KPIs), enabling the Organization to track progress, allocate resources efficiently, and demonstrate the impact of its initiatives in alignment with its strategic priorities. Planning involves defining results through country and agency analysis and prioritization. A results matrix is developed, incorporating outcomes, outputs, indicators, baselines, targets, verification methods, risks, assumptions, partner roles, and resources. Emphasis is placed on formulating indicators and utilizing tools like the WePerform system for performance reporting. Monitoring includes developing a monitoring plan with clear policies, roles, and frameworks. Actions cover data collection, analysis, reporting, and making adjustments based on monitoring insights. The process is strengthened with reinforced Monitoring and Evaluation (M&E) frameworks. Evaluation focuses on program improvement, accountability through independent assessments, and fostering organizational learning to build institutional knowledge.
49. There are some areas which could be improved in order to strengthen the services to stakeholders.

Audit Observations

Establishing Unified SOPs to Organize Meetings of WIPO's Decision-Making and Negotiation Bodies

50. The Organization facilitates the work of 18 dedicated specialized bodies that focus on decision-making and negotiations. For the 2024/25 biennium, the Organization has planned to facilitate approximately 21 to 24 meetings annually. The coordination of meetings for the Organization's decision-making and negotiation bodies involves collaborative efforts across multiple divisions to maintain operational efficiency and strategic alignment.
51. While the Organization has established a structured framework governing logistical protocols for meeting coordination, these steps - accessible through the organization's intranet platform - primarily focused on actions such as scheduling meetings, securing facilities, and designing registration forms. However, a comprehensive, formalized process encompassing the entire meeting lifecycle—from initial planning through post-event follow-up activities—has not yet been formally established, highlighting a need for procedural improvement.
52. Current procedural frameworks for meeting coordination have varied significantly across the Organization's divisions. Existing protocols predominantly have addressed

pre-meeting planning, such as budgetary estimation, participant travel logistics, and preparatory documentation, as well as post-meeting follow-up actions. However, these guidelines lack provisions for mitigating disruptions during meetings, such as contingency measures for technical or procedural interruptions. Moreover, cross-functional collaboration roles were not clearly defined, with no explicit designation of units responsible for procedural support.

BPK is of the opinion that, although each decision-making and negotiation body operates under distinct procedural rules aligned with its specific mandate, the establishment of a unified Standard Operating Procedure (SOP) that incorporates best practices, harmonizes divergent processes, and integrates logistical management frameworks would provide significant institutional benefits. A consolidated SOP would enhance operational consistency, optimize procedural efficiency, and establish unambiguous guidelines for future event coordination. Furthermore, it would serve as a critical knowledge management tool, preserving institutional expertise, and ensuring continuity in multilateral engagement practices.

Recommendation 4

BPK recommends the Secretariat develop a formalized SOP for coordinating meetings of decision-making and negotiation bodies. The SOP should encompass a comprehensive framework addressing key phases, including but not limited to:

- a. Pre-meeting planning: Logistical preparation, agenda formulation, and role allocation (clear designation of responsibilities and interdepartmental collaboration protocols).
- b. Meeting execution: Conformity with pre-meeting planning, risk mitigation strategies, and contingency planning.
- c. Post-meeting activities: Meeting evaluation and follow-up actions, finalization of documentation, and dissemination of outcomes.

Management's response:

Management agrees with the recommendation and expects to implement the recommendation by 31 December 2026.

Refining the Formulation and Consistency of WIPO's KPIs for Better Performance Measurement

53. The Organization's program planning begins with cascading the pillars of the MTSP into ERs, KPIs, baselines, targets, activities, and their associated budgets. Based on the analysis of planning documents and interviews with the Organization's management, BPK identified opportunities for improving the formulation of KPIs, as follows.

The Level of KPIs

54. At the beginning of each biennial program planning process, the Program Performance and Budget Division (PPBD) provides guidance documents for all sectors. For the

2022/23 biennium, this document emphasized several planning principles, including the importance of focusing on outcomes rather than merely outputs-even in new areas of work. It also stated that KPIs should be SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) and placed greater emphasis on qualitative KPIs. Similarly, the 2024/25 guidance documents reiterated the need for SMART KPIs.

55. While the program of work and budget documents for 2022/23 and 2024/25 include KPIs, their levels still vary. Some of the KPIs for Pillar 1 and 2 are still at output level, while others are at outcome level. Interviews with focal points revealed that the Organization is making progress towards outcome-oriented KPIs. However, certain KPIs need to remain at the output level.
56. BPK is of the opinion that KPIs should, to the extent possible, be formulated consistently. Additionally, according to the guidance, KPIs should be SMART and outcome-oriented. By maintaining consistency in the level of KPIs, applying the SMART principle, and incorporating clear means of verification, the Organization will strengthen its ability to measure organizational performance effectively.

Contribution of Sectors to KPI Achievement

57. In addition to KPIs, the program of work and budget documents for 2022/23 and 2024/25 also show the linkage between KPIs and relevant sectors. Discussion with focal points revealed that there is one KPI that linked to one sector while actually contribution from other sector also a factor in the achievement of the KPI.
58. BPK believes that although KPIs may be presented as collaborative, explicitly identifying all sectors contributing to the achievement of a KPI would enhance the process of monitoring and evaluating KPI performance.

Recommendation 5

BPK recommends the Organization evaluate its current KPIs and take the following actions:

- a. Formulate KPIs, to the extent possible, at the outcome level, ensuring clear means of verification and adherence to the SMART principles.
- b. Clearly identify and present all sectors contributing to the achievement of KPIs to enhance the process of monitoring and evaluation.

Management's response:

Management agrees with the recommendation noting that KPIs in the PoW&B related to the operations of the Global IP Systems are output level indicators and do not form part of Recommendation 5.a.

Management expects to implement the recommendation by 31 July 2025.

Optimizing the Application of Machine Translation for WIPO Publications

59. The Organization's Publishing Policy outlines the organization's commitment to enhance its reputation as a global IP authority by disseminating IP information

worldwide through flagship publications, reports, magazines, and other materials managed by its Publication and Design Section. Complementing this effort, the Organization's internal Translation Framework prioritizes multilingualism as a key organizational value, leveraging the Advanced Technology Applications Center's (ATAC) machine translation tool, WIPO Translate, to efficiently disseminate its work across multiple languages

60. As outlined in the Revised Policy on Language at the Organization (WO/PBC/32/6, 1 June 2021), the Organization's translation strategy categorizes communication types based on audience scope, precision requirements for translation, and the availability of translation technologies. Specifically, machine translation is recommended in two scenarios: (1) communications targeting a broad audience that require high-precision or reasonably accurate translations; and (2) communications directed at a narrow audience where reasonably accurate translations suffice. However, this technology is not yet applied to all web-based publications that meet the criteria outlined in the translation strategy.
61. For the 2022/23 and 2024/25 biennium, the Organization has published around 40 publications and reports a year, of which eight to 11 of these have been classified as substantive publications. The Language Division is responsible for such translations in the six United Nations languages, as well as in additional languages upon request by the author or target audience. According to the Organization's focal point, the translation process typically may require several months, depending on the content complexity and length.
62. Discussions with the Organization's focal point revealed that the Organization's on-the-fly machine translation widget has been successfully piloted on the Organization's website. This implementation has substantially improved the efficiency of web content translation by optimizing time resources and accelerating the availability of multilingual materials. Consequently, the use of machine translation mitigated potential delays that occasionally arose when preparing official language editions and could provide readers access to non-United Nations (UN) languages.
63. BPK is of the opinion that broadening the utilization of machine translation to incorporate all eligible publication categories would enhance efficiency, improve quality, and accelerate dissemination of IP information and resources. This would allow the Organization to effectively reach and serve a broader audience.

Recommendation 6

BPK recommends the Secretariat expand the use of machine translation to encompass all publications that align with the criteria established in the translation strategy.

Management's response:

Management agrees with the recommendation noting that the use of machine translation is being gradually increased in line with the maturity of the translation tools.

Management expects to fully implement the recommendation by 31 December 2026.

Enhancing WePerform's Role in the Performance Assessment Process

64. The Organization's operations are guided by the principles of RBM, which is a continuous cycle of planning, implementing, monitoring, assessment, and reporting. In implementing RBM, the Organization developed an application, namely WePerform, that has played a pivotal role in the Organization's planning and budgeting process.
65. While the Organization has successfully implemented WePerform for planning of the Program of Work and Budget for 2024/25, there is a room for improvement in its utilization in the performance assessment process. BPK found that there was no record of the final validation of performance data being updated in WePerform.

BPK is of the opinion that by improving the utilization of WePerform by uploading the final validation result would enhance the performance assessment process at the Organization. This measure would also benefit the organization by facilitating the tracking of the evaluation stages and providing a repository for the documentation related to the performance assessment process.

Recommendation 7

BPK recommends the Secretariat consider enhancing the utilization of WePerform in the performance assessment by uploading the final validation results of performance data following the publication of the Organization's Performance Reports.

Management's response:

Management agrees with the recommendation and will upload the final validated performance data to WePerform latest one month after the publication of the Organization's Performance Reports.

Management expects to implement the recommendation by 31 July 2025.

Improving the Survey Process to Strengthen WIPO's Evaluation Process

66. As part of the evaluation process, the Organization conducts surveys to gather input from stakeholders. These surveys aim to enhance the Organization's meetings arrangements, assess stakeholder satisfaction with services such as legal advice, intellectual property application services, training sessions, and seminars, and collect feedback on technical matters related to intellectual property. According to data provided by the PPBD, 388 surveys were validated as part of the Organization's Performance Report 2022/23 for KPIs, with an average response rate of approximately 60%. However, this figure does not necessarily represent the average response rate

across the Organization, as surveys conducted outside the context of KPIs are not included.

67. Discussions with focal points revealed that additional surveys were conducted at the sector level, these surveys are technical and specific to their respective sectors. Furthermore, focal points also noted that the average response rate within their respective sectors ranged from 20-35%. The Organization's focal points have emphasized that survey responses played a critical role in identifying stakeholder needs, improving services, and forming the foundation for KPI measurements. Although the Organization has utilized feedback from returned surveys, there is room for improvement in surveys with lower response rates.
68. BPK is of the opinion that surveys are a critical component of the Organization's evaluation processes, as they serve as means of verification for KPIs. Enhancing survey response rates would provide the Organization with deeper insights into intellectual property developments, enable better service improvements, and establish a stronger foundation for KPI measurement.

Recommendation 8

BPK recommends the Organization undertake a comprehensive evaluation of its survey processes and identify the root causes for low response rates and explore means to address this. Possible strategies may include, but are not limited to:

- a. Minimizing survey overlap to reduced survey fatigue.
- b. Implementing better scheduling to avoid launching multiple surveys simultaneously.
- c. Enhancing follow-up measures to encourage higher response rates.

Management's response:

Management agrees with the recommendation and will work with the IOD to implement the recommendation.

It is expected that the recommendation will be implemented by 31 December 2026.

E. Implementation of External Audit recommendations from Prior Years

69. In the audit of the financial statements for 2024, BPK reviewed the progress made in implementing six recommendations from the External Auditor's reports of 2018 to 2023.
70. As of 31 March 2025 (date of audit field work), there were 34 recommendations from 2018 to 2023 of which 31 recommendations (91.2%) had been fully implemented. Three recommendations from 2022 (8.8%) remained in progress. Details of the status of implementation are shown in the table below.

Table 3. Recapitulation of Status of Implementation of External Audit Recommendations from Prior Years

| Year | Total Recommendation | As of 31 December 2023 | | Implemented During 1 January 2024 to 31 March 2025 | As of 31 March 2025 | | | |
|-------|----------------------|------------------------|-------------|--|----------------------------------|--------|----------------------------------|-------|
| | | Implemen- ted | In Progress | | Implemented | | In Progress | |
| | | | | | Number of Recom- mendation | % | Number of Recom- mendation | % |
| 2023 | 0 | 0 | 0 | 0 | 0 | 100.0% | 0 | 0.0% |
| 2022 | 6 | 1 | 5 | 2 | 3 | 50.0% | 3 | 50.0% |
| 2021 | 2 | 1 | 1 | 1 | 2 | 100.0% | 0 | 0.0% |
| 2020 | 3 | 3 | 0 | 0 | 3 | 100.0% | 0 | 0.0% |
| 2019 | 7 | 7 | 0 | 0 | 7 | 100.0% | 0 | 0.0% |
| 2018 | 16 | 16 | 0 | 0 | 16 | 100.0% | 0 | 0.0% |
| Total | 34 | 28 | 6 | 3 | 31 | 91.2% | 3 | 8.8% |

71. BPK welcomes the overall progress made in implementing and closing older recommendations and acknowledges the continuing progress in implementation that are pending. Three recommendations in progress are related to the 2022 External Auditor's Report and they are expected to be implemented by 31 December 2025. The details are provided in Annex 1.

F. Disclosure by Management

Write-off of Losses of Cash, Receivable, and Property

72. In 2024, the Organization disposed of obsolete items of property, plant, and equipment with a total loss of 64 thousand Swiss francs at the time of disposal.

Ex-Gratia Payments

73. The Organization reported that no ex-gratia payments were made during 2024.

Cases of Fraud and Presumptive Fraud

74. In accordance with ISA 240 – “*The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*”, BPK plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements and irregularity (including those resulting from fraud). Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with Management.
75. During the audit, BPK made inquiries of the Organization regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to those risks, including any specific risks that Management has identified or that have been brought to its attention. BPK also enquired as to whether the Organization had any knowledge of any actual, suspected, or alleged fraud. BPK identified no instances of fraud in its audit, and no cases came to our attention through our testing.
76. Management reported that there was one case of fraud with an estimated amount of 148 thousand Swiss francs and there were no cases of presumptive fraud reported within the Organization during 2024.

G. Audit Handover

77. BPK expresses its gratitude to the United Kingdom National Audit Office, the predecessor external auditor, for facilitating effective audit handover. Their assistance during the audit planning, through discussions and knowledge-sharing sessions, contributed to a deeper understanding of the Organization’s internal controls and governance framework. This was aligned with auditing standards and the United Nations Panel of External Auditor Framework which highlights the importance of a comprehensive audit handover in the initial audit.

H. Acknowledgement

78. BPK wishes to extend its sincere appreciation to the Director General and staff for their continued cooperation and support throughout the audit engagement. BPK is also deeply honored by the trust placed in its appointment as External Auditor by the Member States. It is anticipated that this audit engagement will further strengthen the constructive partnership in advancing and supporting the global development of intellectual property.

Dr. Isma Yatun, CSFA, CFrA
Chair of the Audit Board of
the Republic of Indonesia
External Auditor

Jakarta, Indonesia
May 2025

Annex 1. Status of Implementation of External Audit Recommendations from Prior Years as of 31 March 2025

| Financial Period | Report Ref. | Summary of Recommendations | Management's Response | Management's Action | Auditors' Comment | Status |
|---|---|--|-----------------------|--|---|--------------------|
| Audit Report for the Year Ended 31 December 2023 | | | | | | |
| 2023 | Audit Report 2023 | No recommendation issued in the Audit Report for Year 2023. | | | | |
| Audit Report for the Year Ended 31 December 2022 | | | | | | |
| 2022 | Audit Report 2022, Recommendation No. 2 | Consider the extension of its current conflicts programme to include spouses and close family members. | Agreed | <p>The Secretariat conducted a risk assessment in 2024, that compared the existing package of confidentiality and disclosure obligations with the perceived risk.</p> <p>It further undertook a review of best practices to address potential conflicts management. The expansion of the Organization's program of disclosure of financial and other interests was approved by the Risk Management Group in November 2024.</p> <p>The Secretariat subsequently took a series of implementing measures, including a comprehensive review and update of the Organization's policies and guidelines related to the disclosure of financial and other interests, the development of a questionnaire and its integration in the current computer-based filing system, for staff who deal with confidential IP information including their spouses and close family members.</p> | Based on the series of activities conducted by the Secretariat related to these matters, we consider this recommendation implemented. | Implemented |
| | Audit Report 2022, Recommendation No. 3 | Consider the need for ethical guidance on IP-related conflicts and how these are reflected in the existing conflicts disclosure programme. | Agreed | In addition to the expansion described under 2022 Observation No. 2, the Secretariat has held information sessions for concerned staff and developed a new Intranet page, addressing specifically actual, potential or perceived IP-related conflicts, which includes the revised policies and guidelines, practical guidance and FAQs, and connects to the expanded conflicts program. | We note the updated Secretariat's response, which addresses the issue raised. | Implemented |

| | | | | | | |
|--|--|--|--------|---|---|--------------------|
| | Audit Report 2022, Recommendation No. 4 | Perform a detailed study of current space utilisation to inform an overall master property strategy for the needs at headquarters and external offices. | Agreed | The Secretariat mandated an expert firm in October 2024, to assess the condition of its real estate as well as the current space utilization of the premises. The recommendation revised due date has been set to 30 June 2025. | We note the Organization's future implementation date of this recommendation and we will again review the status during next year's audit. | In Progress |
| | Audit Report 2022, Recommendation No. 5 | Following a consideration of its needs, develop an overarching Estates Strategy to demonstrate how the estate will support the delivery of efficient and effective services. | Agreed | The Secretariat mandated an expert firm in October 2024, to assess the condition of its real estate as well as the current space utilization of the premises. Planned implementation date has been set to 30 June 2025. | We note the response and will review the strategy when it is finalized. | In Progress |
| | Audit Report 2022, Recommendation No. 6 | Include a balanced scorecard of sustainability metrics and performance in the annual report. | Agreed | Following publication of the IPSASB Sustainability Reporting Standard Exposure Draft (ED) "Climate-related Disclosures" in October 2024, the Organization joined discussions with the United Nations Finance and Budget Network which then established a working-group to prepare feedback on the Exposure Draft. The Organization has also been participating in the IPSASB Sustainability Implementation Forum and has completed a checklist to understand the disclosure requirements as currently stated in the Exposure Draft. The comment period for the Exposure Draft ended in February 2025. The common UN system feedback on the Exposure Draft on Climate-Related Disclosures was provided to the IPSASB in February 2025. Per the IPSASB Work Program a final standard is expected towards the end of 2025. The United Nations Taskforce on Accounting Standards will review and consider the standard and issue implementation guidance which the Organization will use to formulate the disclosures in its Financial Statements. The Organization will implement the standard based on its effective date when it is issued. The implementation of the expected standard will result in the implementation of the recommendation. The recommendation revised due date has been set to 31 December 2025. | We acknowledge the Organization's participation in the IPSASB Sustainability Reporting Standard Exposure Draft (ED) "Climate-related Disclosures" and the Secretariat commitment to implement the Climate-related Disclosures standard. We will assess again the implementation progress once the standard has been finalized. | In Progress |

| Audit Report for the Year Ended 31 December 2021 | | | | | | |
|--|---|---|--|---|--|-------------|
| 2021 | Audit Report 2021, Recommendation No. 2 | Ensure that it develops a holistic approach and strategy to develop and deploy data analytics that serves the needs of all users within the Organization and creates synergies in training and support. | <p>The recommendation was accepted and with an initial plan to implement data analytics in 2022 and 2023 during the deployment of data analytics in accordance with the strategy and roadmap.</p> <p>The strategy includes the development of analytics for use across the Organization, including for procurement activities (Procurement and Travel Division), human resources management (Human Resources Management Division) and finance (Department of Program Planning and Finance).</p> <p>In addition, there are ongoing discussion with the Internal Oversight Division (IOD) to create synergies. IOD also undertakes continuous auditing and shares the results with management.</p> | <p>A holistic data analytics approach and strategy for second line functions has been approved. The strategy encompasses data from across the Organization, including ERP financial, budget and Human Resources (HR) systems, as well as risk management, HR recruitment and Internal Oversight Division.</p> <p>The first phase of implementation has been demonstrated with a new data platform, regrouping data from Finance, HR, Procurement and Budget, and a visualization front end. With respect to the target of 20 analytics to prove the system by end of 2024, 53 analytics are currently in the production environment.</p> <p>The development of the analytics organization-wide is an ongoing initiative, that is planned to continue over the coming years that will serve the needs of all users within the Organization and create synergies in training and support.</p> | <p>We acknowledge the Organization's works toward developing a holistic approach and strategy to develop and deploy data analytics that serves the needs of all users within the Organization.</p> <p>We conclude the recommendation is fully implemented.</p> | Implemented |

Annex 2. List of Acronym

| | |
|--------|---|
| AI | : Artificial Intelligence |
| AIMS | : Administrative Integrated Management System |
| ASHI | : After Service Health Insurance |
| ATAC | : Advanced Technology Applications Center's |
| BPK | : Badan Pemeriksa Keuangan (the Audit Board of the Republic of Indonesia) |
| ED | : Exposure Draft |
| ERs | : Expected Results |
| ERP | : Enterprise Resource Planning |
| FAQs | : Frequently Asked Questions |
| GL | : General Ledger |
| HR | : Human Resources |
| IAOC | : Independent Advisory Oversight Committee |
| IOD | : Internal Oversight Division |
| IP | : Intellectual Property |
| IPSAS | : International Public Sector Accounting Standards |
| IPSASB | : International Public Sector Accounting Standards Board |
| ISAs | : International Standards on Auditing |
| ISSAI | : International Standards of Supreme Audit Institutions |
| IT | : Information Technology |
| KPIs | : Key Performance Indicators |
| M&E | : Monitoring and Evaluation |
| MTSP | : Medium Term Strategy Plan |
| PCT | : Patent Cooperation Treaty |
| PoW&B | : Program of Work and Budget |
| PPBD | : Program Performance and Budget Division |
| RBM | : Results-Based Management |
| SMART | : Specific, Measurable, Achievable, Relevant, and Time-bound |
| SMEs | : Small and Medium Enterprises |
| SOP | : Standard Operating Procedure |
| UN | : United Nations |
| WIPO | : World Intellectual Property Organization |

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