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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

COUNCIL**Forty-Fourth Ordinary Session
Geneva, October 21, 2010**

AUDIT COMMITTEE

Document prepared by the Office of the Union

1. The “Financial Regulations and Rules of UPOV”, proposed for adoption by the Council at its forty-fourth ordinary session, as contained in document UPOV/INF/4/1 Draft 4, are based on the Financial Regulations and Rules of the World Intellectual Property Organization (WIPO)¹, amended according to changes in accordance with the principle of “*mutatis mutandis*” and to exceptions and additions agreed by the Council of UPOV with the Director General of WIPO.

2. The WIPO Financial Regulations and Rules make reference to an “Audit Committee” (Chapter 9). The WIPO Internal Audit Charter and the terms of reference of the WIPO Audit Committee were approved by the WIPO General Assembly in September 2005. The Charter and the terms of reference of the Audit Committee were subsequently revised in 2007. The WIPO Internal Audit and Oversight Division (IAOD) was established in May 2000. Its original mandate included both internal audit and evaluation functions and, with the approval of the Charter in 2005, investigation and inspection were specifically incorporated into the WIPO-IAOD mandate. Those audit provisions extend beyond financial regulations and rules and were not established as a part of the WIPO Financial Regulations and Rules. Therefore, the Consultative Committee, at its seventy-sixth session, held in Geneva on October 29, 2008,

¹ The Financial Regulations and Rules of the World Intellectual Property Organization (WIPO), as approved by the Assemblies of Member States of WIPO at its Forty-Third Series of Meetings, held in Geneva from September 24 to October 3, 2007 (Document A/43/13, paragraphs 256 to 261) and applicable as from January 1, 2008, as amended on October 1, 2009 and January 1, 2010.

agreed that provisions concerning an audit committee and internal audit for UPOV should be considered separately, but in parallel, with the revision of the Financial Regulations and Rules of UPOV.

3. At its seventy-seventh session, the Consultative Committee decided to establish an *ad hoc* working group on the financial regulations and rules of UPOV (“FRR Working Group”) to assist in the development of a draft of document UPOV/INF/4/1 “Financial Regulations and Rules of UPOV” and agreed to extend the terms of reference of the FRR Working Group to enable it to assist the Office of the Union in its preparation of proposals concerning an audit committee and internal audit provisions for UPOV.

4. The FRR Working Group agreed to propose to the Consultative Committee that it would not be necessary for the time being to establish an audit committee and to delete references to the Audit Committee in the Financial Regulations and Rules of UPOV. In making that proposal, it made reference to the role of the Consultative Committee in providing an oversight of the operations of UPOV.

5. At its seventy-ninth session, held in Geneva on March 26, 2010, the Consultative Committee recommended to the Council, at its forty-fourth ordinary session, to request IAOD to conduct independent internal audit, inspections and investigations of UPOV in accordance with the provisions, applied *mutatis mutandis*, of the WIPO Internal Audit Charter (reproduced in the Annex to document C/44/14). The Consultative Committee recommended to the Council not to establish an Audit Committee for the time being and requested the Secretary-General to transmit the WIPO Audit Committee’s report on IAOD to the Consultative Committee.

6. On the above basis, the Consultative Committee approved the deletion of the provision for an audit committee in Chapter 9, of document UPOV/INF/4/1.

7. *The Council is invited to decide:*

(a) not to establish an audit committee for the time being; and

(b) to request the Secretary-General to transmit the WIPO Audit Committee’s report on the WIPO Internal Audit and Oversight Division to the Consultative Committee.

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