

Council**C/54/18****Fifty-Fourth Ordinary Session
Geneva, October 30, 2020****Original:** English
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to be considered by correspondence

CONSOLIDATION OF FINANCIAL AND PERFORMANCE REPORTS*Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance***EXECUTIVE SUMMARY**

1. The purpose of this document is to present a proposal to consolidate the following reports into a "UPOV Performance Report" (UPR):

- Performance Report for the Biennium
- Annual Report of the Secretary-General
- Financial Management Report for the Biennium

2. The Council is invited to approve the consolidation of existing financial and performance reports into a "UPOV Performance Report" (UPR). The UPR would be presented alongside the Financial Statements, on an annual basis, starting with the reports for 2020, as set out in paragraphs 9 to 11 and the Annex to this document.

BACKGROUND

3. Currently, the following reports are prepared for the Council:

- Performance report for the Biennium (e.g. document C/52/16)
- Annual report of the Secretary-General (e.g. document C/53/2)
- Financial Management Report for the Biennium (e.g. document C/52/4)
- Financial statements (e.g. document C/53/5)
- Report on activities during the first nine months (e.g. document C/53/INF/3)

4. The following section explains the current content of the documents and identifies the overlaps between the documents above, as a basis for a proposal to consolidate the Performance Report for the Biennium, the Annual Report of the Secretary-General and the Financial Management Report for the Biennium.

Performance Report for the Biennium/Annual report of the Secretary-General

5. At its eighty-fifth session, held in Geneva on March 22, 2013, the Consultative Committee approved the presentation, in the annual report of the Secretary-General, of the results and performance indicators for the year concerned, as set out in paragraphs 2 to 6 of document CC/85/5 "Preparation of Reports to the Council" (see document CC/85/10 "Report on the Conclusions", paragraph 25). It further approved the presentation of the performance report for the biennium in a separate document, which would include information on expenditure, the total number of posts for the Office of the Union and results and performance indicators by sub-program, on the basis of the program and budget adopted by the Council, as set out in paragraphs 2 to 9 of document CC/85/5 (see document CC/85/10 "Report on the Conclusions", paragraph 26).

The proposals made in paragraphs 6 to 9 of document CC/85/5 are reproduced below:

“Proposal

“Annual Report of the Secretary-General

“6. It is proposed that the annual report of the Secretary-General presents the results and performance indicators for the year concerned, in a similar way to the presentation of information made in the annual report of the Secretary-General for the first year of the biennium (see, for example, document C/45/2 “Annual Report of the Secretary-General for 2010”). The performance report for the biennium would then be presented in a separate document; for example for the Biennium 2014-2015:

“(a) annual report with the results and performance indicators for 2014;

“(b) annual report with the results and performance indicators for 2015; and

“(c) performance report for the biennium 2014-2015, which would include information on expenditure, total number of posts for the Office of the Union and results and performance indicators by sub-program, on the basis of the program and budget adopted by the Council.

“Performance Report for the Biennium

“7. With regard to the document presenting the performance report for the biennium, it is proposed that the document would include information on expenditure, the total number of posts for the Office of the Union and results and performance indicators by sub-program, on the basis of the program and budget adopted by the Council (see, for example, document C/45/4 Rev.2). The presentation of such a document to the Council session in October/November 2014 would also, for example, provide a useful reference document for the Consultative Committee, at its session in March/April 2015, for its consideration of the draft program and budget for the 2016-2017 biennium.

“8. In order to present the results and performance indicators in the most informative way, it is also proposed, where appropriate, to increase the use of graphics and to indicate trends over time. [...]

“9. In order to avoid unnecessary duplication, the performance report for the biennium would also refer to detailed information provided in the following documents:

“(a) Financial situation of the International Union for the Protection of New Varieties of Plants as at the end of the biennium (e.g. document C/46/4 “Financial Situation of the International Union for the Protection of New Varieties of Plants as at December 31, 2011”);

“(b) Annual report of the Secretary-General (e.g. document C/45/2);

“(c) Progress report of the work of the Administrative and Legal Committee (e.g. document C/46/9);
and

“(d) Progress report of the work of the Technical Committee, the Technical Working Parties and the Working Group on Biochemical and Molecular Techniques, and DNA-Profiling in Particular (e.g. document C/46/10).”

6. The Consultative Committee, at its eighty-sixth session, held in Geneva on October 23 and 24, 2013 considered document CC/86/3 “Preparation of Reports to the Council”.

7. The Consultative Committee approved the proposed presentation of information in the performance report for the biennium on the basis of the Annex to document CC/86/3, with a recommendation to avoid the use of three-dimensional graphics and to use appropriate color schemes (see document CC/86/15 “Report”, paragraphs 45 and 46).

Financial Management Report for the Biennium/Financial Statements

8. Document UPOV/INF/4/5 “Financial Regulations and Rules of UPOV” contains the following requirements concerning reporting:

“Program and financial performance reporting

“Regulation 2.14

“The Secretary-General shall prepare a report on program and budgetary performance, based on the program structure, results frameworks, and indicators of achievement contained in the program and budget, in accordance with the mechanism adopted by the members of UPOV in respect of their involvement in the preparation and follow up of the program and budget of UPOV. The program and financial management report of (i) the first year of the biennium shall provide a progress report on program and budgetary performance; and of (ii) the second year of the biennium shall provide a report on the achievements of the biennium, together with financial management information as required under these Financial Regulations and Rules.

“Rule 102.6

“The Vice Secretary-General shall submit to the Secretary-General such information and at such time as he or she shall prescribe for inclusion in the report on program performance.

“Regulation 2.14bis

“The program and financial management report of the second year of the biennium shall include the following financial information:

- “(a) A statement of budget and actual income and expenditure for the financial period reported on the same accounting basis as the adopted budget;
- “(b) The status of appropriations, including:
 - “(i) the original budget appropriation;
 - “(ii) Not applicable to UPOV
 - “(iii) Not applicable to UPOV.

“The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of UPOV.

“Rule 102.7

“(a) The Controller of WIPO shall prepare the program and financial management report in accordance with Regulation 2.14 and 2.14bis.

“(b) Within eight months after the end of each financial period, the Secretary-General shall submit to the Council the program and financial management report prepared in accordance with Regulations 2.14 and 2.14bis.”

[...]

“Financial reporting

“Regulation 6.5

“(1) The annual financial statements for each calendar year of the financial period shall be submitted by the Secretary-General to the External Auditor no later than March 31 following the end of the calendar year to which they relate.

“(2) Within eight months after the end of each calendar year the Secretary-General shall submit the annual financial statements and the audit report of the External Auditor to the Council.

“(3) The Council shall examine the annual financial statements. It may identify adjustments to the share of UPOV in common expenditures¹, if it finds that this share has not been correctly estimated and assessed by the Secretary-General. In such a case, after having consulted the Coordination Committee of WIPO, the Council shall establish the final allocation.

“(4) The Council shall approve the annual financial statements, after they have been audited in accordance with Article 24 of the 1961 Convention, Article 25 of the 1978 Act and Article 29(6) of the 1991 Act.

“Rule 106.11

“(a) Annual financial statements covering each calendar year of the financial period, as at December 31, shall be submitted to the External Auditor not later than March 31 following the end of the calendar year to which they relate. The annual financial statements shall include all business units of UPOV. Copies of the annual financial statements shall also be transmitted to the Consultative Committee. Additional financial statements may be prepared as and when the Controller of WIPO deems it necessary.

- “(b) The annual financial statements submitted to the External Auditor shall include:
 - “(i) a statement of financial position;
 - “(ii) a statement of financial performance;
 - “(iii) a statement of changes in net assets;
 - “(iv) a statement of cash flow;
 - “(v) a statement of comparison of budget and actual amounts;
 - “(vi) notes, comprising a summary of significant accounting policies and other explanatory notes.

“Subparagraphs (i) to (v) above shall be considered to constitute the primary financial statements.

¹ The WIPO/UPOV Agreement (document UPOV/INF/8), Article 2 (2) and (3), states that: “(2) Where any service rendered by WIPO concerns both UPOV and one or more Unions administered by WIPO (hereinafter referred to as “common services”), or where any expenditure incurred by WIPO concerns both UPOV and one or more Unions administered by WIPO (hereinafter referred to as “common expenditures”), the amounts of the indemnification owed by UPOV to WIPO shall be established in proportion to the interest of UPOV in the said service or expenditure.” “(3) The value of any service rendered exclusively to UPOV by WIPO and the evaluation of the interest of UPOV in common services and common expenditures shall be established by the Council of UPOV and the Director General of WIPO.”

“Rule 106.11 bis

“The annual financial statements of the second year of the biennium shall provide the following:

- “(a) The income and expenditures of all funds;
- “(b) Credits, if any, other than the appropriations approved for the biennium, together with amounts charged against these, in the form of a comprehensive table;
- “(c) Within the discussion and analysis accompanying such statements, financial information for the financial period drawn from the primary financial statements prepared for each calendar year;
- “(d) A report on investments, as part of the notes to the financial statements.”

PROPOSAL

9. The Financial Management Report for the Biennium has overlaps with the content of both the Performance Report for the Biennium and the Financial Statements. Furthermore, as explained in paragraph 6, above, the content of the Performance Report for the Biennium has overlaps with the Annual Report of the Secretary-General. Therefore, it is proposed to consolidate the Performance Report for the Biennium and the Financial Management Report for the Biennium into a single “UPOV Performance Report” and to present the UPOV Performance Report on an annual basis to replace the Annual report of the Secretary-General. The Financial Statements would continue to be presented without change.

10. The Annex to this document summarizes the contents of the Performance Report for the Biennium, the Annual Report of the Secretary-General, the Financial Management Report for the Biennium and the Financial Statements, and presents the proposed content of a “UPOV Performance Report” and Financial Statements (unchanged).

11. The “UPOV Performance Report” would provide a comprehensive and transparent assessment of programmatic and financial performance, while eliminating the duplication of information produced in the Financial Management Report for the Biennium, the Performance Report for the Biennium, the Annual report of the Secretary-General and the Financial Statements. The “UPOV Performance Report” would be prepared in accordance with Regulations 2.14 and 2.14bis of the Financial Regulations and Rules of UPOV (see document UPOV/INF/4/5) and would report performance against the performance indicators established in the Program and Budget for the biennium concerned. It is proposed that the “UPOV Performance Report” be introduced from the reports for 2020.

12. The Council is invited to approve the consolidation of existing financial and performance reports into a “UPOV Performance Report” (UPR). The UPR would be presented alongside the Financial Statements, on an annual basis, starting with the reports for 2020, as set out in paragraphs 9 to 11 and the Annex to this document.

[Annex follows]

UPOV Performance Report (UPR)	UPOV Performance Report	Performance Report for the Biennium	Financial Management Report	Annual report of the Secretary- General	Financial Statements
INTRODUCTION	X	X		X	
EXECUTIVE SUMMARY	X	X		X	
FINANCIAL AND RESULTS OVERVIEW					
Table 1. Key Financials (Income, Expenditure and Reserve and Working Capital Funds (RWCF))	X		X		
Table 2. Budgeted and Actual Income by Source	X		X		
Table 3. Budget and Expenditure by Object of Expenditure	X		X		
Table 4. Budget and Expenditure by Sub-Programs	X		X		
Table 5. Expenditure Details by Sub-Programs	X		X		
Table 6. Budgeted and Actual Posts	X		X		
Table 7. Evolution of Actual Income and Expenditure	X		X		
Table 8. Evolution of Extrabudgetary funds (funds in trust)	X		X		
INVESTMENTS			X		X
FINANCIAL STATEMENTS					
Statement I Statement of Financial Position			X		X
Statement II Statement of Financial Performance			X		X
Statement III Statement of Changes in Net Assets			X		X
Statement IV Statement of Cash Flow			X		X
Statement V Statement of Comparison of Budget and Actual Amounts			X		X
Analysis of the Statement of Financial Position			X		X
Analysis of Statement of Financial Performance			X		X
PROGRAM PERFORMANCE					
Sub-program UV.1: Overall Policy on Plant Variety Protection	X	X		X	
Key Accomplishments	X	X		X	
Results Achieved: Expected Results, Performance Indicators and Performance Data	X	X		X	
Sub-program UV.2: Services to the Union for Enhancing the Effectiveness of the UPOV System	X	X		X	
Key Accomplishments	X	X		X	
Results Achieved: Expected Results, Performance Indicators and Performance Data	X	X		X	
Sub-Program UV.3: Assistance in the Introduction and Implementation of the UPOV System	X	X		X	
Key Accomplishments	X	X		X	
Results Achieved: Expected Results, Performance Indicators and Performance Data	X	X		X	
Sub-Program UV.4: External Relations	X	X		X	
Key Accomplishments	X	X		X	
Results Achieved: Expected Results, Performance Indicators and Performance Data	X	X		X	
ANNEXES					
ANNEX I: Members of the Union	X			X	
ANNEX II: Extrabudgetary Funds (Funds-in-Trust)	X	X			
ANNEX III: Working Capital Fund and Contributions	X	X	X		
Working Capital Fund as at December 31, XXX	X	X	X		
Contributions of Members of the Union	X	X	X		
Contribution Payments Received in Advance	X	X	X		
Amounts of the Contributions Due and Unpaid Working Capital as at December 31, XXX	X	X	X		
ANNEX IV: List of missions and activities	X			X	
APPENDIX					
Appendix A: Acronyms and abbreviations	X	X		X	