

WIPO Independent Advisory Oversight Committee

Twenty-Seventh Session
Geneva, December 11 to 14, 2012

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

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INTRODUCTION

1. The 27th session of the WIPO Independent Advisory Oversight Committee (hereinafter referred to as “the Committee” or “IAOC”) took place from December 11 to 14, 2012. Present were Messrs. Fernando Nikitin (Vice Chair), Anol Chatterji, Nikolay Lozinskiy, Ma Fang and Ms. Mary Ncube. Ms. Maria Beatriz Sanz Redrado (Chair) and Mr. Kjell Larsson had sent regrets for their absence.
2. The IAOC had been apprised of outcomes of the 19th session of the Program and Budget Committee (PBC) and the Forty-First (21st Extraordinary) Session of the General Assembly (GA), including the proposal by and subsequent decision of Member States to designate the IAOC as a subsidiary body of both the GA and the PBC.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

3. The Committee adopted the draft Agenda without modification (see Annex I). Documents presented are listed in Annex II.

AGENDA ITEM 2: MEETING WITH THE DIRECTOR GENERAL

4. The IAOC met with the Director General who briefed the Committee on recent developments. Discussions followed on risk management, the New Conference Hall Project and human resources management.

AGENDA ITEM 3: NEW CONSTRUCTION PROJECTS

5. The IAOC met with the Assistant Director General for Administration and Management, the Chief Financial Officer (Controller) and the Director of the Premises Infrastructure Division.

A. New Conference Hall Project

6. In line with a procedure agreed at the IAOC’s 22nd session, the Committee received a written response from the Director General to a New Conference Hall Project (NCHP) recommendation made by the IAOC at its 26th session.
7. The Committee reviewed the progress reports presented at the 19th session of the PBC and the Fiftieth series of Meetings of the Assemblies of the Member States of WIPO, and noted the Assemblies’ decision to take note of the progress reports taking into consideration the recommendation by the PBC.¹ Concerning the PBC recommendation for “(ii) a more detailed explanation of the events that led to the termination of the contract for historical reference”,² the IAOC was advised that this is currently under preparation.
8. On the basis of a specific Progress Report prepared for this session of the Committee, the Secretariat informed the IAOC that:
 - (a) Following re-opening of the worksite at the end of September, the situation had almost stabilized and was expected to be fully stable at the end of January 2013.
 - (b) The Project had remained within budget and completion within budget was confidently expected. In this connection, 2010 prices had been maintained in all cases where contracts between the former general contractor and its sub-contractors had been

¹ Document A/50/18, paragraph 213

² Document WO/PBC/19/27

taken over as well as for all new awards issued by WIPO on the basis of the awards previously issued by the former general contractor despite the fact that the latter had not concluded formal contracts then. Moreover, no change has been made in conditions previously offered by each sub-contractor to the former general contractor.

(c) A revised provisional timetable was under preparation by the Architect and, following validation by the Pilot, was expected to become available at the end of December 2012. Project completion was currently anticipated for the end of 2013.

(d) The Project Risk Register was currently being re-drafted and would be available after finalization of the Project timetable.

9. The IAOC explained to and agreed with the Secretariat on the need, moving forward, for a more detailed reporting mechanism that disclosed planned versus actual expenses incurred by all sub-contractors together with information on the timeliness and quality of the expected deliverables.

10. Given the ongoing monthly briefing sessions for Member States, and in view of the fact that the IAOC's next session will not be until late March 2013, the Committee recommends that, in the interim, the Secretariat and Member States also follow-up on some key aspects still under preparation, *inter alia*:

- implementation of the PBC recommendation for “(ii) a more detailed explanation of the events that led to the termination of the contract for historical reference”;
- the updated Project Risk Register;
- the Project Timetable; and,
- budget execution

B. New Administrative Building

11. The IAOC was apprised of the ongoing repair and replacement works and informed that progress continued to be essentially as anticipated since the termination of the contract with the former general contractor. Completion of works was currently expected for Summer 2013, and WIPO's financial interests continued to be assured through retention of monies from the balance owed to the general contractor.

AGENDA ITEM 4: RISK MANAGEMENT

12. In July 2012, a WIPO Risk Management and Internal Controls Board was established chaired by the Director General. The IAOC met with members of the Board including the Board's Vice Chair, the Deputy Director General of the Innovation and Technology Sector.

13. The IAOC noted that significant progress had been made in implementing risk management practices organization-wide and in line with the Secretariat's road map for implementation of Enterprise Risk Management. This had involved many discussions and exchange of views with managers at all levels as well as training. A risk management process had been incorporated into the annual work planning cycle and inputs for the 2013 cycle were currently being compiled and consolidated, also to identify cross-cutting risks. Risk mitigation measures will be reflected in the 2014/15 draft Program and Budget.

14. Other action noted by the IAOC included the drafting of a WIPO Risk Policy as well as issuance of an Office Instruction on Business Continuity Management, comprising a detailed Business Continuity Management Strategy and Crisis Management Plan. The IAOC commended the Secretariat on deciding to seek certification of compliance with the ISO/IEC 27000 series, this being an international standard for information technology security techniques and management systems at the highest level.

15. The IAOC looks forward to receiving an update on implementation of risk management at its 29th session in May 2013.

AGENDA ITEM 5: INTERNAL AUDIT AND OVERSIGHT

16. The IAOC met with the Director of the Internal Audit and Oversight Division (IAOD) and the Heads of the Internal Audit Section, the Evaluation Section and the Investigation Section.

17. The Committee was informed that the IAOD 2012 work plan had been implemented to near completion and that the draft 2013 work plan was currently being prepared. The work plan included, as requested by the IAOC, an audit of the New Conference Hall Project. As regards staffing, a consultant internal auditor and the Head of the Investigation Section were now on board. IAOD currently has 12 staff, including an intern.

18. Pursuant to the GA decision to grant access on request for Member States to IAOD's audit and evaluation reports, the Director of IAOD outlined the secure online system set up for this purpose.

19. The Committee reviewed two new audit reports concerning the PCT revenue generation process and travel and mission support respectively. The Committee commended IAOD on its very well balanced PCT system audit report, which provides a clear picture of the various processes and which, in addition to its audit observations and recommendations, highlights within the scope of the audit those practices that are working well. As regards travel and mission support, the IAOC noted the potential cost savings to be made from improved advanced travel planning and the extent to which WIPO travel policies aligned with those of the UN. The IAOC will follow up closely on the implementation of the reports' recommendations.

20. The IAOC also reviewed two evaluation reports concerning improvement of IP institutional and user capacity and development of tools for access to patent information respectively. Common findings included a need for: improved project design and management, including better use of logical frameworks and monitoring; better coordination both in-house and with other organizations; and, formal recognition and institutionalization of good practice. These and other evaluation reports had been discussed at a one-day IAOD Evaluation Seminar held in November 2012, at which an IAOC member had participated and acted as a speaker.

21. Concerning investigation, the IAOC had received, in addition to a usual status update of on-going investigations, a draft Investigation Policy and a draft revised Investigation Manual. The Committee's comments will be provided at its next session in March 2013.

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

22. The IAOC will follow up on the implementation of all oversight recommendations at its next session in March 2013. At the present session, the IAOC focused on oversight recommendations within the context of: (a) IAOD's internal audit report on human resources management; (b) the Joint Inspection Unit; and, (c) a Draft Policy on Preventing and Deterring Corruption, Fraud, Collusion, Coercion, Money Laundering and the Financing of Terrorism.

A. Audit Report on Human Resources Management

23. A joint meeting was held with the Director of the Human Resources Management Division (HRMD), who joined WIPO in August 2012, together with the Director of IAOD and the Head of the Internal Audit Section, to discuss implementation of recommendations contained in IAOD's human resources management audit report.

24. The Director of HRMD stated that, on arrival, she had inherited 50 recommendations. Eight recommendations had since been closed and the Secretariat was fully committed to addressing the remaining 42. In this connection, the IAOC noted the coming into force on January 1, 2013 of revised Staff Regulations and Rules. Other initiatives noted included the establishment of a manual HRM dashboard for Program Managers in advance of full implementation of WIPO's Enterprise Resource Planning system. The Director of HRMD informed the Committee that the establishment of a Human Resources Strategy is a priority and that all remaining recommendations were expected to be closed during its implementation.

25. Other issues discussed in depth included WIPO's in-house skills gap and forward planning for employee engagement.

26. The IAOC will continue to follow up closely on implementation of the human resources management recommendations.

B. Joint Inspection Unit Recommendations

27. A joint meeting was held with the Assistant Director General for Administration and Management and members of his team, and the Director of IAOD.

28. In-house practice and procedures for follow-up of JIU recommendations were outlined. The IAOC was of the opinion that although action is clearly taken within the Secretariat, communication to Member States of that action could be improved. To this end, the IAOC recommends that Member States consider including on the Agenda of the September sessions of the PBC an item on the implementation of Joint Inspection Unit recommendations.

C. Draft Policy on Preventing and Deterring Corruption, Fraud, Collusion, Coercion, Money Laundering and the Financing of Terrorism

29. The IAOC reviewed with the Chief Financial Officer (Controller) and the Director of Finance Services the text of the above-mentioned draft Policy, prepared in line with an internal audit recommendation. The IAOC proposed that the text be issued as an Office Instruction.

AGENDA ITEM 7: FINANCIAL REPORTING

30. The IAOC met with the Chief Financial Officer (Controller), the Director of the Budget Section and the Director of Finance Services.

31. At its 25th and 26th sessions, the IAOC had sought clarification on a number of issues relating to Secretariat financial reporting, including on the use of WIPO reserves. At this session, the Committee explained its concerns to the Chief Financial Officer and those expressed by Member States, in particular as regards utilization of reserves for the New Construction Projects.

32. The Chief Financial Officer outlined the procedures followed by the Secretariat in line with the WIPO Policy on the Use of Reserves, including those followed by the PBC for approving the incurring of expenditure for capital projects that could extend beyond biennial budgeting period in some cases. Detailed discussions followed including on certain definitions and terminology. The Secretariat agreed with the IAOC that its reporting format could be modified to facilitate clearer understanding of the use of reserves, for example as regards amounts initially approved for capital projects and ongoing expenditure.

AGENDA ITEM 8: ETHICS

33. The IAOC met with the Chief of Staff and the Chief Ethics Officer.

34. The Committee welcomed the issuance of a WIPO Policy to Protect against Retaliation for Cooperating in an Oversight Activity or Reporting Misconduct or other Wrongdoing (“Whistleblower Protection Policy”) as well as the launch of classroom-based Ethics training for all staff. The IAOC was informed that over 300 staff members had already been trained and that training was expected to be completed by the end of the first quarter of 2013.

35. The IAOC was further informed that work on a WIPO Financial Disclosure Policy was advanced and expected to be launched by the end of 2013. The Chief Ethics Officer noted that this Policy was the last specific policy element of the WIPO Ethics framework planned to be introduced in the initial phase of the set-up of the ethics and integrity system at WIPO. Once this architecture was in place, efforts would need to focus on continued inculcation of the value-based systems to embed an ethics and integrity culture at WIPO.

AGENDA ITEM 9: PRESENTATION ON THE INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

36. The IAOC met with the Vice Secretary-General and the Legal Counsel of the International Union for the Protection of New Varieties of Plants (UPOV) as well as with the Chief Financial Officer of WIPO. The Committee benefited from an induction on UPOV, which clarified that UPOV does not fall within the scope of the IAOC’s mandate.

AGENDA ITEM 10: IAOC WORKPLAN FOR 2013

37. The Committee took note of the launch of an IAOC member selection process in 2013 for rotation of three IAOC members in January 2014. The IAOC is discussing internally how to address the workload involved in assisting Member States with this process in line with the procedures set out in document WO/GA/39/13.

38. The IAOC is also considering the streamlining of its five year roadmap³ to align it more closely with WIPO strategic plans and discussed possible improvements to its quarterly reports. In connection with the latter, it was decided that, for its summer session held prior to the September session of the PBC, the IAOC will focus more proactively to the extent possible on PBC documentation that falls within the IAOC’s mandate and structure the quarterly report of that session to facilitate PBC review of the IAOC’s comments and observations as and when the various PBC agenda items are discussed. The Committee also decided to incorporate into its quarterly reports a summary of the various questions and comments made by Member States during the Information Session for Member States held after each IAOC quarterly meeting.

³ See document WO/IAOC/21/2, Annex II

39. The following dates and thematic areas for 2013 were agreed:

<i>Session</i>	<i>Standing Items</i>	<i>Other Items</i>
Twenty-eight (March 25 to 28)	New Construction Projects Internal Audit and Oversight Oversight Recommendations	Ombuds-function
Twenty-ninth (May 21 to 28)	New Construction Projects Internal Audit and Oversight Oversight Recommendations	Financial Statements (1 st reading) Risk Management IAOC selection process
Thirtieth (August 27 to 30)	New Construction Projects Internal Audit and Oversight Oversight Recommendations	Meeting with External Auditor Program and Budget Committee documentation
Thirty-first (November 26 to 29)	New Construction Projects Internal Audit and Oversight Oversight Recommendations	Risk Management Ethics

AGENDA ITEM 11: INFORMATION SESSION FOR MEMBER STATES

40. An Information Session for Member States was held attended by representatives of 11 Member States. The IAOC briefed representatives on matters contained in this report. The representatives raised a number of issues including: the need for mechanisms to notify Member States of new internal audit and evaluation reports; the need to improve in-house and inter-agency coordination, an issue consistently identified in evaluation reports; and, the potential for important cost savings through greater use by the Secretariat of video-conferencing.

41. Other issues raised, which are commented on within the body of this report, included: information on events that led to the termination of the contract with the former general contractor (see paragraphs 8 and 10 above); implementation of human resources management recommendations (see paragraph 23 to 26 above); and, follow-up on JIU recommendations (see paragraph 28 above). Appreciation was expressed for the IAOC's follow-up on clarification of Secretariat reporting on the use of the WIPO reserves and the conclusion reached for a modified reporting format.

AGENDA ITEM 12: OTHER MATTERS

A. WIPO Member States Under United Nations Sanctions Regimes - Implementation of New Internal Procedures

42. The IAOC took note of issuance of an Office Instruction "WIPO Member States Under United Nations Sanctions Regimes - Implementation of New Internal Procedures", which included establishment of and an appointment to the position of a Chief Compliance Officer.

C. Election of Chair and Vice Chair

43. The IAOC's rules of procedure provide for the annual election of a Chair and Vice Chair. In the absence of the Chair and one IAOC member, the election was postponed to the IAOC's 28th session in March 2013.

D. Next Session

44. The next session is scheduled to take place from Monday, March 25 to Thursday, March 28, 2013. The following draft Agenda is proposed:

- (a) Meeting with the Director General
- (b) New Construction Projects
- (c) Follow up on Oversight Recommendations
- (d) Internal Audit and Oversight
- (e) WIPO Ombuds-function
- (f) Election of a Chair and Vice Chair
- (g) Information Session for Member States
- (h) Other Matters

[Annex I follows]



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AGENDA

adopted by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Meeting with the Director General
3. New Constructions Projects
4. Risk Management
5. Internal Audit and Oversight
6. Follow-up on Oversight Recommendations
7. Financial Reporting
8. Ethics
9. Presentation on the International Union for the Protection of New Varieties of Plants (UPOV)
10. IAOC Workplan 2013
11. Information Session for WIPO Member States
12. Other Matters

[Annex II follows]

LIST OF DOCUMENTS

AGENDA ITEM 1: ADOPTION OF THE AGENDA

WO/IAOC/27/1 Prov. Draft Agenda

AGENDA ITEM 3: NEW CONSTRUCTION PROJECTS

Follow up on IAOC/26 NCHP-related recommendation

Progress Report on New Construction Projects prepared for IAOC/27

A/50/17 "Updated Progress Report on the New Construction Project and the New Conference Hall Project"

Office Instruction OI/45/2012: Terms of Reference of the Construction Committee

Office Instruction OI/46/2012: Members of the Construction Committee

Office Instruction OI/47/2012: Special Procurement Procedures for the completion of the New Conference Hall Project (NCHP)

Office Instruction OI/48/2012: Members of the Conference Hall Ad-hoc Contracts Committee

AGENDA ITEM 4: PRESENTATION ON RISK MANAGEMENT

Risk Management powerpoint presentation

Office Instruction 37/2012 "Establishment of a Risk Management and Internal Controls Board", dated July 4, 2012

Office Instruction 43/2012 "Business Continuity Management", August 21, 2012 with Annexes Business Continuity Management Strategy Version 01-08-2012 and Crisis Management Plan Version 01-08-2012

Executive summaries: WIPO's Business Continuity Management Strategy (BCM) and Crisis Management Plan (CMP)

AGENDA ITEM 5: INTERNAL AUDIT AND OVERSIGHT

IAOD Workplan 2012 - Status of Work Dec. 2012, dated December 7, 2012

Internal Audit Report IA/01/2012: Follow up Review of PCT Revenue Generation Process

IAOD responses to IAOC questions on PCT internal audit report

Internal Audit Report IA/03/2012: Review of Travel and Mission Support

Evaluation Report EVAL 2012-08: Improvement of National, Sub-regional and Regional IP Institutional and User Capacity (Development Agenda Project DA_10_05)

Evaluation Report EVAL 2012-09: Developing Tools for Access to Patent Information (Development Agenda Project DA_19_30_31_01)

Report of IAOD Evaluation Seminar "Demystifying Evaluation in WIPO: Best Practices From Initial Evaluation. Geneva, Nov 8, 2012"

Summary report and ppt presentation from K. Larsson - IAOD Evaluation Seminar
"Demystifying Evaluation in WIPO: Best Practices From Initial Evaluation. Geneva, Nov 8, 2012"

Draft Investigation Policy

Draft Investigation Manual

Summary of investigation cases

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

Internal Audit Report IA/06/2011 "Review of Human Resources Management",
dated May 21, 2012

Status of JIU recommendations as of September 2011, prepared by the WIPO Secretariat

Notes on the Status of JIU recommendations as of September 2011, prepared by the
WIPO Secretariat

Draft OI/2012/08: Policy on Preventing and Deterring Corruption, Fraud, Collusion,
Coercion, Money Laundering and the Financing of Terrorism

AGENDA ITEM 7: FINANCIAL REPORTING

Office Instruction 40/2010: WIPO Policy on Reserves and Principles applied in respect of
the use of Reserves

A/48/9 Rev. WIPO Policy on Reserves and Principles applied in respect of the use of
Reserves

A/50/8 Financial Management Report for the 2010-2011 Biennium

A/48/7 Financial Management Report for the 2008-2009 Biennium

WO/GA/41/1 2011 Financial Statements

A/50/6 Status of Utilization of Reserves

A/48/14 Proposal for the Implementation of a Comprehensive Integrated Enterprise
Resource Planning (ERP) System

A/46/6 Proposal for the Implementation of IT Modules to Establish Compliance with
the New FRR and IPSAS

AGENDA ITEM 8: ETHICS

Office Instruction No. 58/2012: Policy to Protect Against Retaliation for Cooperating in an Oversight Activity or Reporting Misconduct or other Wrongdoing ("Whistleblower Protection Policy")

AGENDA ITEM 9: PRESENTATION ON THE INTERNATIONAL UNION FOR THE PROTECTION OF PLANT VARIETIES (UPOV)

Financial Regulations and Rules of UPOV

AGENDA ITEM 10: IAOC WORKPLAN 2013

Extract from IAOC/19 report summarizing former IAOC membership's involvement in 2010 IAOC Selection Process

WO/GA/39/13 Report on the Working Group on Audit Committee Related Matters (IAOC Selection and Rotation Process)

AGENDA ITEM 12: OTHER MATTERS

Office Instruction No. 61/2012 dated Nov. 26, 2012 "WIPO Member States Under United Nations Sanctions Regimes - Implementation of New Internal Procedures"

Other Documents

A/50/18 Prov. Draft Report of the 50th Series of Meetings of the WIPO Assemblies

WO/GA/41/18 Prov. Draft Report of the 41st (21st Extraordinary) Session of the WIPO General Assembly

WO/CC/66/3 Prov. Draft Report of the 66th (43rd Ordinary) Session of the WIPO Coordination Committee

WO/PBC/19/27 Summary of PBC/19 recommendations and decisions

[End of Annex II and of document]