



WO/IAOC/40/2
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WIPO Independent Advisory Oversight Committee

Fortieth Session
Geneva, March 15 to 18, 2016

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 40th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from March 15 to 18, 2016. Present were Ms. Mary Ncube, Messrs. Gábor Ámon, Anol Chatterji, Egbert Kaltenbach, Nikolay Lozinskiy and Zhang Guangliang. Mr. Fernando Nikitin sent apologies for his absence.

AGENDA ITEM 1: ELECTION OF CHAIR AND VICE-CHAIR

2. The IAOC elected Mr. Gábor Ámon as Chair and Mr. Egbert Kaltenbach as Vice-Chair, in accordance with its Terms of Reference and Rules of Procedure. Both of them assumed their new offices with immediate effect.

AGENDA ITEM 2: ADOPTION OF THE AGENDA

3. The Committee adopted its Agenda, which is attached to this report as Annex I. A list of session documents is attached as Annex II.

AGENDA ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

4. The IAOC took stock of the actions carried out following decisions at its 39th session.

AGENDA ITEM 4: MEETING WITH THE DIRECTOR GENERAL

5. The Committee met with the Director General for an update of the state of affairs within the Organization. The Director General talked about the overall positive financial situation and performance highlights of the Organization at the start of 2016.

AGENDA ITEM 5: INTERNAL OVERSIGHT

6. The Committee discussed with the Acting Director, Internal Oversight Division (IOD), the status of oversight work.

7. The IAOC was informed about ongoing and planned assignments of the Division, which included ongoing fieldwork for the Audit of Intellectual Property (IP) Office Business Solutions; the pre-implementation and data migration review of the Taleo[®] system; and the Evaluation of the Human Resources Management Department's (HRMD) Pilot Project – Professional Development of Women.

8. Since the Committee's last session in December, two audit reports and one evaluation report have been issued.

9. Together with IOD and the Program Managers concerned, the Committee reviewed the report on the Audit of Individual Contractual Services (ICS) Management and the evaluation report on Program 3: Copyright and Related Rights.

10. The management of ICS has previously been an area of high legal and financial risk, which the new ICS policy issued in 2013 aims to address. The Committee was pleased that the audit noted general compliance with the new policy and also identified a number of good practices in managing ICS. The audit also showed some areas for further improvement:

ensuring reference checks on ICS candidates, seeking declarations of conflict of interest from those involved in contracting ICS, ensuring performance evaluations and introducing system-based controls for monitoring maximum time limits. Management accepted all five audit recommendations and committed to implementing them by mid-2016.

11. The evaluation of Program 3 resulted in an overall positive assessment of this Program and confirmed its efficiency in providing satisfactory services. Recommendations for further improvement include: conducting assessments of national stakeholders' needs, increasing awareness among stakeholders on equity issues and integrating sustainability criteria in interventions. Management accepted all five recommendations and had prepared an action plan for implementation by mid-2017.

12. The Committee welcomed IOD's new dashboard, which shows current oversight activities and other key oversight data for better information of managers and staff.

13. Following consultations with Management, the IAOC and Member States, the revised Evaluation Policy and a new Evaluation Manual had been finalized and would soon be published on WIPO's website. An Evaluation Seminar had been conducted on "Lessons and Ways Forward", with a view on promoting the evaluation function and the new Evaluation Policy.

14. In response to the recommendations of the External Quality Assessment of the investigation function, IOD has prepared revisions to the Investigation Policy and to the Investigation Manual. The Committee has reviewed the draft revised Policy and is proposing additional amendments to further improve the Policy, e.g., by explicitly covering the increasingly significant group of non-staff personnel (ICS, agency workers, interns, fellows). In accordance with the Internal Oversight Charter, IOD will share the proposed revisions with Member States for consultation. The Committee is also reviewing the proposed revised Investigation Manual and will provide advice to IOD accordingly.

15. In accordance with its Terms of Reference, the Committee provided input into the performance appraisal of the Acting Director, IOD, for consideration by the Director General.

16. The Committee discussed the overall staffing situation in IOD and was concerned about increasing staffing constraints. With the position of Director, IOD still being vacant, and with several staff members on extended sick leave, maternity leave or special leave, IOD will not be able to deliver the assignments of the approved oversight plan, unless additional resources become available. The Director General is fully aware of the situation and has assured the Committee that steps have been initiated to overcome the current staffing constraints, such as adding a temporary P-3 position for the investigation function and engaging a temporary replacement for the Senior Evaluation Officer.

17. In response to the advice given by the Committee, Management decided to re-open the recruitment process for the Director, IOD and to re-advertise the position. On March 5, 2016, Management shared a modified Vacancy Announcement with the Committee for their review. The proposed modifications aim at targeting a broader pool of potential candidates. The Committee provided comments on the draft Vacancy Announcement on March 14 and hopes that the VA will be issued soon, taking into account the Committee's advice. The Committee stands ready to further assist in the recruitment process.

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

18. The Committee reviewed the status of implementation of oversight recommendations. While 30 recommendations were implemented and closed since the last session, 32 new recommendations were added, leaving the total number of outstanding recommendations almost unchanged at 166. These numbers include both internal and external audit recommendations.

19. The Committee was informed that the External Auditors are now also using the TeamCentral System to record and monitor their recommendations; the Committee was pleased that the initial obstacles in that regard had been overcome. The Committee noted that 43 per cent of all outstanding recommendations were past their implementation target dates, despite the fact that many of the initial target dates had been revised once or even more times. At its next session, the Committee intends to analyze and discuss in more details with managers the 20 outstanding recommendations with target dates prior to 2015.

AGENDA ITEM 7: FINANCIAL REPORTING

20. The Committee met with the Management Team who presented an overview on financial performance for the year 2015 and financial position as of December 31, 2015. A detailed review of the Organization's financial performance and position will be carried out on the basis of the draft Financial Statements during the next (41st) session of the Committee. In discussing the summarized statements of financial performance and financial position, it was noted that there was a net surplus of Swiss francs 33.9 million as against a surplus of 36.9 million in the preceding year, resulting in an overall surplus of 70.9 million for the biennium 2014/15.

21. Revenue recorded on an IPSAS basis in respect of applications received under the Patent Cooperation Treaty (PCT) System in 2015 showed a decline when compared with the revenue in 2014 and yet the number of applications received continued to increase in 2015. This fall in revenue was partly attributed to a one-time spike in applications received in March 2014 as a result of a change in legislation within the United States of America. The spike had led to a proportionally higher number of publications in 2014 (PCT revenue is only recorded upon publication under IPSAS).

22. In respect of the Madrid System, there was a sharp increase in the receipts over the previous year, which was attributed to the clearing of a large backlog of registrations which had been received in earlier years.

23. Regarding the financial position, the Committee noted that there was a significant decline in "other current liabilities", with one of the contributing factors being the return of the maintenance of a Japan Patent Office (JPO) bank account to the JPO. This account had previously been maintained by WIPO on behalf of the JPO. The JPO would henceforth take over the handling of application fees received in Japan in connection with the processing of patents.

24. The Committee also noted that, as recommended by the External Auditors, a "Special Projects Reserve" had been included in the statement of financial position to exhibit the balance remaining from the total amount authorized by Member States to finance projects from reserves. The closing figure stood at Swiss francs 23.7 million as against 27.2 million for the year 2014.

25. Net assets stood at Swiss francs 279.7 million as against 245.8 million for the previous year.

AGENDA ITEM 8: THE MADRID SYSTEM

26. The Committee met with the Director of the Madrid Registry (Program 6A), Brands and Design Sector, who gave an informative presentation on the Madrid System, describing the strategic and operational risks facing the system as well as the long-term strategy to continuously improve the quality of service.

27. The Director also explained the indicators used to measure the system's performance, such as the use of the system and the system's market share.

AGENDA ITEM 9: INTERNAL CONTROL: PROCUREMENT / SAFETY AND SECURITY

Procurement

28. The IAOC met with the Director, Procurement and Travel Division (PTD), who gave the Committee an overview of the structure of the Division, the general framework for Procurement, key achievements reached in the biennium 2014/15, and highlighted its projects for 2016.

29. The Director noted that despite a 17 per cent decrease in procurement expenditure compared to 2014, the volume of Purchase Orders had increased by 23 per cent; the increased volume was managed by automating systems and increased administrative efficiency.

30. The Director of PTD described the significant procurement achievements realized in the biennium 2014/15 as follows: upgrade of the PeopleSoft system, completion of the Vendor Performance Evaluation pilot phase, full implementation of the Contract Database, approved procurement plans for all units, and improved interagency cooperation in the field of procurement.

31. The Director informed the Committee that PTD was preparing an Office Instruction on Vendor Sanction Policy; the IAOC welcomed this initiative and offered its advice in finalizing the new Policy.

Safety and Security

32. The Committee met with the Chief Security Officer, and the recently appointed Head, Safety and Security Coordination Service (SSCS), and was briefed on the measures put in place to ensure security and safety of the WIPO campuses, staff, visitors, and delegates. It was also noted that several of these measures were implemented as part of the UN H-MOSS project that ended in 2015, and the final project report was presented to the Member States at the 2015 General Assembly.

33. The Committee was informed that the transition to a new security guard services company worked out to generate cost-savings and that the new contract would ensure better performance management of the outsourced security services.

34. Security and safety audits of the WIPO External Offices were conducted in line with the UN H-MOSS standards, and had been executed jointly with the host country/countries, with over 80% of the audit findings remediated.

35. The Head, SSCS shared with the IAOC a presentation which had been given to all WIPO staff at a Townhall meeting in February 2016. The Committee welcomed the effort made to raise staff awareness of the need for increased vigilance in the face of the changing threat landscape on a local, regional and global level.

AGENDA ITEM 10: ETHICS AND OMBUDSPERSON

Ethics

36. In 2015, Member States had expanded the mandate of the IAOC to also cover the ethics function. The revised Terms of Reference require the Committee to review and provide advice on the proposed annual workplan of the Ethics Office. So far, the Committee has not been in a position to discharge this responsibility as a proposed workplan has yet to be submitted.

37. The Committee discussed with the Chief Ethics Officer its oversight role for the ethics functions and the Ethics Office, and clarified its requirements and expectations in that regard. The Chief Ethics Officer committed to prepare and submit a proposed workplan for the Committee's review prior to the next session of the IAOC.

Ombudsperson

38. The Committee met the temporary Ombudsperson, and was apprised of the general situation since their meeting last November. The Committee looks forward to interacting with the new Ombudsperson who is expected to assume office on May 1, 2016.

AGENDA ITEM 11: INFORMATION SESSION FOR MEMBER STATES

39. An Information Session for Member States was held at which the IAOC briefed the representatives of Member States on deliberations during the present session and responded to questions posed by the attending Delegates.

AGENDA ITEM 12: OTHER MATTERS

Private session with the Chair of the WIPO General Assembly

40. The IAOC had a private session with the Chair of the WIPO General Assembly, in line with its Rules of Procedure.

Selection Process for IAOC Membership Rotation

41. The IAOC met with the Secretary of the Selection Panel for new IAOC members, who briefed the Committee on the selection process and discussed the latter's role and contribution. The process would involve an initial screening by a consultant reporting to the Selection Panel, of applications received in response to the recently published vacancy announcement. Those applications deemed eligible would then be provided to the Committee, who would undertake their own ranking-based assessment.

42. Based on the Committee's assessment, the Selection Panel would proceed with the process of finalizing the list of candidates, including interviewing those found most suitable and preparing its recommendation to be transmitted to the Program and Budget Committee (PBC). The PBC would then nominate the new candidates during its 25th session.

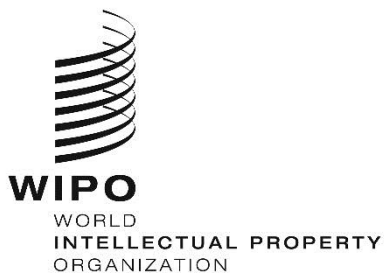
Next Session

43. The IAOC's next session will take place from Monday, May 30 to Friday, June 3, 2016. The draft Agenda for that session is as follows:

- (1) Adoption of the Agenda
- (2) Matters arising from previous Session
- (3) Meeting with the Director General

- (4) Internal Oversight
- (5) Follow-up on Oversight Recommendations
- (6) Financial Report and Financial Statements
- (7) Internal Control: Update on Enterprise Risk Management (ERM) and Internal Control Framework
- (8) IAOC Annual Report
- (9) Ethics and Ombudsperson
- (10) Selection Process for new IAOC members
- (11) Information Session for Member States
- (12) Other Matters

[Annexes follow]



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AGENDA

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1. Election of Chair and Vice-Chair
2. Adoption of the Agenda
3. Matters arising from previous Session
4. Meeting with the Director General
5. Internal Oversight
6. Follow-up on Oversight Recommendations
7. Financial Reporting
8. The Madrid System
9. Internal Control: Procurement / Safety and Security
10. Ethics and Ombudsperson
11. Information Session for Member States
12. Other Matters

[Annex II follows]



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LIST OF DOCUMENTS

adopted by the WIPO Independent Advisory Oversight Committee

ITEM 1: ELECTION OF CHAIR AND VICE-CHAIR

ITEM 2: ADOPTION OF THE AGENDA

- [01] Draft Agenda
- [02] Draft Timetable
- [03] IAOC Rolling Agenda
- [04] List of Documents

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

ITEM 4: MEETING WITH DIRECTOR GENERAL

No document. Oral account.

ITEM 5: INTERNAL OVERSIGHT

Internal Oversight Division:

- [05] Internal Oversight Division Dashboard (January – December 2015)
- [06] IOD Quarterly Activity Report – Status of Work (February 19, 2016)
Reference: IOD-IAOC-2016/01

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Internal Audit:

- [07] Final Audit Report on Individual Contractual Services (ICS) Management – Reference: IA 2015-06
- [08] Final Audit Report on Staff Performance Management – Reference: IA 2015-04

Evaluation:

- [09] Evaluation Policy, Second Edition / 2016-2020 (IOD/EP/2016)
- [10] Evaluation Manual – Edition 2016 (IOD/EM/2016)
- [11] Evaluation Report – Program 3 – Copyright and Related Rights (EVAL 2015-01)

Investigation:

- [12] Status of Implementation of Recommendations from External Quality Assessment of WIPO's Investigation Function (February 17, 2016)
- [13] Management Implication Report – Reference: IOD-INV-2015-26
- [14] Proposed Revised Investigation Policy
- [15] Proposed Revised Investigation Manual

ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

- [16] Open Oversight Recommendations (February 17, 2016)

ITEM 7: FINANCIAL REPORTING

No document. Oral account.

ITEM 8: THE MADRID SYSTEM

No document. (Power point presentation)

ITEM 9: INTERNAL CONTROL: PROCUREMENT / SAFETY AND SECURITY

- [17] Procurement: Procurement Review (March 16, 2016)
- [18] Safety and Security: Security Briefing to the IAOC (March 2016)

ITEM 10: ETHICS AND OMBUDSPERSON

Ombudsperson: No document. Oral account.

ITEM 11: INFORMATION SESSION FOR MEMBER STATES

ITEM 12: OTHER MATTERS

Oral account

[End of Annex II and of document]