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## **WIPO General Assembly**

**Fifty-Fourth (25<sup>th</sup> Ordinary) Session**  
**Geneva, October 4 to 8, 2021**

**REPORT BY THE WIPO INDEPENDENT ADVISORY OVERSIGHT  
COMMITTEE (IAOC)**

*prepared by the WIPO Independent Advisory Oversight Committee (IAOC)*

The present document contains the “Report by the WIPO Independent Advisory Oversight Committee (IAOC)”, which is being submitted to the WIPO Program and Budget Committee (PBC) at its Thirty-Third session (September 13 to 17, 2021).

Any decisions of the PBC in respect of that document will appear in the “List of Decisions adopted by the Program and Budget Committee” (document A/62/7).

[Document WO/PBC/33/2 Rev. follows]



## **Program and Budget Committee**

**Thirty-Third Session  
Geneva, September 13 to 17, 2021**

REPORT BY THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

*prepared by the WIPO Independent Advisory Oversight Committee (IAOC)*

1. This document contains the Report by the WIPO Independent Advisory Oversight Committee (IAOC), prepared by the IAOC and covering the period from April 24, 2020 to July 9, 2021.
2. The following decision paragraph is proposed:
  3. *The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the “Report by the WIPO Independent Advisory Oversight Committee (IAOC)” (document WO/PBC/33/2 Rev.).*

[Report by the WIPO Independent  
Advisory Oversight Committee follows]

ANNUAL REPORT BY THE WIPO  
INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC) FOR  
THE PERIOD APRIL 24, 2020 to JULY 9, 2021

[July 28, 2021]

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## I. INTRODUCTION

1. Pursuant to its Terms of Reference, the WIPO Independent Advisory Oversight Committee (IAOC) submits an annual report to the Program and Budget Committee (PBC) and to the WIPO General Assembly.
2. The IAOC (hereinafter also referred to as “the Committee”) was established in 2005. It is a subsidiary body of the WIPO General Assembly and of the PBC. It serves in an independent expert advisory capacity and assists the Assembly and the PBC in fulfilling their oversight responsibilities.
3. The present report covers the period from April 24, 2020 to July 9, 2021. Section II of this report provides an overview of the Committee’s quarterly sessions, composition of the Committee and working methods. Section III details matters discussed and reviewed by the Committee during the reporting period.

## II. QUARTERLY SESSIONS, COMPOSITION AND WORKING METHODS

### *Quarterly Sessions*

4. During the reporting period, the Committee held five quarterly sessions: from June 29 to July 3, 2020 (57<sup>th</sup> session); from September 1 to 4, 2020 (58<sup>th</sup> session); from December 7 to 11, 2020 (59<sup>th</sup> session); from March 22 to 26, 2021 (60<sup>th</sup> session); and from July 5 to 9, 2021 (61<sup>st</sup> session). All the sessions were held virtually due to the COVID-19 pandemic. In line with its Terms of Reference, the Committee held information meetings with representatives of Member States following all sessions, except for the 58<sup>th</sup> session in view of a conflicting schedule. All the session reports are published on the WIPO website.

### *Composition and Selection Process for new Members*

5. The IAOC comprises seven members drawn from WIPO’s Regional Groups. The members serve in their personal capacity and independently of Member States. In conformity with its Terms of Reference and Rules of Procedure, at its 59<sup>th</sup> session in December 2020, the Committee elected Ms. Tatiana Vasileva as Chair and Mr. Bert Keuppens as Vice-Chair. Mr. Mukesh Arya was the Chair during the 57<sup>th</sup>, 58<sup>th</sup> and 59<sup>th</sup> sessions.
6. In accordance with the selection process described in paragraph 28 of document WO/GA/39/13, the Committee currently consists of the following members:

- Ms. Tatiana Vasileva, Chair (Group of Central Asian, Caucasus and Eastern European States (CACEEC));
- Mr. Bert Keuppens, Vice Chair (Group B);
- Mr. Mukesh Arya (Asia and the Pacific Group);
- Mr. Igors Ludboržs (Group of Central European and Baltic States (CEBS));
- Ms. Maria Vicien-Milburn (Group of Countries of Latin America and the Caribbean);
- Mr. Othman Sharif (African Group); and
- Mr. Zhang Long (China).

The composition reflects a proper mix and balance of skills, expertise and experience.

7. Prior to the 60<sup>th</sup> session, Mr. Sharif informed the Committee of his appointment as First Vice-President of Zanzibar, effective March 1, 2021. His official resignation from the Committee has, however, not yet been received.

#### *Working Methods*

8. The Committee is a non-executive body, providing expert advice through its engagement with WIPO's Director General and other senior managers, the Director, Internal Oversight Division (IOD), the Chief Ethics Officer, the Ombudsperson, the Controller and the External Auditor, mainly on the basis of reports, presentations and information with which it is provided. It further deliberates on relevant matters internally to reach its assessments and conclusions.

9. During the reporting period, in addition to the standard agenda items, the Committee received briefings from Management on the impact of COVID-19 and the response of WIPO, updates from the Chief Security Officer on Security and Information Assurance, from the Director of the Procurement and Travel Division (PTD) on procurement, and from the Director of the Human Resources Management Department (HRMD) on human resources management, as well as a briefing by the Chief Economist on projections/forecasting of WIPO's financial results. At its 61<sup>st</sup> session, the Committee also received a briefing from the Assistant Director General for the Administration, Finance and Management Sector. All those briefings provided insightful and comprehensive overviews on WIPO's substantive functions and activities, and allowed the Committee to gain a better understanding of the context of its oversight and advisory responsibilities.

10. The transition in top management of WIPO happened during the reporting period. The Committee's 58<sup>th</sup> session was the last meeting with the outgoing Director General, who expressed his profound thanks for the role and functioning of the IAOC and acknowledged the invaluable part that the IAOC played in WIPO. The Committee, in turn, also thanked the Director General for his leadership and for the congenial working relationship he had with the Committee all through his 12 years of tenure. At its 59<sup>th</sup> session, the Committee met the incumbent Director General, who acknowledged the important role of the Committee in ensuring good governance in WIPO. Thereafter, the Director General met with the Committee at the 60<sup>th</sup> and 61<sup>st</sup> sessions.

11. As a subsidiary of the WIPO General Assembly and of the PBC, the IAOC also acknowledged the importance of having good cooperation with Management and the Director General.

#### *IAOC Self-Assessment*

12. At its 59<sup>th</sup> session, in line with its Terms of Reference, the Committee conducted a self-assessment of its activities from January 2020 to December 2020. The Committee concluded that it was satisfied with the independent advisory and oversight functions carried out during the year 2020. The Committee collectively assessed that it had functioned effectively amidst the unprecedented circumstances.

### III. MATTERS DISCUSSED AND REVIEWED

#### A. Internal Oversight

##### *Annual Reports by the Director, IOD – 2019 and 2020*

13. During the reporting period, the Committee reviewed and provided comments on the draft Annual Reports of the Director, IOD for 2019 and for 2020, respectively, prior to finalization and submission by IOD to the PBC. Regarding the draft report for 2019, the Committee noted that IOD had modified its annual reporting period to align with that of the Financial Statements and Statement on Internal Control (January to December), following the recommendation from the External Auditor.

##### *Internal Oversight Plan and Workplan Results*

14. With regard to the Oversight Annual Workplan for 2020, the Committee reviewed the implementation thereof based on quarterly IOD Activity Reports submitted for each session. At its 58<sup>th</sup> session, the Committee took note of the modifications made to the workplan, taking into account limitations imposed by the COVID-19 pandemic. At its 60<sup>th</sup> session, the Committee expressed concern over the impact of the pandemic on IOD's work and risk management. Some delays were reportedly experienced regarding outsourced engagements and those that involved travel and interviews of investigation subjects. Overall, however, the Committee noted that IOD's 2020 Workplan progressed well.

15. With regard to the Oversight Annual Workplan for 2021, the Committee noted that its comments and suggestions were taken into account in finalizing the workplan. The plan was developed in line with good practices, including an IOD risk assessment that considered corporate risk registers, the Risk Management Group, and other valuable input from Senior Management, key stakeholders, and Member States. Likewise, the IOD workplan considered the workplan of the External Auditor to avoid duplication of audit efforts. The Committee also suggested that IOD be proactive in discussions with other departments and in coming up with possible suggestions to the Director General about potential areas for improvement, keeping in view his strategic plans.

16. The Committee observed the increasing trend of advisory engagements in all three functions, due to an increasing demand from Management. Assurance was given by IOD to the Committee that the primary focus, particularly for audit, will still be its core function of ensuring accountability, transparency and good governance, while also considering IOD's overall available resources.

17. The Committee took note of the evaluation approach being developed by IOD using the latest research methods in behavioral science, as reported at the 61<sup>st</sup> session. IOD offered to give a presentation to IAOC on this in future meetings.

##### *WIPO Internal Oversight Charter*

18. The Committee reviewed and had no objections to the proposed changes to the WIPO Internal Oversight Charter. This was concluded *via* e-mail prior to the 61<sup>st</sup> session.

##### *Internal Audit*

19. During the reporting period, the Committee reviewed, together with IOD and Management, seven internal audit reports. All, except for the Report on the Audit of



Cybersecurity Management at WIPO, had been published in unredacted format on the WIPO website, in line with IOD's Report Publication Policy (IOD/PP/2017).

- Report on the Audit and Integrity Review of the Staff Benefits and Entitlements (IA 2019-04)
- Report on the Audit of Financial Closure Process (IA 2019-03)
- Validation of the 2018/19 WIPO Performance Report (VALID 2020-21)
- Report on Assurance Mapping of WIPO (IA 2020-01)
- Report on the Review and Update of the IOD Annual Planning Development Cycle (IA 2020-03)
- Report on the Audit and Integrity Review of Absence Management (IA 2020-02)
- Report on the Audit of Cybersecurity Management at WIPO (IA 2020-04)

20. In addition, the Committee also reviewed the draft Internal Audit Policy, the updated Internal Audit Manual, and the revised Internal Oversight Division Publication Policy.

#### *Evaluation*

21. During the reporting period, the Committee reviewed, together with IOD and Management, six evaluation reports:

- Report on the Evaluation of Program 32, The Lisbon System (EVAL 2019-05)
- Report on the Evaluation of Program 17, Capacity Strengthening on Building Respect for Intellectual Property (EVAL 2019-03)
- Report on Evaluation of the Regional Bureau for Africa (EVAL 2019-01)
- Report on the *Ex-Ante* Evaluation of the Regional Bureau of Asia and the Pacific Framework for Technical Cooperation (EVAL 2020-04)
- Report on Evaluation of the WIPO Division for Arab Countries (EVAL 20-02-01)
- Report on Evaluation of WIPO Match (EVAL 2020-05)

#### *Investigations*

22. In accordance with the Internal Oversight Charter, the Committee was apprised by the Director, IOD at each session on the status of investigation cases and caseload trends, providing a breakdown of complaints received and complaints substantiated by category of misconduct. In all cases involving a potential conflict of interest on the part of IOD, the Committee reviewed each case in detail and provided advice to the Director, IOD accordingly.

23. The Committee was pleased to note that IOD investigators were provided with relevant training programs and that WIPO staff also participated in a mandatory fraud awareness training program, under the leadership of IOD and the Office of the Controller, and in a sexual harassment prevention training program, under the leadership of IOD and HRMD.

24. At the 61<sup>st</sup> session, IOD reported to the Committee that, as of June 15, 2021, there were 13 pending investigation cases, one of which was under preliminary evaluation, eight under full investigation and four cases on hold. The Committee noted that of the 13 pending cases, one was registered in 2016, two in 2019, three in 2020 and seven in 2021. In accordance with the Internal Oversight Charter, in cases involving a potential conflict of interest on the part of IOD, the Committee reviewed each case in detail and provided advice to the Director, IOD and others.

*External Quality Assessments – Internal Audit and Investigation Functions*

25. The Committee reviewed the results of the external quality assessments of internal audit and investigation functions conducted in 2020. For the internal audit function, the Committee noted the overall conclusion that IOD generally conforms to the mandatory elements of the International Professional Practices Framework promulgated by the Institute of Internal Auditors and the WIPO Internal Oversight Charter. The final report, issued in November 2020, had been published on WIPO's public website. With regard to the investigation function, the Committee also noted the conclusion, from the final report issued in December 2020, that IOD generally conforms to applicable practice standards. All the recommendations from the two reports were discussed in detail and the Committee provided advice and offered suggestions for implementation.

B. External Audit

26. The Committee met with the representatives of the External Auditor, National Audit Office (NAO), United Kingdom in all the sessions during the reporting period, with WIPO Management in attendance. The Committee also held private sessions with the said representatives.

27. During the reporting period, the Committee reviewed the results of the audit of the 2019 WIPO Financial Statements and noted the unqualified opinions on the Financial Statements and on regularity. Also, the Committee reviewed the plan, progress and results of the audit of the 2020 WIPO Financial Statements. At its 61<sup>st</sup> session, the Committee reviewed the results of the audit of the 2020 WIPO Financial Statements. The Committee was pleased to note that WIPO received an unqualified opinion, without modification to the Financial Statements for the year 2020. The Committee noted the External Auditor's conclusion that WIPO's financial statements remain of high quality and supported by sound systems of internal controls and reporting. The Committee also noted the additional statement in the audit certificate relating to the opinion on regularity.

28. Among the important matters discussed between the Committee and the External Auditor were the following: (i) With regard to the PBC's evaluation of External Offices (as required by the resolution of the WIPO General Assembly in 2015) – The External Auditor expressed a willingness to contribute to reviewing the draft Terms of Reference for such evaluation, should the External Auditor be requested by PBC to do so; (ii) With regard to the IAOC's suggestion that the basis for the regularity opinion related to the financial regulations be made more clearly and explicitly enunciated – The External Auditor assured the IAOC that while one audit opinion will be issued on the 2020 Financial Statements, it will include appropriate wording on the regularity of financial transactions. This was noted at the 61<sup>st</sup> session of the Committee; and (iii) With regard to the recommendations from the Report on the External Quality Assessment of the Internal Audit function – The External Auditor expressed support, particularly regarding the requirement for an annual audit opinion on governance, risk management and internal controls, as this was also one of the External Auditor's recommendations in the past.

29. At its 61<sup>st</sup> session, the Committee expressed considerable concern over how After Service Health Insurance (ASHI) liabilities were accounted for and why this matter was not emphasized by the External Auditor in his audit opinion, since the liability increased by 139.1 million Swiss francs. It was noted that the increase was mainly due to a change in estimating the impact of future medical costs. The representative of the External Auditor explained that their threshold for deciding on the "emphasis of matter" is quite high and that this was not met in the case of WIPO, in their view.

C. Financial Reporting

*WIPO Financial Statements – 2019 and 2020*

30. In all sessions during the reporting period, the Committee, together with Management, discussed financial reporting matters. At its 57<sup>th</sup> session, they reviewed the 2019 WIPO Financial Statements and noted that WIPO had a successful financial period in 2019. The Committee welcomed all the additional disclosures in the Financial Statements 2019, including those made in view of the Covid-19 pandemic. The Committee was assured by Management that the Organization was financially stable and had no decline in revenue during 2019. In its 60<sup>th</sup> session, they reviewed the 2020 WIPO Financial Statements and was pleased to note that WIPO's financial performance improved further in 2020. Overall, the Committee confirmed that the COVID-19 pandemic did not have a negative impact on the financial status of WIPO in 2020. The Committee obtained a reconfirmation from Management that there was no change made in the investment policy, nor that there was any impact on WIPO's financial management.

31. At its 61<sup>st</sup> session, the Committee questioned the estimations for post-retirement employee benefits, which are mainly comprised of ASHI. These estimations are prepared by an independent actuary. The actuarial assumptions include, *inter alia*, the discount rate, the medical cost trend rate, age-grading for medical claims, retirement rates and mortality rates. The sensitivity of the overall liability to the assumptions is very high, for instance, increases in the expected trend in medical costs or in the discount rate could impact significantly on the overall liability. The change in some aspects of the valuation methods and the underlying assumptions for ASHI resulted in an increase in the liability of 139.1 million Swiss Francs. While appropriate disclosures have been included in the Notes, in the Committee's view, this change in the valuation of ASHI is very significant. The Committee was also concerned about the different approaches for calculating ASHI in the different agencies within the United Nations system.

*Accounting policy updates*

32. The Committee was briefed on accounting policy updates describing the change in property capitalization thresholds and the accounting considerations relating to WIPO's new products, namely, WIPO Proof, WIPO Image Similarity Search and WIPO Translate as they relate to IPSAS 9 on "Revenue from Exchange Transactions". The Committee noted in its 59<sup>th</sup> session that the specifics of these new products were still in a state of flux and that appropriate accounting considerations would be refined and finalized accordingly. With regard to the increases in the property threshold, the Committee was assured that there were no consequential increases in risk for WIPO. The Committee also appreciated the rationale for the increases in threshold since they were based on a cost-benefit analysis.

D. Risk Management and Internal Controls

*Annual Risk Management Reports – 2019 and 2020*

33. The Committee was extensively briefed by Management of WIPO's current developments in Risk Management and Internal Controls. The Committee appreciated the proactive steps taken by Management in relation to embedding the best practices of risk management into WIPO's activities.

34. At its 58<sup>th</sup> and 60<sup>th</sup> sessions, the Committee reviewed with Management the 2019 and 2020 Annual Risk Management Reports, respectively. Management described the key achievements in 2019 in the six risk management areas. The Committee noted the further strengthening of internal controls, with the use of data analytics. From the 2020 report, the Committee was pleased to note that WIPO has been self-assessed as "Advanced (Level 4)" in

terms of (i) ERM Framework and Policy, (ii) Governance and Organizational Structure, (iii) Process and Integration, (iv) Systems and Tools; “Established (Level 3.5)” in terms of (v) Risk Capabilities; and “Established (Level 3)” in terms of (vi) Risk Culture. With regard to the report of the Joint Inspection Unit (JIU/REP/2020/5, “Enterprise Risk Management: Approaches and uses in United Nations system organizations”), the Committee was likewise pleased to note, by December 31, 2021, that WIPO will have already implemented 14 of the informal recommendations, currently plans to implement one more, and will consider the potential to implement a further three informal recommendations relevant to WIPO.

### *Global Risks*

35. Management’s presentation at the 60<sup>th</sup> session included a section on Global Risks that were discussed at the recent UN-wide Risk Management Task Force meeting, as well as at the WIPO Risk Management Group (RMG) meeting. The Controller stated that the Director General, in the RMG meeting, had clearly recognized and emphasized the strong need for being financially prudent in 2021 and in planning for the next biennium. The Controller further assured the Committee that monitoring mechanisms and risk mitigation measures were in place.

### *COVID-19 Organizational Risk Review*

36. The Committee appreciated the detailed presentation by Management of the results of their COVID-19 organizational risk review. Nine risks for the Organization were identified, namely: (i) Member States being insufficiently engaged; (ii) workplan activities at risk due to travel restrictions; (iii) significant decrease in income; (iv) an increase in cyber-attacks; (v) business continuity; (vi) banking operations or fall in value of investments; (vii) failure of key suppliers; (viii) health-related issues; and (ix) postponement of transformational initiatives. The Committee was assured by Management that all identified risks were largely well managed and that there was no major cause for concern. The Committee was satisfied with the risk management processes as explained by Management.

### *Risk Appetite Statement*

37. At three sessions, the Committee had advised Management that the Risk Appetite Statement be updated, considering circumstances driven by the Covid-19 pandemic. Furthermore, the Committee advised that the updating of the Risk Appetite Statement be done periodically. Management agreed on the point raised. Management indicated that the Risk Appetite Statement was being considered for a periodic review every five years. At the 61<sup>st</sup> session, Management stated that it planned to update the Organization’s Risk Appetite Statement in light of the new Medium-Term Strategic Plan, and present it to the 34<sup>th</sup> session of the Program and Budget Committee in September 2022.

38. The Committee was informed of a Management decision to now include the Director, IOD as an observer in Risk Management Group meetings.

39. In view of the presentation on the update of risks at the 61<sup>st</sup> session, the Committee suggested reviewing a mapping of risks aligned with the strategic goals, programs, expected results, performance indicators and programs. The Committee would appreciate the assurance that significant risks would not be lost or left unattended in their updated risk matrix. The Committee further suggested that controls be put in place to mitigate the risks relating to retirement benefits, which represent a significant liability in the Financial Statements.

### *Security and Information Assurance*

40. The Committee had a comprehensive security and information assurance briefing from the Chief Security Officer. The Committee was impressed with the achievements made in the implementation of the 2016-2021 Information Assurance Strategy and the Strategic Security Plan, as well as the systems and processes currently in place to ensure continuous improvements. While the Committee noted that terrorism and data breach risk continued to rank high in WIPO's enterprise risk heat map, the Committee felt assured that these and all other risks were being managed well and that information security was intact. The Chief Security Officer confirmed that none of the identified risks had materialized so far. He also assured the Committee that steps were already being taken to address the risk through diversification of service providers and service provider risk assessments. He also assured the Committee about the security of WIPO's email system. Overall, the Committee felt assured that WIPO's systems and processes were well protected, particularly during the COVID-19 pandemic.

### *Human Resources Management*

41. At its 57<sup>th</sup> and 61<sup>st</sup> sessions, the Committee had two sessions with the Director and Acting Director (respectively), HRMD. At its 57<sup>th</sup> session, the Director updated the Committee on the WIPO Performance Report 2018/19 and specifically referred to gender balance in a diversified WIPO workforce drawn from 121 Member States. The Director also mentioned the need for the workforce to have appropriate skills to cope with growing digitalization, and the need to recruit staff with appropriate language skills to deal with a patent-specific caseload from the Asian Region. At its 61<sup>st</sup> session, the Acting Director updated the Committee on major human resources policies, on other important activities and initiatives, on the staff situation during this COVID-19 pandemic, and on sexual exploitation and sexual abuse as well as on sexual harassment. The Committee took note of the new major policies on flexible working arrangements, parental leave, gender equality and the policy relating to the UN Disability Inclusion Strategy.

42. With regard to WIPO's response to the pandemic, the Committee noted that the HR Strategy for 2017-2021 had been adapted to the current environment, particularly with regard to two major policies on Time Management and on the Rewards and Recognition Program. The Committee felt assured that HR management systems were in place to monitor lessons learned from current remote working arrangements to retain the agility of the Organization. The Committee was also assured that any permanent change in the working environment would be implemented cautiously and managed properly and that the Staff Council was being consulted on several HR matters to ensure successful handling of the crisis brought on by the pandemic.

43. The Committee suggested that concerns of the Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) community be considered in the formulation of WIPO human resources policies. With regard to the policies on sexual exploitation and abuse and also on sexual harassment, the Committee suggested that it should be made very clear to staff and complainants or potential victims where to turn to in the Organization and who the first and subsequent contact points are. A channel of informal consultation and support for staff should be considered before a formal complaint is formally lodged with IOD. In some UN organizations, this function is entrusted to the Chief Ethics Officer.

### *Business Continuity Management*

44. The Committee appreciated the effectiveness of the Business Continuity Management as implemented during the COVID-19 pandemic. On the same subject, the Committee would like to see how the plans on "Return-to-Office" would be implemented.

## *Procurement*

45. The Director, PTD updated the Committee on procurement matters. The Committee was pleased to note the key achievements since the last update in 2016, specifically the professionalization of the procurement function, automation of systems, review and update of the governance and regulatory framework, and enhancement in processes. The Committee queried possible situations posing potential risks, such as nonstandard purchase procedures, post-tender negotiations, over-familiarization with suppliers, and asked for clarification regarding the vendor sanction listing, the delegation from the high level official in charge of procurement (HLOP) and sub-delegation process, and was satisfied that relevant controls were in place in WIPO. The Committee also took note of the projects for 2020, namely selection and implementation of a new e-tendering platform, implementation of a Request for Proposal with negotiation for complex or specialized services, and use of the digital marketplace.

### E. Implementation of Oversight Recommendations

46. In all the sessions during the reporting period, the Committee reviewed with IOD the implementation status of oversight recommendations from IOD, the External Auditor, and the IAOC. The Committee took note of movements and closures, with particular attention to high priority recommendations and those that remained outstanding for a long time. As suggested by the Committee, some Program Managers were invited to review the outstanding recommendations pending implementation. This resulted in better appreciation by the Program Managers of the implementation status of recommendations as well as the identification of a number of recommendations that could be closed, subject to the standard final review by IOD.

47. The Committee also asked IOD about the continuing validity and importance of old high priority recommendations. In this regard, the former Assistant Director General, Administration and Management Sector, expressed appreciation for the Committee's intervention and encouraged IOD to reassess the full context of outstanding recommendations and come up with a resolution to either fully implement or close the recommendations, if determined to be no longer relevant or superseded by events or new systems. The Committee explored the causes of delay in the implementation of recommendations. It was noted that some were dependent on another event, such as further approvals by senior managers. Others involved cross sectoral collaborations among programs. The Committee advised that IOD revisit the long outstanding recommendations to determine which ones have already been overtaken by events and close them if found to be outdated. The Committee also inquired as to the systemic issues that could be discerned from the nature of the open recommendations.

48. The Committee inquired into any material weaknesses in the systems as the nature of outstanding recommendations appeared to have no implications that would materially affect the financial statements. IOD agreed with IAOC's assessment that there were no significant risks on governance and internal controls, but there were areas with gaps that needed improvement. The priority ranking was more for emphasizing the urgency for actions to implement recommendations. The Committee encouraged IOD to reassess whether they are focusing their audits on the high risk areas.

### F. Ethics and Ombudsperson

#### *Ethics Office*

49. The Committee discussed with the former Chief Ethics Officer the Annual Report of the Ethics Office to the WIPO Coordination Committee (WO/CC/78/INF/2). The Committee took note of the main activities, comprising of awareness raising and training of staff, providing confidential advice to staff, standard-setting and policy development, and implementation of policies assigned to the Ethics Office. With regard to the survey undertaken on the awareness

of WIPO's ethics principles and commitment to these principles, the Committee suggested that, in the future, the whole survey population be disclosed in the Annual Report to put the survey results in the proper context.

50. The Committee also reviewed the final Ethics Office Workplan for 2020 and took note of the Chief Ethics Officer's oral update on the implementation thereof during subsequent sessions. Certain activities were noted by the Committee to have been cancelled due to the pandemic. The Committee also noted that the 2021 Annual Workplan has not been completed and therefore, could not be presented during the 60<sup>th</sup> session, as earlier planned. There were also delays on the attestation of the Code of Ethics by staff members and on the development of the policy on retaliation.

51. At its 60<sup>th</sup> session, the Committee was informed of the appointment of an interim Chief Ethics Officer to replace the incumbent, who was going on retirement on March 31, 2021. The Chief Ethics Officer reported to the Committee that she had focused on the transition to ensure that the interim Chief Ethics Officer was given access to all the important documents to enable him to perform the ethics function.

52. At its 61<sup>st</sup> session, the Committee met with Mr. David Mitchels, the interim Chief Ethics Officer, who was on board on April 1, 2020, upon the retirement of the former incumbent. His contract would run until the end of September 2020, by which time the new Chief Ethics Officer would have been recruited. The Committee acknowledged, with thanks, the 2020 draft Annual Report by the Ethics Office and the PowerPoint presentation used for the Induction Program for newcomers. The interim Chief Ethics Officer also informed the Committee of what had been accomplished so far, such as the review of the Financial Disclosure and Declaration of Interest statements and the online training activities. The Committee wished him well for the remaining months and looked forward to the new Chief Ethics Officer taking up his/her duties.

#### *Ombudsperson*

53. The Ombudsperson presented his Activity Report for 2019, which also contained an overview of the years 2016 to 2019. The Committee was pleased to see that the trend for preventative applications was rising, as compared to requests for resolution of open and consolidated conflicts, and agreed that this was a desirable trend that should be further strengthened.

54. The Committee took note of two of the four cross-cutting recommendations which were repeated from last year. This referred to the study on gender issues and the need for capacity building for dialogue, team collaboration, and training support for middle managers. Considering the intricacies of getting the recommendations implemented, the Committee acknowledged that the recommendations were advisory in nature and may be considered as not binding, but they were nonetheless important for the growth of the Organization. The Committee expressed the hope that some monitoring mechanism be put in place to ensure full consideration and implementation of the Ombudsperson's recommendations. The Committee advised that a peer review of the Ombudsperson function in WIPO may also prove helpful.

#### G. Other Matters

##### *Briefing by the Assistant Director General for the Administration, Finance and Management Sector*

55. The Assistant Director General for the Administration, Finance and Management Sector briefed the Committee on the ongoing work in the Sector, including preparations for the

upcoming Program and Budget Committee session. The Committee was thankful for the briefing given by the Assistant Director General.

#### *Briefing on impact of COVID-19 and Response of WIPO*

56. At its 59<sup>th</sup> session, the Committee was briefed by the Controller on the impact of the COVID-19 pandemic and the response of WIPO. The Committee felt reassured with the thoroughness of the risk assessment processes, particularly in assessing the impact and likelihood of identified risks. The Committee also felt reassured by the effectiveness of the RMG and was pleased to note that the new Director General was very much engaged so soon after he was elected. The Committee likewise took note of the high level of maturity of the risk management system in WIPO, this being embedded in their management processes and not considered as a separate exercise. Because of this, WIPO was able to adequately address the risks relating to the COVID-19 pandemic. The Committee was satisfied with the mitigation measures, the frequency of risk monitoring, and the engagement of the first line of defense.

#### *Briefing on Projections/Forecasting of WIPO Financial Results*

57. The Committee invited the Chief Economist to its 59<sup>th</sup> session for a briefing on how forecasting was done in WIPO, and in particular the revenue forecasting, given the pandemic situation. He described the technical forecasting model that relies on a mixture of short-term and medium-term trends based on historical data. The Committee was informed that in order to check the accuracy of the forecast, a *post-facto* review was conducted and the forecast was compared with subsequent actual events. As a result of the COVID-19 pandemic, forecasting had been suspended because of the high level of uncertainty. Instead, closer observation and monitoring were carried out, and forecasting resumed only in October 2020. With uncertainty still up in the air, he expressed his hope that the crisis from the pandemic would soon be overcome. He indicated that it was not unreasonable to expect growth from the PCT System.

#### *WIPO Investment Reports*

58. As requested by Member States, Management submitted to the Committee at each of its sessions the monthly Investment Performance Reports and the monthly Investment Monitoring Reports, prepared by the Investment Advisors and the Custodian, respectively. The Committee wishes to clarify that its role is limited to conveying information contained in the Investment Performance Report and Investment Monitoring Report and does not provide any assurances in that regard.

59. Based on the periodic reviews of the reports from April 2020 up to May 2021, the Committee confirmed that the information provided during IAOC's reporting period showed that, based on the investment market benchmark, all the vehicles in WIPO's investment portfolio delivered the expected results and were managed in accordance with the stated Investment Strategy. In addition, the Committee confirmed that the Custodian did not report any breaches, active or passive, nor justified exceptions. However, at its 58<sup>th</sup> session, the Committee confirmed that the Custodian did report some justified exceptions, albeit minor, in July 2020.

60. At its 60<sup>th</sup> session, the Committee received reconfirmation from Management that no changes in the investment policy had been made by WIPO since the start of the COVID-19 pandemic. The Committee first inquired with Management about this matter at its 56<sup>th</sup> session (WO/IAOC/56/2).

#### *Implementation of Joint Inspection Unit Recommendations*

61. The Committee reviewed the implementation status of 38 recommendations of the Joint Inspection Unit (JIU) addressed to the Executive Heads of JIU Participating Organizations.



These recommendations pertained to 11 JIU reports (five dated 2019, two dated 2018, three dated 2016 and one dated 2012). As at end of May 2020, 21 (or 55 per cent) of the 38 recommendations were reported as “implemented”, 10 (or 27 per cent) were reported as “in progress”, two (or 5 per cent) were reported as “not started” and five (or 13 per cent) had no reported status as they were either under consideration or not relevant to WIPO. Furthermore, of the 38 recommendations, the Committee took note of the change in the implementation status of six recommendations (four moved from “in progress” to “implemented”, one moved from “not started” to “in progress”, and one moved from “not started” to “implemented”). The Committee noted that the implementation status of eight of the 38 recommendations needed further clarification from Management. The Committee would seek specific input on those recommendations in due course.

#### *Proposed Amendments to the IAOC Terms of Reference*

62. At least every three years, the Member States review the role and responsibilities, functioning and membership of the IAOC. With the last revision approved by the WIPO General Assembly in October 2018 (document WO/PBC/28/3), the next review would be due in 2021. At its 60<sup>th</sup> session, the Committee began its review by taking into account the results of its annual self-assessments, the recommendations of the JIU (JIU/REP/2019/6, “Review of Audit and Oversight Committees in the United Nations System”), and any relevant recommendations of the recently concluded External Quality Assessment of the Internal Audit function. It was decided at the Committee’s 61<sup>st</sup> session to defer the discussion of revisions to a later date. The Committee’s decision also took into account the time required for consultations with the Member States and with the Office of the Legal Counsel.

63. At its 61<sup>st</sup> session, the Committee met with the former Secretary of the Selection Panel who assisted two previous Selection Panels with the process of selecting new members of the IAOC. The former Secretary presented a proposed stand-alone and self-contained document describing the “Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee” to be attached to the Financial Regulations and Rules as a new Annex IV. The specific provisions were discussed and a consensus was reached on the proposed changes. The former Secretary noted that, if approved by the Member States, the document would supersede document WO/GA/39/13, which was considered outdated and no longer fit for purpose.

#### **IV. CLOSING REMARKS**

64. The IAOC would like to express its appreciation to the former Director General as well as incumbent Director General, the former Assistant Director General for the Administration and Management Sector as well as the incumbent Assistant Director General for the Administration, Finance and Management Sector, the Controller, the Directors of IOD, HRMD, PTD, and Finance Division, the former Chief Ethics Officer and the interim Chief Ethics Officer, the Chief Security Officer, the Chief Economist, the Ombudsperson, the Program Managers, as well as the External Auditor, for their availability, clarity and openness in their regular interaction with the Committee, and for the information provided.

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