

## **WIPO Independent Advisory Oversight Committee**

**Twenty-Third Session**  
**Geneva, November 1 to 4, 2011**

### **REPORT**

*adopted by the WIPO Independent Advisory Oversight Committee*

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## INTRODUCTION

1. The 23<sup>rd</sup> session of the WIPO Independent Advisory Oversight Committee (hereinafter referred to as “the Committee” or “IAOC”) took place from November 1 to 4, 2011. Present were Ms. Maria Beatriz Sanz Redrado (Chair), Mr. Fernando Nikitin (Vice Chair), Messrs. Anol Chatterji, George Haddad, Kjell Larsson, Nikolay Lozinskiy, Ma Fang, Ms. Mary Ncube and Mr. Gian Piero Roz.

## AGENDA ITEM 1: ADOPTION OF THE AGENDA

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

## AGENDA ITEM 2: MEETING WITH THE DIRECTOR GENERAL

4. The IAOC met with the Director General and, pursuant to the agreement reached at the 22<sup>nd</sup> session<sup>1</sup>, discussed with him Management’s written responses to recommendations made by the IAOC since its 21<sup>st</sup> session.

5. In view of the request<sup>2</sup> made by the Program and Budget Committee (PBC) concerning WIPO governance (see paragraph 6 below), at the IAOC’s request the Director General summarized the evolution of Member States’ deliberations since the late 1990’s on WIPO governance and outlined the constitutional and legal frameworks of the WIPO Coordination Committee and the Program and Budget Committee.

## AGENDA ITEM 3: WIPO GOVERNANCE

6. The Committee noted that at its 18<sup>th</sup> session, the PBC:

*“(ii) requested the Independent Advisory Oversight Committee (IAOC) to review the issue of WIPO governance in light of relevant documents and proposals submitted by Member States, including, but not limited to, documents WO/PBC/18/20 and WO/GA/38/2, with a view to presenting a report with its recommendations to Member States as quickly as possible. The Chair of the PBC will, immediately following this session, contact the Chair of the IAOC to determine an appropriate timeline.”<sup>2</sup>*

7. The IAOC reviewed documents WO/PBC/18/20 (*WIPO Governance Structure*) and WO/GA/38/2 (*Report of the Audit Committee since 2008*) and had preliminary discussions to identify key issues. The Committee will continue its deliberations on WIPO Governance throughout 2012.

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<sup>1</sup> Document WO/IAOC/22/2, paragraph 5

<sup>2</sup> Document WO/PBC/18/21, Item 4

#### AGENDA ITEM 4: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

8. Pursuant to observations contained in the report of its 22<sup>nd</sup> session<sup>3</sup>, the IAOC reviewed the system for monitoring the implementation of oversight recommendations, including the procedures set out in Office Instruction No.16/2010 “Implementation of Oversight Recommendations. Reporting Procedures, Roles and Responsibilities”.

9. While noting that the system generally complies with the WIPO Financial Regulations and Rules and auditing good practices, the IAOC believes that certain revisions would improve effectiveness and efficiency and could address root causes for the high number of open recommendations. (See also paragraph 13 below).

10. The IAOC's detailed observations and comments, as well as proposed guidelines and criteria, are set out in a document entitled “Proposed Guidelines and Criteria for Monitoring the Implementation of Oversight Recommendations at WIPO”, which is attached to this report as Annex III. The Committee encourages the Secretariat to review this document and to submit to the IAOC at its next meeting:

(a) Proposed revised procedures for monitoring the implementation of oversight recommendations at WIPO, drafted in line with current WIPO policies, rules and regulations but containing new provisions that could improve the efficiency and effectiveness of the work of WIPO's oversight bodies, namely the Internal Audit and Oversight Division (IAOD), the External Auditor and the IAOC, as well as the Organization as a whole, and management and staff accountability for implementation.

(b) An implementation timetable clearly identifying responsibilities.

#### AGENDA ITEM 5: INTERNAL AUDIT AND OVERSIGHT

11. With respect to staffing of the Internal Audit and Oversight Division (IAOD), and following the recent recruitment of a new Director of IAOD, a Head of Investigation and a Senior Internal Auditor, the IAOC welcomed the fact that all IAOD budgeted posts would be filled at the beginning of 2012.

12. The IAOC met with the respective Heads of the Audit, Investigation and Evaluation Sections and had extensive discussions, in particular on the evaluation function. As IAOD is currently in a transition period pending the arrival of the new IAOD Director in January 2012, the Committee wishes to discuss its observations on the work of the respective Sections with the new Director before reporting. The Committee also decided to continue in 2012 its in-depth review of the functions and processes of the Investigation and Evaluation Sections. (See also paragraphs 16 and 17 below).

13. The IAOC discussed with the Head of the Internal Audit Section the internal audit follow-up report IA/09/2011 “Verification of Information Technology and Security Related IAOD Recommendations”, and will discuss this report with the new Director of IAOD. As a preliminary observation, the IAOC noted that WIPO has (a) no procedures for action to be taken in cases where Management and IAOD views on closure of recommendations diverge and (b) no risk acceptance procedures (see also paragraph 9 above and paragraphs 21 to 27 of Annex III).

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<sup>3</sup> Document WO/IAOC/22/2, paragraphs 15 and 16

#### AGENDA ITEM 6: PRESENTATION ON PROCUREMENT

14. The Committee benefited from a presentation on procurement procedures at WIPO by the Assistant Director General for Administration and Management and the Director of the Procurement and Travel Division.

#### AGENDA ITEM 7: PRESENTATION ON INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) OPERATIONS

15. The Committee also benefited from a presentation on ICT operations by the Chief Information Officer (CIO), the Deputy Directors of the Business Solutions Management Service, the IT Technical Service and the IT Service Management Service, and the Head of the Information Security Section. The IAOC discussed with the CIO IAOD's internal audit follow-up report IA/09/2011 "Verification of Information Technology and Security Related IAOD Recommendations". (See also paragraph 13 above). The IAOC took note of the CIO's comments on IAOD's recommendations and, after internal discussion, decided to include monitoring of the follow-up on these recommendations as a standing agenda item for future quarterly meetings within the context of the Committee's proposal for improved follow-up on oversight recommendations (see Item 4 above).

#### AGENDA ITEM 8: IAOC WORK PROGRAM FOR 2012

16. The Committee identified the following areas for its 2012 Work Program:

- WIPO Governance
- Follow-up on Oversight Recommendations
- Risk Management and Internal Controls
- External Audit
- Internal Audit and Oversight, including an in-depth review of the functions and processes of the Investigation and Evaluation Sections
- New Construction Projects
- Proposed revisions to the terms governing IAOC, the External Auditor and IAOD
- Ethics
- Ombuds-function

17. Focus areas are tentatively scheduled as follows:

<i>Session</i>	<i>Focus Areas</i>
Twenty-fourth (March 27 to 30, 2012)	WIPO Governance Meeting with the new External Auditor Meeting with the new Director of IAOD <ul style="list-style-type: none"> <li>- Section Work Plans for 2012</li> <li>- Evaluation Section functions and processes</li> <li>- Investigation Section functions and processes</li> </ul> Follow-up on Oversight Recommendations Secretariat Presentation on Risk Management Ethics

<i>Session</i>	<i>Focus Areas</i>
Twenty-fifth (May 29 to June 1, 2012)	WIPO Governance Tripartite meeting IAOC/External Auditor/IAOD Proposed revisions to the terms governing the IAOC, the External Auditor and IAOD WIPO Financial Statements (1 <sup>st</sup> reading) Internal Audit and Oversight <ul style="list-style-type: none"> <li>- Section progress reports</li> <li>- Evaluation Section functions and processes</li> <li>- Investigation Section functions and processes</li> </ul> Ombuds-function Preparation of IAOC Annual Report
Twenty-sixth (August 28 to 31, 2012)	WIPO Governance External Auditor's Report on the WIPO Financial Statements Other External Audit Reports Follow-up on Oversight Recommendations Risk Management and Internal Controls Internal Audit and Oversight
Twenty-seventh (November 27 to 30, 2012)	Follow-up on Oversight Recommendations Risk Management and Internal Controls Internal Audit and Oversight Ethics

18. The IAOC agreed that progress reports on the New Construction Projects should continue to be submitted on a quarterly basis and that an agenda item on this topic would be scheduled if needed.

19. The Committee also agreed that it will issue an annual report in time for review by the PBC at its September session, in order to provide Member States with greater in-depth analysis on thematic areas. The IAOC further agreed that its quarterly reports will contain a summary of discussions.

#### AGENDA ITEM 9: INFORMATION SESSION FOR WIPO MEMBER STATES

20. An Information Session for Member States was held, attended by representatives of 14 Member States. The Committee briefed the representatives on the contents of the present report.

## AGENDA ITEM 10: OTHER MATTERS

### A. Departure of IAOC External Experts

21. In 2010, Member States decided that “For the sake of continuity, the services of the two external experts in the current Audit Committee will be retained until the end of 2011 (ref. A/41/10, Annex II)”.<sup>4</sup> Messrs. Haddad and Roz were subsequently appointed as non-voting members of the newly constituted IAOC until December 31, 2011.

22. As this session would be the last to be attended by Messrs. Haddad and Roz, the IAOC thanked them for their invaluable help, in particular in providing information on the work undertaken by the previous Committee.

### B. Election of Chair and Vice Chair

23. In line with Article II of the IAOC Rules of Procedure, the Committee elected a Chair and Vice Chair to serve for one year, renewable, from January 1, 2012. The IAOC re-elected Ms. Maria Beatriz Sanz Redrado as Chair and Mr. Fernando Nikitin as Vice Chair.

### C. Next Meeting

24. The Committee’s next meeting is scheduled to take place from Tuesday, March 27 to Friday, March 30.

25. Subject to further discussion by the Committee, the draft Agenda for that meeting is anticipated to include:

1. Meeting with the Director General
2. WIPO Governance
3. Meeting with the new External Auditor
4. Meeting with the new Director of the Internal Audit and Oversight Division
  - A. Section work plans for 2012
  - B. Investigation
  - C. Evaluation
5. Follow-up on Oversight Recommendations
6. Presentation on Risk Management
7. Ethics
8. Information Session for WIPO Member States
9. Other Matters

[Annex I follows]

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<sup>4</sup> Document WO/GA/39/13, Annex, paragraph 16



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## **WIPO Independent Advisory Oversight Committee**

**Twenty-Third Session**  
**Geneva, November 1 to 4, 2011**

### **AGENDA**

*adopted by the WIPO Independent Advisory Oversight Committee*

1. Adoption of the Agenda
2. Meeting with the Director General
3. WIPO Governance
4. Follow-up on Oversight Recommendations
5. Internal Audit and Oversight
  - (a) Internal Audit
  - (b) Evaluation
  - (c) Investigations
6. Presentation on Procurement
7. Presentation on ICT Operations
8. IAOC Work Program for 2012
9. Information Session for WIPO Member States
10. Other Matters

[Annex II follows]



## LIST OF DOCUMENTS

### Agenda item 2      MEETING WITH THE DIRECTOR GENERAL

- Document(s): Follow-up on IAOC/21 recommendations
- Draft Reports from the WIPO Assemblies:
- Assemblies of the Member States of WIPO (A/49/18 Prov)
  - WIPO General Assembly (WO/GA/49/19 Prov)
  - WIPO Coordination Committee (WO/CC/65/4 Prov)

### Agenda item 3      WIPO GOVERNANCE

- Document(s): Summary of Decisions and Recommendations of the 18<sup>th</sup> session of the Program and Budget Committee (WO/PBC/18/21)
- WIPO Governance Structure, (WO/PBC/18/20)
- Report of the WIPO Audit Committee since 2008 (WO/GA/38/2)
- Convention Establishing the World Intellectual Property Organization
- WIPO Financial Regulations and Rules
- Proposed Revisions to the Annexes of the WIPO Financial Regulations and Rules (WO/IAOC/21/2, Annex III)

### Agenda item 4      FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

- Document(s): Draft Guidelines and Criteria for the Monitoring of the Implementation of Oversight Recommendations at WIPO
- Office Instruction No.16/2010 "Implementation of Oversight Recommendations. Reporting Procedures, Roles and Responsibilities", dated May 14, 2010
- IIA Practice Advisory 2410-1: Communication Criteria
- IIA Practice Advisory 2500-1: Monitoring Progress

### Agenda item 5      INTERNAL AUDIT AND OVERSIGHT

- Document(s): WO/GA/40/4 Rev. Summary Annual Report of the Director of the Internal Audit and Oversight Division
- IAOD 2010 Expenditures Estimated Outturn by Sector
- IAOD Expenditures per Section as at October 21, 2011

A. Internal Audit

Briefing Note on the Internal Audit Section, dated October 21, 2011

IAOD Internal Report IA/09/2011 "Verification of Information Technology and Security Related IAOD Recommendations" dated October 21, 2011

- a. Transmittal letter, dated October 21, 2011
- b. Internal Audit Report IA/09/2011, dated October 21, 2011
- c. Detailed Analysis Excel table

B. Evaluation

WIPO Evaluation Policy, dated May 4, 2010

Revised Evaluation Section Workplan 2011, dated August 23, 2011

Briefing Note on the Evaluation Section, of October 21, 2011

Powerpoint presentation slides "Learning from Existing Evaluation Practices on the Impacts and Effects of Intellectual Property on Development" dated October 6/7, 2011

C. Investigations

WIPO Investigation Procedure Manual

WIPO draft Investigation Section Policy

Investigation Section Plan for 2011

Memorandum "Half Yearly Summary Report on Investigation Cases as at June 30, 2011", dated July 18, 2011, from the Director, IAOD to the Director General

Statistical Report on Closed Investigation Cases, May 2011

Investigation Section Briefing Note and Expenditures, dated October 18, 2011

Agenda item 6

PRESENTATION ON PROCUREMENT

Document(s):

A. Procurement Manual

WIPO Procurement Manual

B. WIPO Procurement Public webpage

Procurement Home Page

- Contract Conditions
- Process and Procedures
- Doing Business with WIPO
- Statistics

C. Codes of Conduct

Draft Code of Conduct for Managing Supplier Relationships  
UN Supplier Code of Conduct

D. Report on Procurement Activity 2009/10

Report on Procurement Activity 2009/10, dated October 2011

E. Responses to Specific Information Requested by the IAOC

Memoranda dated October 13, 2011 and September 26, 2011,  
containing information on specific information requested by IAOC

F. Background Documents

Office Instruction 21/2006 Rev. "Procurement and Purchase. General Principles, Framework and Procedures", dated August 23, 2006

Office Instruction 53/2009, "Amendments to Office Instruction 21/2006 Rev." dated September 5, 2009

G. Powerpoint Slides "Presentation on Procurement"

Agenda item 7

PRESENTATION ON ICT OPERATIONS

Document(s):

A. ICT Management

Office Instruction No. 61/2009 "Information, Communications and Technology (ICT) Management" dated October 16, 2009

Information and Communications Technology Board (ICTB) Terms of Reference and covering Memorandum, dated September 13, 2010

Minutes of ICT Board Meeting held on Friday, May 13, 2011

B. IAOD Internal Report IA/09/2011 "Verification of Information Technology and Security Related IAOD Recommendations"

Memorandum A. Sundaram to Nick Treen, Sept. 5, 2011 "Progress Report on the Verification of Information Technology and Security Related IAOD Recommendations IA. 09.2011"

Memorandum W. Lei to Nick Treen, Oct. 17, 2011 "Draft Audit Report on the Verification of IAOD's Information Technology and Related Audit Recommendations (IA/90/2011)"

C. Powerpoint Slides "Information and Communications Technology at WIPO"

Agenda item 10

OTHER MATTERS

Report on Certain Aspects of the New Construction Project, dated  
October 20, 2011

Strategic Realignment Progress Report November 2011

[Annex III follows]

## PROPOSED GUIDELINES AND CRITERIA FOR MONITORING THE IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS AT WIPO

WIPO Independent Advisory Oversight Committee (IAOC)

November 2011

### INTRODUCTION

1. Pursuant to observations contained in the report of its 22<sup>nd</sup> session<sup>5</sup>, the WIPO Independent Advisory Oversight Committee (IAOC) has prepared this document containing proposed guidelines and criteria for monitoring the implementation of oversight recommendations at WIPO.
2. The proposed guidelines are set out in paragraphs 4 to 27 below and the proposed criteria are contained in tables 1 and 2 on pages 7 and 8 of this Annex.
3. The IAOC encourages the Secretariat to review these guidelines and criteria and submit to the IAOC at its 24<sup>th</sup> session in Spring 2012:
  - (a) Proposed revised procedures for monitoring the implementation of oversight recommendations at WIPO, drafted in line with current WIPO policies, rules and regulations but containing new provisions that could improve the efficiency and effectiveness of the work of WIPO's oversight bodies, namely the Internal Audit and Oversight Division (IAOD), the External Auditor (EA) and the IAOC, as well as the Organization as a whole.
  - (b) An implementation timetable clearly identifying responsibilities.

### I. GUIDELINES FOR MONITORING THE IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS AT WIPO

#### A. Compliance and Consistency with Best Practices

##### *Observation and Comment*

4. Internal audit reports and the current process for the monitoring of the implementation of oversight recommendations generally comply with the WIPO Financial Regulations and Rules and auditing best practices. However, additional procedures would improve effectiveness and efficiency.

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<sup>5</sup> Document WO/IAOC/22/2, paragraphs 5, 6, 15, and 16

*Guideline 1*

5. The proposed revised procedures should be in line with current WIPO policies, rules and regulations, as well as industry best practices, including:

- The terms of reference of the IAOC, IAOD and the EA, as contained in the Annexes to the WIPO Financial Regulations and Rules
- Office Instruction No. 16/2010 – Implementation of Oversight Recommendations - Reporting Procedures, Roles and Responsibilities
- Institute of Internal Auditor (IIA) Practice Advisory 2410-1: Communication Criteria, particularly items 6 to 14
- Criteria for risk categorization, including number and definition of risk levels. The same criteria should be used by Management, IAOD and IAOC. (See proposed criteria contained in tables 1 and 2)

B. Monitoring and Coordination of IAOC Recommendations

*Observation and Comment*

6. At its 22<sup>nd</sup> session<sup>6</sup>, the Director General agreed with the IAOC that Management would submit responses on IAOC recommendations to the Director General for onward transmission to the IAOC, to be reviewed by the IAOC at its subsequent quarterly meeting.

7. Although follow-up on IAOC recommendations is not explicitly provided for in the Internal Oversight Charter, IAOD should monitor implementation of IAOC recommendations.

*Guideline 1*

8. The revised procedures should reflect the Director General's agreement with the IAOC that Management responses be submitted to the Director General for onward transmission to the IAOC, for review by the IAOC at its subsequent quarterly meeting.

*Guideline 2*

9. The revised procedures should also provide for IAOD monitoring of the implementation of IAOC's recommendations as well as provisions to ensure reporting coordination and consistency.

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<sup>6</sup> Document WO/IAOC/22/2, paragraphs 5 and 6.

C. Periodicity

*Observations and Comments*

10. The monitoring of the implementation of all oversight recommendations should be carried out on a periodical basis regardless of residual risk level of the respective recommendations. However, the specific periodicity for the monitoring of the various recommendations should be selected according to the residual risk level of each recommendation (see proposed criteria in tables 1 and 2).

11. With respect to periodicity of reporting by IAOD to IAOC, a practice was established for reporting on a six monthly basis. .

12. IAOC meets on a quarterly basis.

*Guideline 3*

13. The proposed revised procedures should establish a practice of monitoring by IAOD of oversight recommendations on a quarterly basis, with the specific periodicity of monitoring of the various recommendations selected according to the residual risk level of each recommendation, in line with the proposed criteria contained in tables 1 and 2. This would enable the IAOC to carry out its obligations on oversight recommendations in a timely manner.

*Guideline 4*

14. The status of the implementation of oversight recommendations should become a standing agenda item at each of the IAOC's quarterly meetings as of 2012. Quarterly follow-up reports by IAOD should be provided to the IAOC at least 15 days in advance of every IAOC quarterly meeting.

D. Additional Information to be provided by IAOD

*Observation*

15. The follow-up information provided by IAOD in its reports lacks sufficient information required for all parties to carry out their responsibilities efficiently and effectively.

*Guideline 5*

16. The monitoring and reporting of the implementation of oversight recommendations should systematically incorporate additional information, namely:

- Residual risk classification for each recommendation
- Ownership (responsibility within WIPO Management)
- An updated response from WIPO Management, expressed as an implementation plan, or as an explanation of a decision made (principle of “comply or explain”).
- Implementation plans including proposed actions, estimated resources and a target implementation date
- Any amendments to implementation plans, activities, responsible, or expected due date, to be approved by one hierarchical level above
- Audit segment/thematic-risk area, or similar, to allow grouping and consideration within the related business processes
- Source of the recommendation: IAOD, EA, JIU, etc.
- Agreement or potential disagreement between Management and IAOD

E. Reporting

*Observation*

17. The reports provided by IAOD to the IAOC omit certain key information.

*Guideline 6*

18. IAOD’s reports should become fully standardized and include the following information:

- Detailed information **only** for recommendations ranked as being of very high or of high risk (see proposed criteria in tables 1 and 2).
- Statistical information covering all recommendations (materiality, non compliance ratio, etc.)
- A separate section containing comments on any responses, including potential disagreements, provided by Management, and on any risk acceptance cases (see also Section G below)



F. Root Cause Analysis and Consolidation

*Observation*

19. The IAOC notes that a number of recommendations share root causes and that those recommendations could potentially be consolidated and reformulated.

*Guideline 7*

20. Management and IAOD are encouraged to:

- Identify recommendations (including IAOC recommendations) that share root causes and which could be addressed by a unique/shared/global implementation plan
- Consolidate and reformulate the recommendations to the extent possible, if necessary formally through an Interim Audit Report to Management. This would help operational management to better apprehend risks and to plan coherent action plans.

G. Acknowledgement of Disagreement between Management and IAOD

*Observation and Comment*

21. The IAOC notes that Management has disagreed with IAOD's position on a number of oversight recommendations. However, IAOD reports contain no information on further action beyond this point.

*Guideline 8*

22. IAOD and Management are encouraged to clarify action to be taken in cases where Management disagrees with the audit risk assessment and/or recommendation, *inter alia*, through discussion at the appropriate hierarchical level and with a view to achieve either:

- agreement, or
- escalation of the issue by the IAOD Director for discussion at a more senior level according to the proposed criteria contained in table 2.

23. IAOC should continue to monitor periodically recommendations where there has been a Management response reflecting disagreement.

H. Risk Acceptance Procedures

*Observation*

24. WIPO does not follow best practice through the establishment of risk acceptance procedures.

*Guideline 9*

25. IAOD should obtain formalized acceptance from the Director General of high and very high residual risks that have not resulted in an appropriate action plan.

26. IAOD should inform IAOC of any such acceptances in time for the IAOC's next quarterly meeting.

27. IAOD should include on its annual report detailed information on high and very high risks which have not been addressed at WIPO but where residual risk has been accepted by top management.

II. CRITERIA FOR MONITORING THE IMPLEMENTATION OF OVERSIGHT  
RECOMMENDATIONS AT WIPO

(See proposed criteria contained in tables overleaf)

<b>5 – Very High</b> It is already a fact	Medium	Important	Very Important	Critical	Critical
<b>4 – High</b> Imminent	Medium	Important	Important	Very Important	Critical
<b>3 – Medium</b> Very Probable	Low	Medium	Important	Very Important	Very Important
<b>2 – Somewhat</b> Some probability of occurrence	Low	Medium	Medium	Important	Very Important
<b>1 – Low</b> Occurrence not probable	Low	Low	Medium	Important	Very Important
<b>↑ Likelihood</b> <b>Impact →</b>	<b>1 – Low</b> Within a department	<b>2 – Somewhat</b> Within a department	<b>3 – Medium</b> Departmental-wide	<b>4 – High</b> Organization-wide	<b>5 – Very High</b> Organization-wide

TABLE 1: Criteria for Oversight Recommendations according to Risk Level/Exposure

	Risk exposure	Risk description	Communication procedure	Implementation plans	Monitoring and follow-up	Communication to IAOC
i	Critical	Potential compromise of the Organization as a whole	Raise immediate attention through written a memorandum to the DG and relevant SMT and Management members	Action plan with clear responsibility for implementation and a deadline discussed and approved by the DG  If no action taken and risk is accepted, formal approval of DG is required	With the DG and SMT on an established target date as well as on an interim basis to be defined <i>ad hoc</i> with the DG	Interim memorandum copied to IAOC Chair  Detailed information of quarterly basis
ii	Very Important	Potential compromise of one or more of WIPO business processes or support functions with Organization-wide consequences	Detailed observations in an audit report to be sent to relevant Management member(s), with a copy to the DG and relevant SMT member(s)	Implementation plans are validated at SMT level  If no action taken and risk is accepted, formal approval of DG required	With DG and SMT, on an established target date or on basis of on-call follow-up, if overdue	Audit report sent to Chair  Detailed information of quarterly basis
iii	Important	Potential compromise of WIPO business process or support function with departmental consequences	Regular audit report and procedures	Implementation plans are established by Management  If risk is accepted, SMT level approval is required	With DG and SMT, on an established target date or on basis of on-call follow-up, if overdue	Audit report sent to Chair  Summarized on a quarterly basis
iv	Medium	Potential compromise of specific WIPO business process or support function with consequences not necessarily extended to a departmental level	Regular audit report and procedures	Implementation plans established at Management level  Risk acceptance may be approved at Management level	Quarterly follow-up with Management	Executive summary sent to Chair  Statistics on a quarterly basis
v	Low	Process weakness leading to a lack of efficiencies, or lack of controls with low probability and impact	Regular audit report and procedures	Implementation plans are established at Management level  Risk acceptance may be approved at Management level	No follow-up is required	Executive summary sent to Chair  Statistics on a quarterly basis

TABLE 2: Proposed Action on Oversight Recommendations According to Risk Exposure

[End of Annex III and of document]