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WIPO Independent Advisory Oversight Committee

Thirty-Ninth Session
Geneva, December 7 to 10, 2015

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1.   The 39th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from December 7 to 10, 2015. Present were Ms. Mary Ncube (Chairperson), Messrs. Gábor Ámon (Vice-Chairperson), Anol Chatterji, Egbert Kaltenbach, and Zhang Guangliang. Messrs. Fernando Nikitin and Nikolay Lozinskiy sent apologies for their absences.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

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

AGENDA ITEM 2: MATTERS ARISING FROM PREVIOUS SESSION

3.   The Committee took stock of the actions taken following decisions at its 38th session.

AGENDA ITEM 3: MEETING WITH THE DIRECTOR GENERAL

4.   As is normal practice, the Committee met with the Director General for an update of relevant strategic issues that WIPO was facing and dealing with. He also briefed the Committee on WIPO's financial performance for the first three quarters of 2015, on the status of recruitment for the vacant position of Director, Internal Oversight Division (IOD), and on the recent resignation of the Deputy Director General (DDG), Culture and Creative Industries Sector.

5.   In relation to Program 30, Small and Medium-sized Enterprises (SMEs) and Entrepreneurship Support, the Director General indicated that the Program had gone through a number of structural changes and he was confident of its performance and ability to meet organizational and program objectives going forward.

AGENDA ITEM 4: INTERNAL OVERSIGHT

Implementation of 2015 Oversight Plan

6.   The Committee was pleased to note that most assignments of the 2015 Oversight Plan had already been completed, and that the remaining two assignments will be completed shortly (Audit of individual contractual services management) or are underway (Audit of Staff Performance Management).

Proposed 2016 Oversight Plan

7.   The Committee reviewed the proposed Oversight Plan for 2016. It welcomed the various oversight assignments planned, which focus on high risk areas. The Committee made a number of suggestions with a view to further improving the presentation of the plan. In particular, the Committee suggested to cross-reference the proposed oversight assignments to the risk ratings in the risk assessment and to provide explanations in cases where oversight areas with a low risk rating have been included in the proposed plan. The Committee also suggested explaining in more detail the underlying resource assumptions for the 2016 plan.

IOD resources

8.   The Committee learned that the Senior Evaluation Officer will be on leave of absence during the entire next year, while the position of Head of the Evaluation Section will no longer be fully filled due to future part-time arrangements.

9.   The Committee further noted that the External Quality Review of the investigation function recommended converting the temporary position of the Secretary of the Investigations Section to a regular position of Investigation Assistant and creating an additional Professional level position. The Committee recognizes that the current in-house capacity is insufficient to cope with the rising caseload, thus making IOD heavily reliant on external investigation resources. Furthermore, the current situation does not facilitate continuity and the retention of institutional knowledge.

10.   The Committee supports strengthening the in-house evaluation and investigation capacity and was informed that the Acting Director of IOD was currently preparing a proposal in that regard.

Oversight Reports

11.   Together with IOD and the Program Managers concerned, the Committee reviewed two audit reports and one evaluation report:

Audit of Management of WIPO Customer Services

12.   The Committee noted the overall positive assessment of WIPO Customer Services and the potential to further strengthen Customer Services and to add to more consistency across WIPO by establishing a Customer Service Board and developing a customer service strategy. The Committee noted the very structured and precise action plan developed by Management.

13.   This report will be published on the WIPO website in line with the IOD Report Publication Policy.

Review of Business Continuity Management

14.   The review by IOD confirmed that WIPO is already well advanced in establishing an Organizational Resilience Management System (ORMS) and made a number of recommendations to fine-tune the resilience system being established.

15.   The Committee noted that major parts of the report will be redacted prior to publication, and emphasized that redacting or withholding oversight reports should remain the exception.

Evaluation of Program 30 – SMEs and Innovation

16.   The Committee noted that the Program went through a series of structural changes, which continued while the evaluation was ongoing. The Committee underlines the evaluation recommendation that the organizational structure be stabilized so that the Program's performance can be re-assessed based on a revised and more accurate performance framework.

Draft Evaluation Policy

17.   The Committee reviewed the revised draft Policy and was pleased that the document was now focused and concise and that previous suggestions had been taken into account. The Committee provided additional suggestions, both substantive and editorial, to further improve the document. These suggestions, together with any comments received from Member States, will guide IOD in finalizing the Policy.

Investigations – External Quality Assessment

18.   The Committee reviewed the report on the External Quality Review of WIPO's investigation function. This independent external assessment is required by the Internal Oversight Charter and was conducted by two senior investigators from two international organizations, namely the European Patent Office (EPO) and United Nations High Commission for Refugees (UNHCR). The Committee is pleased that the assessment confirmed IOD's conformity with the Uniform Principles and Guidelines for Investigations in international organizations and its compliance with the Internal Oversight Charter and with the Investigation Policy. The Committee commends IOD on this achievement. The assessment report also makes a number of recommendations (13 in total) for further improving IOD's investigation capacity and procedures and its outreach. The Acting Director of IOD has accepted these recommendations and the Committee will support their implementation.

Investigations – Caseload

19.   The Committee was briefed on ongoing and new investigation cases. The Committee noted that currently there are 22 pending investigation cases, 18 of which were registered in 2015. In 2015 the total number of complaints filed was 31. The Committee is concerned about the high number of complaints, in particular with regard to the relatively high ratio of allegations of harassment, abuse of authority or other inter-personal issues.

20.   The Committee learned about a case of a recruitment fraud which was facilitated by weaknesses in the recruitment process. The Committee was informed that a Management Implication Report (MIR) would be issued shortly. The Committee will revisit this matter upon receipt of the MIR.

AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

21.   The Committee was pleased to note that in 2015 as many as 94 oversight recommendations had been implemented and closed. With 78 new recommendations made in 2015, the total number of outstanding recommendations was thus reduced to 164.

22.   The Committee noted that this number includes 14 recommendations emanating from the External Quality Assessment of the evaluation function, most of which are likely to be fully addressed by the issuance of the new Evaluation Policy, envisaged for early next year. The Committee also noted that 29 of the 164 outstanding recommendations are more than two years old and urges Management to focus its efforts on those recommendations.

23.   The Committee was pleased to note that there has been a decrease in the number of cases where the original implementation date was revised.

AGENDA ITEM 6: UPDATE ON RECRUITMENT

24.   The IAOC met with the Director, Human Resources Management Department and was informed that the recruitment process for the Ombudsperson was well advanced and that the selected candidate was expected to come on board early next year.

AGENDA ITEM 7: ETHICS

25.   The Committee met with the newly appointed Chief Ethics Officer, and discussed the objectives and other related issues of the Ethics Office. The Chief Ethics Officer shared her views of the strategic priorities under her responsibility, such as building a greater awareness of ethics among staff members, and urging them to act in an ethical manner. She emphasized the significance of training on ethics and planned to introduce online training tools to assist in that

effort. She also pointed out that as a UN system agency, WIPO should strive to follow best practices of other UN agencies in this regard. The Committee agrees with, and fully supports, such an initiative.

26. In accordance with the Internal Oversight Charter, the Chief Ethics Officer will submit her proposed 2016 workplan to the Committee for its review and advice.

AGENDA ITEM 8: EXTERNAL AUDIT

27. The Committee welcomed Mr. K. S. Subramanian, Director General (International Relations) of CAG India, who had agreed to meet the Committee in person following a request made by the Committee to him.

28. During discussions with the Committee, the Director General (International Relations) informed the Committee that he had put in place a procedure by which open recommendations pertaining to the External Auditor's reports, particularly relating to financial audits, would be reviewed annually during the visit of the external audit team. He also stated that several open recommendations had already been closed and expected that this procedure would continue satisfactorily.

29. The Committee was also informed that recommendations arising out of the External Auditor's report were being uploaded into the database maintained by IOD and closure of recommendations was also being recorded in the same database as in the case of IOD reports.

30. The recommendations in the Executive Summary of the report of the External Auditor are all classified as high risk, whereas the other recommendations in the report that are not included in the Executive Summary are considered as medium risk. Recommendations in the Management letters preceding the formal report that do not find place in the report of the External Auditor are categorized as being medium/low risk. The Committee had raised the feasibility of revisiting the categorization of the priorities assigned to recommendations made by the External Auditor, depending on the remedial measures taken by Management or other developments which would affect such categorization. The Director General (International Relations) agreed to discuss the matter further internally in the office of the CAG of India and to revert to the Committee thereafter.

31. The Director General (International Relations) shared the Annual Audit Plan for the period June 2015 to May 2016 and discussed the criteria agreed on with the Committee. The Committee was pleased to note that the plan complemented the 2016 Oversight Plan of IOD.

AGENDA ITEM 9: MEETING WITH INDEPENDENT AUDIT ADVISORY COMMITTEE (IAAC)

32. Responding to an invitation from the IAAC of the United Nations, the Committee met with the members. The interaction centered on sharing views on coordination and collaboration among Oversight Committees in the UN system, including sharing best practices. The meeting discussed a number of issues including follow-up on outstanding recommendations, coordination of external and internal audit activities and risk management.

AGENDA ITEM 10: IAOC 2016 BUDGET AND JOB DESCRIPTION OF SECRETARY

33. The Committee provided Management with performance indicators and workplan objectives for the Secretary of the IAOC.

34. The Committee discussed and agreed on its resource requirements for 2016.

AGENDA ITEM 11: ENTERPRISE RESOURCE PLANNING (ERP)

35.   The IAOC noted that Member States had already been informed about the revised timeline for the completion of the ERP Project. Management also asserted that the delay would not lead to any cost escalation.

36.   The Committee noted that as at the end of Q3 of 2015, the position of budget utilization stood at 65 per cent, while project implementation stood at 62 per cent. The Committee was pleased that the progress in project implementation was roughly commensurate with budget utilization.

37.   The IAOC observed that the Business Intelligence module of ERP may facilitate synergy between Management and IOD to identify and rectify errors without much delay. The Committee has suggested that the Acting Director, IOD explore the use of ERP in that regard.

38.   The Committee was informed that a number of capabilities had been achieved during the period 2014/15 and a number of further capabilities had been planned for the period 2016/17. The progress made in actual implementation and the impact, particularly on efficiency of WIPO's work processes and resulting enhancement of productivity, would have to be monitored.

39.   The IAOC noted that the success of the ERP would depend upon its acceptance by all levels of Management to use information generated by it to enhance their management roles. Staff would also need encouragement and support to fully utilize automated workflows. To this end personnel needs for ERP should be met by engaging regular staff for routine implementation and contractual staff for maintenance, upgrading and troubleshooting under the guidance of the ICT Division. Training, both in house and through external agencies, should form an integral part of the ERP Program. For Management, including Senior Management, such courses should aim at enabling them to fully utilize the potential of WIPO's resources.

AGENDA ITEM 12: ENTERPRISE RISK MANAGEMENT (ERM)

40.   An in-depth presentation was provided to the Committee on progress made on the implementation of the ERM Project which is expected to be completed in the 2016/17 biennium. The Committee noted that implementation targets on the Risk Management Road Map for the period inclusive of the 2014/15 biennium had been achieved with the exception of one target – Performance reporting on risks to Member States. Management indicated that this would be undertaken in 2016. Furthermore, the Committee noted that three out of seven targets on the Road Map under 2016/17 had been achieved as at December 2015.

41.   The Committee discussed with Management the possibility of revising one aspect of the categorization of risks into managed, significant and critical, as it appeared to suggest that risks categorized as significant and critical did not have mitigation or management plans in place. The Committee took note of the training initiatives that had been implemented, including the development of course material.

42.   The Committee was pleased to note that consideration of risk was now taken into account from the preparation of work plans and budgets and in day to day program implementation and operations. The Committee will continue to monitor the progress on ERM at its future sessions.

AGENDA ITEM 13: BRIEFING ON THE HAGUE UNION

43.   The Committee met with the Director, The Hague Registry (Program 31), Brands and Design Sector, who gave an informative introduction to The Hague System regarding the objectives and advantages thereof, and the functions of design patents for stimulating innovations. The Committee was briefed on the *status quo*, operations and challenges of the

system. Notwithstanding the many challenges the Program encounters, the Committee was pleased to note the system's potential to develop to be sustainable and efficient.

AGENDA ITEM 14: UPDATE ON CONSTRUCTION PROJECTS

44.   The Committee met with the Assistant Director General, Administration and Management Sector, and the Director, Premises Infrastructure Division. The Committee noted that a comprehensive briefing had been presented to the General Assembly at its last session. The Committee was pleased to note that, as of the meeting date, only two accounts with companies and suppliers and one account with professional specialists remained to be fully validated and agreed on. Management was confident that these remaining accounts could be finalized before the end of 2015.

AGENDA ITEM 15: INFORMATION SESSION FOR MEMBER STATES

45.   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 16: OTHER MATTERS

Ombudsperson

46.   The Committee met with the Acting Ombudsperson who shared her observations with the IAOC that a lack of open communication was a big obstacle for the Organization in terms of managing conflicts, the core function of which was to understand each other and to find "win-win" solutions to problems. The Committee encouraged the Ombudsperson to share her observations with her successor.

Next Session

47.   The IAOC's next session will take place from Tuesday, March 15 to Friday, March 18, 2016. The draft Agenda for that session is as follows:

(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)   Risk Management and Internal Control

(10)   Ethics and Ombudsperson

(11)   Information Session for Member States

(12)   Other Matters

[Annexes follow]

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AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

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. Update on Recruitment

7. Ethics

8. External Audit

9. Meeting with Independent Audit Advisory Committee (IAAC)

10. IAOC 2016 Budget and Job Description of Secretary

11. Enterprise Resource Planning (ERP)

12. Enterprise Risk Management (ERM)

13. Briefing on The Hague Union

14. Update on Construction Projects

15.   Information Session for Member States

16.   Other Matters

[Annex II follows]

IAOC/39
December 7 to 10, 2015

List of Documents

ITEM 1:   **ADOPTION OF THE AGENDA**
[01]   Draft Agenda
[02]   Draft Timetable
[03]   List of Documents

ITEM 2:   **MATTERS ARISING FROM PREVIOUS SESSION**
[04]   IAOC List of Action Items
[05]   Rolling Agenda for IAOC/39 to IAOC/43

ITEM 3:   **MEETING WITH DIRECTOR GENERAL**

ITEM 4:   **INTERNAL OVERSIGHT**

Internal Oversight Division:
[06]   IOD Quarterly Activity Report – Status of Work (Final) November 2015 / IOD-IAOC-2015/04
[07]   IOD Draft 2016 Oversight Plan

Internal Audit:
[08]   Internal Audit Report IA 2015-01 "Review of Business Continuity Management" – November 2015
[09]   Internal Audit Report IA 2015-07 "Audit of the Management of WIPO Customer Services" – November 2015

Evaluation:
[10]   Evaluation Policy (Draft) Second Edition / 2016 – 2020
[11]   Evaluation Report (Final) – EVAL 2014-04 "Program 30: Small and Medium-sized Enterprises and Innovation Evaluation 2010 – 2014"

Investigation:
[12]   External Quality Assessment of the WIPO Investigation Function

ITEM 5:   **FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS**
[13]   Memo on Open Oversight Recommendation – November 2015
[14]   Memo on Open Oversight Recommendation – Additional information November 2015

ITEM 6:   **UPDATE ON RECRUITMENT**

ITEM 7:   **ETHICS**
[15]   Information Circular No. 24/2015 – Appointment in the WIPO Ethics Office, Office of the Director General – September 12, 2015

ITEM 8:   **EXTERNAL AUDIT**
[16]   Annual Audit Workplan for period June 2015 to May 2016

ITEM 9: MEETING WITH INDEPENDENT AUDIT ADVISORY COMMITTEE (IAAC)
[17] Bio on IAAC representatives
[18] Comparative Analysis of IAOC and IAAC *2*

ITEM 10: IAOC 2016 BUDGET AND JOB DESCRIPTION OF SECRETARY
[19] IAOC Workplan and Budget for 2016
[20] IAOC 2015 Actuals, to date
[21] IAOC 2016 Budget
[22] Job Description of IAOC Secretary

ITEM 11: ENTERPRISE RESOURCE PLANNING (ERP)
[23] ERP Portfolio *(PowerPoint presentation)*

ITEM 12: ENTERPRISE RISK MANAGEMENT (ERM)
[24] WIPO Third Semi-Annual Risk Management Report – for period January 1 to end August 2015

ITEM 13: BRIEFING ON THE HAGUE UNION
[25] Paper – Programs at WIPO (Program 31: The Hague System)

ITEM 14: UPDATE ON CONSTRUCTION PROJECTS
[26] Background Note on the New Conference Hall Project
[27] WO/PBC/24/13, Progress Report on the New Construction Project and the New Conference Hall Project

ITEM 15: INFORMATION SESSION FOR MEMBER STATES

ITEM 16: OTHER MATTERS

[End of Annex II and of document]