

## **WIPO Independent Advisory Oversight Committee**

**Forty-Third Session**  
**Geneva, November 21 to 25, 2016**

### **REPORT**

*adopted by the WIPO Independent Advisory Oversight Committee*

## **INTRODUCTION**

1. The 43<sup>rd</sup> session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from November 21 to 25, 2016. Present were Ms. Mary Ncube, Messrs. Anol Chatterji, Egbert Kaltenbach, Nikolay Lozinskiy, Fernando Nikitin and Zhang Guangliang. Mr. Gabor Amon, Chair, had to depart unexpectedly after the first day of the session and presented his apologies to the Committee.

### **AGENDA ITEM 1: ADOPTION OF THE AGENDA**

2. The Committee adopted its Agenda, with minor 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 IAOC took stock of the actions carried out following decisions taken at previous sessions.

### **AGENDA ITEM 3: MEETING WITH THE DIRECTOR GENERAL**

4. The Committee met with the Director General who briefed the IAOC on the financial situation and on global market trends and their implications for WIPO. He also informed the Committee on planned major projects such as the development of a global IP platform.

5. The Director General thanked the outgoing members of the Committee for their service and the valuable advice provided during their term.

### **AGENDA ITEM 4: INTERNAL OVERSIGHT**

6. The Committee reviewed together with the Acting Director, Internal Oversight Division (IOD), the latest IOD Activity Report and was pleased to note that most assignments of the 2016 Oversight plan have been progressing as planned. The Audit Report on WIPO Lex has been issued and published in its original version on the WIPO website. The Committee was pleased to note that the audit was initiated at the request of Management and that the IOD and Management worked together to formulate an action plan on the basis of which WIPO Lex Program could be developed further and its data quality improved. The Audit Reports on Project Management and on Enterprise Risk Management are expected to be issued before the end of 2016. The audit of the Ethical Framework is well advanced and a draft Audit Report has been shared with the Chief Ethics Officer for comments. The Committee looks forward to receiving the final Audit Report which is expected to be issued in January 2017.

7. IOD also continues its continuous auditing activities, using data analytic tools to analyze certain transactions in the areas of procurement, payments, and human resources, covering the period January 1 to August 31, 2016. The Committee took note that the analysis showed a high number of exceptions and that there was no improvement in data quality compared to the previous period analyzed.

8. On investigations, the Committee noted that the number of cases has been stable and that all but one of the pending cases were received in 2016. The Committee was pleased that IOD's new approach to conducting preliminary evaluations allows closure of those cases that do not warrant a full investigation within a short timeframe.

9. The Committee was informed by the Director, Human Resources Management Department (HRMD) that the new Director, IOD, is expected to take up office on

February 1, 2017, and that Mr. Efendioğlu will continue to serve as Acting Director until that date.

10. While vacancies in the Investigation Section at P3 and P4 levels, respectively, have been filled, the position of Head, Evaluation Section has been re-advertised and is expected to be filled in the course of the first quarter of 2017.

11. The Committee reviewed the 2017 draft Oversight Plan and was pleased that the proposed plan provides for a good mix of oversight assignments which collectively will ensure comprehensive risk-based oversight coverage. The assignments planned by IOD are supplemented by the audits planned by the External Auditor. The plan is fully costed and its results are likely to be achievable with the approved staffing resources. As requested by the General Assembly, the Oversight Plan includes a review of Procurement Process, Policies and Procedures.

#### **AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS**

12. The Committee reviewed the status of implementation of oversight recommendations. As of October 31, 2016, a total of 160 oversight recommendations were outstanding. Eight recommendations had been closed, and 11 new recommendations added to the database. The Committee was pleased to note that the External Auditor is now actively using WIPO's TeamCentral database for recording and following up on their recommendations, thus ensuring that all oversight recommendations are tracked in one system.

13. The Committee discussed with Management and the Acting Director, IOD, options for better reflecting shared responsibility for implementing certain audit recommendations. The Committee was informed that Management and IOD plan to implement a solution in this regard.

#### **AGENDA ITEM 6: AMENDMENTS TO THE INTERNAL OVERSIGHT CHARTER (FOLLOW-UP TO GENERAL ASSEMBLY DECISIONS)**

14. The Vice-Chair briefed the Committee members on the deliberations of the General Assembly at its 48<sup>th</sup> session, leading to the amendments of the Internal Oversight Charter.

15. The Committee discussed with the Acting Director, IOD, the implications of those amendments, in particular the expanded investigation mandate to cover "external cases", such as fraud and corruption by vendors, and the confidential access of Member States to those audit reports which have not been published in their original version.

16. In response to the request of the General Assembly, the Committee plans to develop at its next session a proposal for amending the WIPO Staff Regulations and Rules (SRR). This proposal will be discussed with the Legal Counsel and will be submitted to the Coordination Committee.

#### **AGENDA ITEM 7: INVESTIGATION POLICY AND INVESTIGATION MANUAL**

17. The Committee reviewed the final versions of the proposed revised Investigation Policy and Investigation Manual. These final versions incorporate the amendments to the Internal Oversight Charter approved by the General Assembly and take into account inputs received from consultation with Member States and the WIPO Secretariat, in particular the Legal Counsel and the HRMD. The Committee was satisfied that its comments and suggestions made earlier had been reflected in these final versions.

18. The Committee was of the view that these two documents were ready to be issued, thus ensuring that investigation policies and procedures are up to date and in line with the recent General Assembly decision.

#### **AGENDA ITEM 8: ADMINISTRATION AND MANAGEMENT MATTERS**

19. The Director, Program and Budget Division, provided the Committee with details on the financial results.

20. At the request of the Committee, the Director, Procurement and Travel Division, shared with the Committee the proposed Vendor Sanctions Procedures which are built on the Model Policy Framework on Vendor Sanctions of the UN system. The Committee welcomed that WIPO will adopt a formal Vendor Sanctions Policy and provided several suggestions on the draft document. The Committee suggested in particular reflecting in the new policy the expanded mandate of IOD for external cases and IOD's role in the Vendor Sanctions Process.

21. The Committee was also briefed on the ongoing review of procurement policies and procedures by a working group established by Management and discussed the timing of this review and the subsequent audit by IOD. As requested by the General Assembly, the Committee will review and comment on the results before their presentation to the Program and Budget Committee.

#### **AGENDA ITEM 9: SELECTION OF EXTERNAL AUDITOR FOR 2018 – 2023**

22. The Committee reviewed the preliminary evaluation of the proposals received for the external audit of WIPO starting January 1, 2018, and discussed them with the evaluation team, seeking clarification on the evaluation process and results.

23. The Committee provided advice to the evaluation team on certain aspects of the proposals and their evaluation, emphasizing *inter alia* the need for the External Auditor to provide both financial and performance audits.

#### **AGENDA ITEM 10: EXTERNAL AUDIT**

24. The Committee had a conference call with the Director of External Audit (International Relations), discussing the External Audit workplan for the period June 2016 to May 2017. The Committee was informed that the selection of areas to be audited took into account past and future internal oversight coverage, and that the audits planned for 2016/2017, namely *The Hague System* and *Other Contractual Services*, did indeed supplement the internal oversight coverage.

25. The Committee noted that interactions between the External Auditor and IOD took place mainly with Management acting as an intermediary. This encouraged a more direct interaction between the two audit bodies.

26. The Director of External Audit (International Relations) informed the Committee on recent changes to the International Standards on Auditing (ISA), which included a revised ISA 700 on the "Independent Auditor's Report" and a new ISA 701 on "Communicating Key Audit Matters", which provide the option of including key audit matters in the Auditor's Short Form Report. In that regard, the External Auditor is seeking the views of the IAOC and of others "charged with governance". The Committee will review the matter at its 44<sup>th</sup> session.

## **AGENDA ITEM 11: ETHICS AND OMBUDSPERSON**

### *Ethics*

27. The Acting Director, IOD, briefed the Committee on the results of the recently completed Audit of the Ethical Framework. Once the final Audit Report has been issued, the Committee will review, with the Chief Ethics Officer, her action plan for addressing issues identified by the audit and will follow up throughout 2017 on the implementation of the audit recommendations.

28. In accordance with its Terms of Reference, the Committee had planned to review and provide advice on the proposed workplan of the Ethics Office for 2017. Unfortunately, the Committee has not received the workplan for 2017, or a progress report on the implementation of the 2016 workplan. Furthermore, the Committee is still awaiting information on the status of the review of WIPO's Whistleblower Protection Policy which had been requested by the General Assembly at the recommendation of the Coordination Committee. As the Chief Ethics Officer was out of town, she was not available for discussion and clarification.

### *Ombudsperson*

29. The Committee met with the Ombudsman who presented an analysis of cases received and discussed options to more effectively encourage the use of informal conflict resolution mechanisms. The Committee is concerned that conflicts often result in formal complaints and allegations of wrongdoing without first seriously attempting to resolve such matters informally, e.g. through mediation.

## **AGENDA ITEM 12: INDUCTION PROGRAM FOR NEW IAOC MEMBERS**

30. Together with the ADG, Administration and Management Sector, the Committee discussed the induction program for the five new members of the IAOC who are expected to take up their duties as of February 1, 2017, identifying the topics to be covered by various presentations to help the new members understand WIPO's governance and business lines, as well as the main systems and policies in place.

## **AGENDA ITEM 13: ELECTION OF IAOC CHAIR AND VICE-CHAIR**

31. In accordance with its Terms of Reference and Rules of Procedure, the Committee re-elected Messrs. Gábor Ámon and Egbert Kaltenbach as Chair and Vice-Chair, respectively, for the year 2017.

## **AGENDA ITEM 14: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

32. An information meeting was held at which the IAOC briefed Member States' representatives on deliberations during the present session and responded to questions posed by the attending Delegates.

## **AGENDA ITEM 15: OTHER MATTERS**

### *Sessions in 2017*

33. The IAOC decided on the following dates for its regular sessions in 2017:

- March 27 to 31, 2017 – IAOC 44<sup>th</sup> session
- July 4 to 7, 2017 – IAOC 45<sup>th</sup> session
- October 17 to 20 2017 – IAOC 46<sup>th</sup> session
- December 12 to 15, 2017 – IAOC 47<sup>th</sup> session

*Next Session*

34. The IAOC's next session will take place from Monday, March 27 to Friday, March 31, 2017. The draft Agenda for that session is as follows:

- (1) Adoption of the Agenda
- (2) Matters arising from previous Session
- (3) Induction for new Members
- (4) Meeting with the Director General and the Senior Management Team
- (5) Internal Oversight
- (6) Follow-up on Oversight Recommendations
- (7) Procurement Review
- (8) Review of Financial Regulations and Rules
- (9) Draft Financial Report and Financial Statements
- (10) Follow-up on Coordination Committee Request
- (11) Ethics
- (12) Information Meeting with Member States' Representatives
- (13) Other Matters

[Annexes follow]



**WO/IAOC/43/1**  
**ORIGINAL: ENGLISH**  
**DATE: NOVEMBER 1, 2016**

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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. Amendments to the Internal Oversight Charter (follow-up to General Assembly Decisions)
7. Investigation Policy and Investigation Manual
8. Administration and Management Matters
9. Selection of External Auditor for 2018 - 2023
10. External Audit
11. Ethics and Ombudsperson
12. Induction Program for new IAOC Members
13. Election of IAOC Chair and Vice-Chair
14. Information Meeting with Member States' Representatives
15. Other Matters

[Annex II follows]



**WO/IAOC/43/INF/1**  
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### **LIST OF DOCUMENTS**

*adopted by the WIPO Independent Advisory Oversight Committee*

**ITEM 1: ADOPTION OF THE AGENDA**

- [01] Draft Agenda
- [02] Draft Timetable
- [03] IAOC Rolling Agenda, at November 2016
- [04] List of Documents

**ITEM 2: MATTERS ARISING FROM PREVIOUS SESSION**

- [05] IAOC Action List

**ITEM 3: MEETING WITH THE DIRECTOR GENERAL**

No document: Oral account

**ITEM 4: INTERNAL OVERSIGHT**

*Internal Oversight Division:*

- [06] IOD Activity Report – (November 9, 2016)  
Reference: IOD-IAOC-2016/04
- [07] IOD Draft Oversight Workplan 2017 (November 14, 2016)  
Reference: IOD/WP/2017/1

*Internal Audit:*

- [08] Internal Audit Report – Audit of WIPO Lex (IA 2016-07)
- [09] PowerPoint – Audit of WIPO's Ethical Framework (November 2016)

**ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS**

- [10] Open Oversight Recommendations (November 3, 2016)



**ITEM 6: AMENDMENTS TO THE INTERNAL OVERSIGHT CHARTER (FOLLOW-UP TO GENERAL ASSEMBLY DECISIONS)**

- [11] Extract from WIPO Financial Regulations and Rules, ANNEX I: WIPO Internal Oversight Charter (Amended on October 11, 2016)
- [12] Open Oversight Recommendations (November 3, 2016)

**ITEM 7: INVESTIGATION POLICY AND INVESTIGATION MANUAL**

- [13] Draft Investigation Policy – Internal Oversight Division (IOD/IP/XXX)
- [14] Draft Investigation Manual – Internal Oversight Division (IOD/IP/XXX)

**ITEM 8: ADMINISTRATION AND MANAGEMENT MATTERS**

*Financial Situation / Financial Management / Vendor Sanction Policy / Working Group on Procurement Review*

- [15] PowerPoint – Procurement Presentation, IAOC – WIPO Procurement and Travel Division (November 21, 2016)
- [16] Draft Office Instruction – Vendor Sanctions Procedures

**ITEM 9: SELECTION OF EXTERNAL AUDITOR FOR 2018 - 2023**

- [17] Preliminary Technical Evaluation of Proposals (November 9, 2016)
- [18] Response to the Call for Proposals for the Appointment of the External Auditor of WIPO for the Financial Period between 2018 and 2023 (Proposals 1 and 2)

**ITEM 10: EXTERNAL AUDIT**

- [19] External Audit Annual Workplan 2017

**ITEM 11: ETHICS AND OMBUDSPERSON**

*Ethics:*

- [20] Ethics Office Workplan 2017 (*yet to be submitted*)
- [21] Whistleblower Protection Policy (as per GA request) (*yet to be submitted*)

*Ombudsperson:*

- [22] End of Assignment Report, Interim Ombudsperson (April 2016)

**ITEM 12: INDUCTION PROGRAM FOR NEW IAOC MEMBERS**

- [23] Extract IAOC/32: Final Draft Annotated Agenda (March 7, 2014)

**ITEM 13: ELECTION OF CHAIR AND VICE-CHAIR**

No document: IAOC matter

**ITEM 14: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

No document: Oral account

**ITEM 15: OTHER MATTERS**

- [24] Report – Forty-Second Session (WO/IAOC/42/2)
- [25] Information Circular No. 29/2016 – Appointment of Deputy Director General, Copyright and Creative Industries Sector
- [26] Appointment of Deputy Director General, Copyright and Creative Industries Sector (July 12, 2016) (doc. WO/CC/72/2)
- [27] Information Circular No. 32/2016 – Official Holidays in 2017
- [28] Office Instruction No. 29/2016 – WIPO Member States Under United Nations Sanctions Regimes
- [29] Office Instruction No. 29/2016 – ANNEX I: Terms of Reference of the Chief Compliance Officer
- [30] Office Instruction No. 29/2016 – ANNEX II: United Nations Sanctioned Countries
- [31] Office Instruction No. 32/2016 – Senior Management Team (SMT) Composition and Terms of Reference

- [32] Circular note C. N 3724 – Calendar of dates for the principal Committees and Bodies of WIPO and UPOV that will meet in 2017

[End of Annex II and of document]