

WIPO Independent Advisory Oversight Committee

Fifty-Eighth Session
Geneva (Virtual), September 1 to 4, 2020

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. Due to the ongoing COVID-19 pandemic, the 58th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place virtually from September 1 to 4, 2020. Present were Mr. Mukesh Arya (Chair), Ms. Tatiana Vasileva (Vice-Chair), Messrs. Bert Keuppens, Igors Ludboržs and Zhang Long. Ms. Maria Vicien-Milburn and Mr. Othman Sharif were unable to participate and sent apologies for their absence.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

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

AGENDA ITEM 2: CONFLICT OF INTEREST DECLARATION

3. Members present were asked to disclose any actual or potential conflict of interest. No conflict of interest was reported.

AGENDA ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

4. The Committee discussed the 57th Session Report (WO/IAOC/57/2), and corrected an editorial error in the first sentence in paragraph 20 to read, as follows:

“20. The Committee noted that, 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.”

AGENDA ITEM 4: MEETING WITH THE DIRECTOR GENERAL

5. The Director General briefed the Committee on the current activities of the Organization, particularly in the context of the ongoing pandemic. This being his last meeting with the Committee, as his second six-year term ends on September 30, 2020, he expressed his profound thanks for the role and functioning of the IAOC and acknowledged the invaluable part that the IAOC played in WIPO.

6. The Committee, in turn, also thanked the Director General for his leadership and for the congenial working relationship he had with IAOC all through his years of tenure.

AGENDA ITEM 5: INTERNAL OVERSIGHT

IOD Activity Report

7. The Committee discussed with the Director, Internal Oversight Division (IOD) and his team, the quarterly Activity Report dated August 21, 2020. The Committee took note of three reports issued during the quarter, consisting of one audit engagement report, one evaluation report, and one validation report. The Committee also took note of the modifications made to the 2020 Annual Workplan, taking into account limitations imposed by the pandemic. The Committee noted that three planned audits had been moved forward, while two had been added, namely Review and Update of the IOD Annual Planning Development Cycle, and COVID-19 Crisis Management in WIPO. Also noting the usefulness of the investigation training taken by IOD staff, the Committee suggested more training focused on social media investigation to guard against potential reputational risks to WIPO.

Internal Audit Engagements

8. The Committee, together with the Director, IOD and line Managers, reviewed the Validation of the 2018/19 WIPO Performance Report (WPR), issued on July 13, 2020. The Committee noted that the report was the sixth validation exercise done by IOD since 2008 at the request of Member States. The Committee appreciated that IOD's purpose was to independently verify the reliability and authenticity of performance information contained in the WPRs. However, this validation exercise was started at the time when the results-based management framework was just introduced to the Organization. Noting that the results-based management system has now fully matured, the Committee advised the IOD to re-assess whether its limited resources may be used more effectively to conduct evaluation of programs or review of program monitoring systems rather than to conduct regular validation of WPRs every two years. The Director IOD agreed to examine this but any change in the present system will have to be done with the approval of Member States, as this WPR validation was mandated by the General Assembly of WIPO. The Director, IOD further indicated that after the planned combined audit and evaluation of Results-Based Management is completed in 2021, they would come up with a revised approach to improve or replace the biennial validation exercise.

9. The Committee also enquired about the methodology used in the validation exercise, such as the evaluation criteria, the survey, and the random sampling done by IOD. The Director, IOD, mentioned that no criticisms had been received as to the possible subjectivity of some evaluation criteria. The IOD agreed to take suitable measures to try and improve the currently low survey response rate in the future. The Committee further suggested that IOD refer to the guidance provided by the Institute of Internal Auditors when it comes to assessing management performance indicators. The Committee also indicated its preference for more outcome-oriented performance indicators versus output-oriented performance indicators.

10. The second report reviewed by the Committee, together with the Director, IOD, was the Report on Assurance Mapping of WIPO, issued on July 13, 2020. The report was principally aimed at IOD and its assurance process, but included comments on other assurance providers on "The three lines of defense model" of WIPO. Noting the overall results of the assurance mapping, the Committee felt reassured that there were no significant assurance gaps identified by IOD. The Committee took note of IOD's conclusion that the defense mechanisms at WIPO, when used in combination with other corporate and entity-specific controls, provided a relevant coverage of assurance mechanism.

11. The Committee was impressed with the engagement undertaken by IOD, which may be a first that they had seen among other internal oversight offices. The Committee agreed with IOD that this assurance mapping exercise should be done regularly. For the present, IOD indicated that it would be reasonable to do this every two years. Additional suggestions from the Committee included obtaining comments from other external assurance providers, looking at duplication of assurance efforts, and using the updated model of "The three lines of defense" issued by the Institute of Internal Auditors.

Evaluations

12. The Committee, together with the Director, IOD, and Management, reviewed the Report on Evaluation of the Regional Bureau for Africa, issued on July 20, 2020. The Committee found the report interesting and informative. The Committee took note of the mandate of the Regional Bureau for Africa, which was to coordinate, develop, and provide technical assistance to 45 countries in the African region in furtherance of Intellectual Property policy normative frameworks. The Committee noted the major findings, particularly that the Bureau responded to the needs of the national counterparts and that significant efforts were made to deliver results, amidst challenges in the region. However, the Committee could sense from the report, the gap between the region's needs and the available resources of the Regional Bureau.

13. The evaluation resulted in seven recommendations, with one ranked as high priority. The Committee suggested that the recommendation to strengthen the existing planning process be ranked high priority instead of medium priority. The Committee also advised IOD that, for future evaluation reports, Management comments and action plans should be obtained prior to releasing the report, in order to have a full appreciation of the recommendations that have been agreed upon for implementation.

Investigations

14. The Committee was briefed on the status of investigation cases. Since its last session, two new cases were opened, and two cases were closed, one after a preliminary evaluation and another after a full investigation, substantiating allegations of misconduct. As of August 15, 2020, there were 10 pending investigation cases, of which four were under full investigation and six cases on hold. The Committee noted that of the 10 pending cases, one was registered in 2016, four in 2019 and five in 2020.

15. The Committee was pleased to note that IOD investigators were well provided with relevant training program and that WIPO staff also participated in a mandatory fraud awareness, under the leadership of IOD and the Office of the Controller (OC), and sexual harassment prevention training program, under the leadership of IOD and Human Resources Management Division (HRMD).

16. The Committee deliberated on a few pending cases and provided advice, as necessary.

17. In accordance with its Terms of Reference, the Committee met in a private session with the Director, IOD.

AGENDA ITEM 6: REVIEW OF PENDING HIGH PRIORITY AUDIT RECOMMENDATIONS, INCLUDING RECOMMENDATIONS FROM THE JOINT INSPECTION UNIT

18. The Committee, together with the Director, IOD, and Management, reviewed the status of implementation of oversight recommendations, as of August 15, 2020, with particular focus on high priority recommendations. Since the 57th session, there were 11 new recommendations whereas eight were closed. The Committee noted that out of the 121 outstanding recommendations, 34 (or 28 per cent) were ranked high priority and 87 (or 72 per cent) were medium priority. The Committee further noted that there were two open recommendations from seven years ago (2013) whose implementation date had been revised nine and six times, respectively. It was also noted that five programs represented 64 per cent of the 121 recommendations, of which three programs were responsible for 22 (or 65 per cent) of the 34 high priority recommendations.

19. The Committee reiterated the suggestion made during the 57th session that the Program Managers be invited to explain to the Committee the reason for the delayed implementation of their recommendations. Furthermore, the Committee asked about the continuing validity and importance of old high priority recommendations. In this regard, the Assistant Director General, Administration and Management Sector, expressed appreciation for the Committee's intervention. He encouraged IOD to discuss with the Program Managers concerned and to re-assess the full context of the 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 Director, IOD, agreed and indicated that he would meet with all program managers responsible for the 47 recommendations that were already past their implementation dates and would report to the Committee accordingly. The Committee requested that this discussion be held prior to the next IAOC meeting in December 2020 and that the Program Managers concerned be invited, as appropriate.

20. With regard to recommendations from the Joint Inspection Unit that pertains to WIPO, the Assistant Director General apprised the Committee that he would be reporting on 10 such recommendations to the Program and Budget Committee at its 31st session.

AGENDA ITEM 7: RISK MANAGEMENT AND INTERNAL CONTROL - 2019 ANNUAL RISK MANAGEMENT REPORT

21. The Management Team provided a sequel to the presentation made at the 57th session and elaborated on the 2019 Annual Risk Management Report, describing the key achievements in 2019 in the six areas (Enterprise Risk Management Framework and Policy, Enterprise Risk Management Governance Structure, Process and Integration, Systems and Tools, Risk Capabilities, and Risk Culture). The Committee was pleased to note the further strengthening of internal controls, with the use of data analytics. Considering the transition of Director General and another member of the Senior Management Team in 2020, the Committee was also briefed about the dual process for signing the Statement of Internal Control for WIPO's 2020 Financial Statements, specifically for two periods, i.e., January 1 to September 30, 2020 and October 1 to December 31, 2020.

22. The Committee also appreciated the detailed presentation by Management of the results of their COVID-19 organizational 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.

23. The Committee was pleased with the excellent presentation and detailed responses provided by the Management Team.

AGENDA ITEM 8: UPDATE ON SECURITY AND INFORMATION ASSURANCE

24. The Chief Security Officer of WIPO presented to the Committee a comprehensive security and information assurance briefing. Noting that the last meeting with the Committee was in 2018, he provided an update on the 2016-2021 Information Assurance Strategy and the Strategic Security Plan. The Committee was impressed with the achievements made in the implementation of the strategy and plan, as well as the systems and processes currently in place to ensure continuous improvements.

25. 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. The Committee warned about being vulnerable if the Organization was mostly dependent on a single external provider. In this regard, the Chief Security Officer assured the Committee that steps were already being taken to address this risk through diversification of service providers and service provider risk assessments. The Chief Security Officer also assured the Committee about the security of WIPO's email system.

26. He also gave an overview of recent additions to WIPO's digital business services namely DocuSign eSignature for electronic approvals of contracts and Memorandums of Understanding, and a new service WIPO PROOF that would add to the revenue streams of WIPO.

27. The Committee felt assured that, in terms of security and information assurance, particularly during the COVID-19 pandemic, WIPO's systems and processes were well protected.

AGENDA ITEM 9: UPDATE ON PROCUREMENT

28. The Director of Procurement and Travel Division provided an update on procurement matters. She gave a broad presentation about the general framework on procurement, significant procurement data, and key achievement for the biennium, audit history, and projects for 2020. 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.

29. The Committee queried on possible risky situations, such as non-standard purchase procedure, 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 digital marketplace. The Committee made a request to see the results of vendor performance reviews at a macro level, to enable it to understand how these performance reviews were done.

30. The Committee appreciated the comprehensive presentation and responses provided by the Director.

AGENDA ITEM 10: EXTERNAL AUDIT

31. Considering that a formal external audit plan was work-in-progress, the representative of the External Auditor gave an oral report to the Committee about the possible significant risks that they would be considering in their audit of WIPO's 2020 Financial Statements and the possible areas of audit focus. The Committee noted that the discussion between the External Auditor and the WIPO Secretariat had yet to take place. The Committee well understood the major uncertainty expressed by the representative with regard to how they would be performing the 2020 audit due to travel restrictions and other government-imposed regulations as a result of the pandemic. Nonetheless, the Committee gave some inputs for planning the 2020 Financial Statements audit and highlighted cyber security, business continuity and IPSAS 39 among the risks, which the Committee discerned from recent discussions with Management and IOD. The Committee also highlighted the recently-issued IOD Report on the Assurance Mapping that the External Auditor would likely find useful in their audit planning process.

32. The Committee thanked the representative of the External Auditor for his time and looked forward to receiving and reviewing the formal audit plan anticipated by mid-October 2020.

AGENDA ITEM 11: ETHICS

33. The Committee, together with the Chief Ethics Officer, reviewed the Annual Report by the Ethics Office to the WIPO Coordination Committee (document WO/CC/78/INF/2). The Committee took note of the main activities reported by the Ethics Officer, 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 future, the whole survey population be disclosed in the Annual Report to put the survey results in the proper context.

34. In accordance with its Terms of Reference, the Committee also reviewed the implementation of the Ethics Office Workplan for 2020. Noting the cancellation of certain activities due to the pandemic, the Committee requested that a revised workplan be submitted. The Committee thanked the Chief Ethics Officer and indicated that it looked forward to an enhanced cooperation.

AGENDA ITEM 12: OMBUDSPERSON

35. The Ombudsperson presented to the Committee his Activity Report for 2019, which also contained an overview of the years 2016 to 2019. He discussed the main trends emerging from all the data collected since 2016 and focused on the three most populated case categories, namely (i) organization, leadership and management, (ii) employment and career, and (iii) evaluative reports. 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. The Committee agreed with the Ombudsperson that this was a desirable trend that should be further strengthened.

36. The Committee took note of the four cross-cutting recommendations, of which two were repeated from last year, referring to the study on gender issues and the need for capacity building for dialogue, team collaboration, and training support for middle managers. In pursuance of the Committee's expressed intention to monitor the implementation of the Ombudsperson's recommendations as recorded in the Committee's report of its 54th Session (document WO/IAOC/54/2), the Committee discussed with the Ombudsperson the intricacies of getting his 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.

37. The Committee was appreciative of the high quality of report of the Ombudsperson and his thoughtful responses to the Committee's questions.

AGENDA ITEM 13: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

38. In view of conflicting schedule, the Information Meeting with Member States' Representatives was cancelled.

AGENDA ITEM 14: OTHER MATTERS

WIPO Investment Reports

39. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for June and July 2020, prepared by the Investment Advisors and the Custodian, respectively.

40. The Committee reviewed the documents received and confirmed that the information provided showed that during the period reviewed, and 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 report some justified exceptions in July 2020, albeit minor.

Since the start of the COVID-19 pandemic, as reported at the 56th Session, no changes in the investment policy have been made by WIPO.

Note of appreciation for the Assistant Director General

41. With the forthcoming retirement of Mr. Ramanathan Ambi Sundaram, Assistant Director General, Administration and Management Sector, the Committee would like to record its appreciation for his active participation in all of the IAOC meetings, with this 58th meeting being his last. The Committee would like to thank him for his support that ensured efficient and effective functioning of IAOC.

Next Session

42. The next session scheduled to take place from Monday, December 7 to Friday, December 11, 2020 will most likely be in a virtual format because of the continuing pandemic situation. The draft Agenda for that session is as follows:

- (1) Adoption of the Agenda
- (2) Conflict of Interest Declaration
- (3) Matters arising from previous Session
- (4) Matters arising from the Program and Budget Committee, WIPO General Assembly, and Coordination Committee Meetings
- (5) Meeting with the Director General
- (6) Internal Oversight (including proposed 2021 Annual Workplan)
- (7) Review of High Priority Oversight Recommendations
- (8) Briefing on Impact of COVID-19 and Response of WIPO
- (9) Financial Reporting (Proposed Changes in Accounting Policies, if any, and Implication for WIPO of Issues and Trends in Financial Statements)
- (10) Briefing by the Chief Economist on Projections/Forecasting of WIPO Financial Results.
- (11) External Audit: Audit Planning Report, 2020 Interim Audit Outcome
- (12) Ethics (2020 Workplan Implementation Update, Proposed 2021 Annual Workplan)
- (13) Election of IAOC Chair and Vice-Chair for 2021
- (14) IAOC Self-Assessment of its 2020 activities
- (15) Information Meeting with Member States' Representatives
- (16) Other Matters

[Annexes follow]



WO/IAOC/58/1
ORIGINAL: ENGLISH
DATE: OCTOBER 12, 2020

WIPO Independent Advisory Oversight Committee

Fifty-Eighth Session Geneva (Virtual), September 1 to 4, 2020

AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Conflict of Interest Declaration
3. Matters arising from previous Sessions
4. Meeting with the Director General
5. Internal Oversight
6. Review of Pending High-Priority Audit Recommendations, including JIU Recommendations
7. Risk Management and Internal Control: 2019 Annual Risk Management Report
8. Update on Security and Information Assurance
9. Update on Procurement
10. External Audit: Audit Planning Report
11. Ethics: Ethics Office Annual Report 2019 and 2020 Workplan Implementation Update
12. Ombudsperson: Activity Report for 2019

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13. Information Meeting with Member States' Representatives
14. Other Matters

[Annex II follows]



WO/IAOC/58/INF/1
ORIGINAL: ENGLISH
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Fifty-Eighth Session
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LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

- [01] Agenda
- [02] Timetable
- [03] List of Documents

ITEM 2: STATEMENT OF DISCLOSURE OF INTEREST AND TECHNICAL MATTERS

No document: Oral account.

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSIONS

No document: Oral account.

ITEM 4: MEETING WITH THE DIRECTOR GENERAL

No document: Oral account.

ITEM 5: INTERNAL OVERSIGHT

Internal Oversight Division:

- [04] IOD Activity Report - August 21, 2020 (Reference: IOD-IAOC-2020/03)

Audit:

- [05] Validation of the 2018/19 WIPO Performance Report (WPR), July 13, 2020 (Reference: VALID 2020-01)
- [06] Assurance Mapping of WIPO, July 13, 2020 (Reference: IA 2020-01)

Evaluation:

- [07] Evaluation of the Regional Bureau for Africa, July 20, 2020 (Reference: EVAL 2019-01)

Investigation:

ITEM 6: REVIEW OF PENDING HIGH PRIORITY AUDIT RECOMMENDATIONS, INCLUDING JOINT INSPECTION UNIT RECOMMENDATIONS

[08] Open Oversight Recommendations - August 15, 2020

ITEM 7: RISK MANAGEMENT AND INTERNAL CONTROL

[09] Powerpoint presentation: Risk Management and Internal Control, September 2020

ITEM 8: UPDATE ON SECURITY AND INFORMATION ASSURANCE

[10] Powerepoint presentation: Security and Information Assurance Briefing, September 3, 2020

ITEM 9: UPDATE ON PROCUREMENT

[11] Powerpoint presentation: Procurement Review, September 2, 2020

ITEM 10: EXTERNAL AUDIT

No document: Oral account.

ITEM 11: ETHICS

[12] Annual Report by the Ethics Office, July 21, 2020 (document WO/CC/78/INF/2)

[13] Workplan 2020: Implementation Status at end August 2020 (dated September 1, 2020)

ITEM 12: OMBUDSPERSON

[14] Activity Report, 2019 in brief and an overview of the years 2016 – 2019 (July 14, 2020)

ITEM 13: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

ITEM 14: OTHER MATTERS

[15] Report – Fifty-Seventh Session (document WO/IAOC/57/2)

[16] Report by the WIPO Independent Advisory Oversight Committee (IAOC) – (document WO/GA/53/2), June 19, 2020

[17] IAOC Rolling Agenda, 56th to 59th Sessions

Investment Reports:

[18] Credit Suisse – Investment Monitoring Reports for June and July 2020

[19] MBS Capital Advice – Investment Performance Reports for June and July 2020

[End of Annex II and of document]