



WO/IAOC/69/2
ORIGINAL: ENGLISH
DATE: JULY 7, 2023

WIPO Independent Advisory Oversight Committee

Sixty-Ninth Session
Geneva, May 30 to June 2, 2023

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 69th Session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from May 30 to June 2, 2023. Present were Mr. Igors Ludboržs (Chair), who attended for the first two days of the session, Mr. Bert Keuppens (Vice-Chair), Messrs. Guan Jian, David Kanja, Danil Kerimi, and Kamlesh Vikamsey. Mr. German Deffit participated virtually.

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: DECLARATION OF NO CONFLICT OF INTEREST AND TECHNICAL MATTERS

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 took stock of the actions carried out following the decisions taken at its 68th Session, including the required action to be taken by the Committee regarding the recruitment of the Director, Internal Oversight Division (IOD).

AGENDA ITEM 4: MEETING WITH THE ASSISTANT DIRECTOR GENERAL – ADMINISTRATION, FINANCE AND MANAGEMENT SECTOR

5. As the Director General was away on official mission, the Assistant Director General (ADG) for the Administration, Finance and Management Sector, together with the Director, Program Planning and Finance (the Controller), met with the Committee. The ADG briefed the Committee on the Program and Budget Committee (PBC) sessions. And the Committee had a fruitful exchange with the ADG on various matters, including in relation to WIPO's external offices, cybersecurity, WIPO's work to contribute towards the Sustainable Development Goals and the application of Artificial Intelligence in the workplace.

6. Regarding the recruitment of the Director, IOD, the Committee formally reviewed and deliberated over the list of pre-screened candidates, before agreeing to endorse the appointment of the person proposed for the position.

AGENDA ITEM 5: INTERNAL OVERSIGHT (INCLUDING 2022 IOD ANNUAL REPORT AND REVIEW OF DRAFT INTERNAL OVERSIGHT PROCEDURES)

Internal Oversight Division (IOD) Activity Report

7. The Officer-in-Charge of IOD presented to the Committee the quarterly IOD Activity Report dated May 22, 2023. Four reports were issued since the last quarter, all of which were reviewed in detail by the Committee.

8. The Committee gave the IOD advice on how best to present progress on the workplan: this would help in improving the assessment of the IOD's performance and to determine if they were on track. This approach would also show if the workplan was realistic and whether or not the resources were adequate. The Committee further advised the IOD to develop appropriate guidelines for investigation integrity reviews and combined reviews by audit and evaluation sections as soon as possible.

9. The Committee reviewed the report on the Periodic Self-Assessment of the Internal Audit Function, and took note of the conclusion that the function “generally conforms” with the International Professional Practices Framework. The Committee appreciated that some recommendations, such as updating the audit manual and drafting of standard operating procedures, would have to be considered by the new Director, IOD.

IOD Engagements

10. The Committee reviewed the report on Part I of the Combined Audit and Evaluation of the Patent Cooperation Treaty (PCT) Operations and Customer Relations. The IOD explained that the audit and the evaluation aspects were being reported separately for practical reasons. The Committee observed that the audit was found beneficial by the Deputy Director General for Patents and Technology Sector, who agreed to implement the nine recommendations. The Committee took note of the results of the analysis that showed a high level of sick leave in the Operations Division. The Deputy Director General assured the Committee that this issue was being assessed, in consultation with the Human Resources Management Department.

11. The Committee reviewed a report on an Audit of the WIPO Global Innovation Index (GII), noted that there were no critical issues found and that the Assistant Director General for the Intellectual Property and Innovation Ecosystems Sector had already established an action plan to implement the eight recommendations.

12. The Committee reviewed a report on the Evaluation Series: Learning for Impacts – Learning from the Implementation of WIPO Initiatives Aimed at Empowering Women Entrepreneurs. In response to questions from the Committee, the IOD clarified that this was a mapping exercise in preparation for an impact evaluation at a later date.

13. The Committee also reviewed a report on the Validation of the After-Service Health Insurance (ASHI) Claims. This was the second validation exercise of the IOD, with the Committee noting that there were no formal recommendations issued.

IOD Annual Report

14. The Committee took note of the Annual Report by the Director, IOD, for the year 2022, which would be presented at the 36th session of the PBC.

Investigations

15. The Committee reviewed the update on the status of investigation cases. As of May 17, 2023, there were 21 pending investigation cases, two under preliminary evaluation, 13 under full investigation and six on hold. Of the 21 pending cases, four were registered in 2021, 11 in 2022 and six in 2023. One Management Implication Report was issued pertaining to a conflict of interest, which may affect staff members engaged in private relationships.

16. The Committee had a private session with the line managers, who were on rotation as Officers-in-Charge of IOD, pending the appointment of the Director, IOD.

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS (INCLUDING JOINT INSPECTION UNIT (JIU) RECOMMENDATIONS, EXTERNAL AUDITOR RECOMMENDATIONS AND IAOC RECOMMENDATIONS)

17. The Committee reviewed the status of implementation of recommendations as of May 17, 2023. There was a total of 75 oversight recommendations, out of which 63 were from the IOD, 8 from the External Auditor, one from the IAOC, and three from the Joint Inspection Unit (JIU). Of the total recommendations from IOD, External Auditor and IAOC, 13 per cent or nine of 72 were ranked high priority. The Committee took note of the open JIU recommendations, which decreased from five to three.

18. The aged open recommendations issued from 2017 to 2019 and the high priority recommendations issued from 2021 to 2023 were reviewed in detail by the Committee in the presence of the concerned staff of the Secretariat. The Committee noted that some recommendations were dependent on the implementation of other actions, which contributed to the delay in full implementation. The Committee advised that the criteria as well as the responsibility for closing recommendations be made clear and understood by all concerned.

AGENDA ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE MATTERS (PREPARATION FOR PBC 36TH SESSION)

19. The Assistant Director General for the Administration, Finance and Management Sector, together with the Director, Program Planning and Finance (the Controller), briefed the Committee on the cluster of documents to be considered by Member States at the 36th session of the PBC and at the WIPO General Assembly.

AGENDA ITEM 8: UPDATE ON RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

20. The Management Team presented to the Committee the 2022 Annual Risk Management Progress Report as of March 9, 2023, and the WIPO Assurance Summary 2022 as of February 24, 2023. The Committee took note of the progress in risk management processes, including identification of key controls, and also noted the use of data analytics and the ongoing consultation with IOD.

AGENDA ITEM 9: FINANCIAL REPORTING – ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2022

21. The Management Team presented to the Committee the WIPO Annual Financial Report and Financial Statements for the year 2022. The Committee noted the changes between the draft and final versions of Financial Statements.

AGENDA ITEM 10: UPDATE ON INVESTMENT GOVERNANCE FRAMEWORK AND POLICIES

22. The Management Team provided the Committee with an update on the Investment Policy and Governance Framework, and discussed the details on Core and Strategic Cash portfolios and Investment Funds benchmarks. Noting that Management was exploring ways to strengthen governance over investments, the Committee gave advice on strengthening the composition of the WIPO Investment Committee to improve the governance framework.

AGENDA ITEM 11: EXTERNAL AUDIT – REPORT OF THE EXTERNAL AUDITOR AND THE AUDIT OPINIONS

23. The representatives of the External Auditor, National Audit Office (UK) presented to the Committee, with Management in attendance, the audit report and the long-form report on the Audit of the WIPO 2022 Financial Statements. The representatives highlighted to the Committee key audit findings, as described in their Audit Completion Report. The Committee followed up on the actuarial assumptions relating to ASHI, on recommendations that would be forwarded to 2023, and on the possible impact on WIPO of the proposed revisions to IPSAS 47 regarding revenue recognition.

24. The Committee took note of the unqualified opinions relating to the presentation of the Financial Statement, and the fact that the report was unmodified.

25. In accordance with its Terms of Reference, the Committee had a private session with the representatives of the External Auditor.

AGENDA ITEM 12: UPDATE ON THE SELECTION PROCESS OF THE EXTERNAL AUDITOR

26. Management presented to the Committee document WO/GA/56/4, “Appointment of the External Auditor”. The Committee took note of the comprehensive information in the document describing, *inter alia*, the evaluation matrix and evaluation process, shortlisted candidates, and the recommendations of the Selection Panel.

AGENDA ITEM 13: ETHICS – 2022 ETHICS OFFICE ANNUAL REPORT AND IMPLEMENTATION OF 2023 WORKPLAN

27. The Chief Ethics Officer presented to the Committee the 2022 Annual Report, highlighting the activities in the mandated areas, namely confidential advice and guidance, awareness raising and training, standard-setting and policy development, and implementation of policies assigned to the Ethics Office. While recognizing the progress achieved since the Chief Ethics Officer took up duties, the Committee emphasized that the Office needed to prioritize the closing of the inherited long-outstanding recommendation on the gift policy, with the help of other Sections of the Secretariat.

AGENDA ITEM 14: OMBUDSPERSON 2022 ACTIVITY REPORT

28. The interim Ombudsperson discussed with the Committee activities to date since taking on the role, effective on April 7, 2023. The Committee noted that there was no 2022 Activity Report, as there was no handover of any data or reports covering January 1, 2022 to March 31, 2023, from the previous Ombudsperson who retired at the end of March 2023.

29. The Committee was pleased to note that its recommendation for a peer review of the Ombudsperson’s function was underway. The Committee was informed that the decision on the future Ombudsperson function would be made, considering the results of the peer review.

AGENDA ITEM 15: PROPOSED AMENDMENTS TO THE IAOC TERMS OF REFERENCE

30. The draft document (WO/PBC/36/10) containing the proposed amendments to the Terms of Reference (ToR) of the WIPO Independent Advisory Oversight Committee was circulated by the Committee to the Group Coordinators and to the Secretariat on April 20,

2023. Based on comments received, the document was finalized and would be presented at the 36th session of the PBC.

AGENDA ITEM 16: IAOC 2022 ANNUAL REPORT

31. The Committee prepared its annual report (document WO/PBC/36/2) covering the period from May 21, 2022 to March 23, 2023, which would be presented at the 36th session of the PBC.

AGENDA ITEM 17: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

32. As provided in its ToR, an Information Meeting for Member States' Representatives was held at the end of the session. The Committee briefed the Delegates of its deliberations during the session and responded to questions posed by the attending delegates.

AGENDA ITEM 18: OTHER MATTERS

WIPO Investment Reports

33. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for February, March and April 2023, prepared by the Investment Advisors and the Custodian, respectively.

34. The Committee reviewed the documents received and noted that the information provided showed that during the period reviewed, and based on the investment benchmarks, all the vehicles in WIPO's investment portfolio delivered the results, which were broadly in line with the benchmarks, and were managed in accordance with the stated investment guidelines and strategy. In addition, the Committee noted that the Custodian did not report any breaches, active or passive, or justified exceptions.

35. The Committee clarified that its role was limited to conveying information contained in the Investment Performance Reports and Investment Monitoring Reports and did not provide any assurances in that regard.

Next Session

36. The next session is scheduled to take place from September 11 to 15, 2023. The draft Agenda for the session was discussed and prepared by the Committee for adoption at the beginning of the meeting:

- (1) Adoption of the Agenda
- (2) Declaration of No Conflict of Interest and Technical Matters
- (3) Matters arising from previous Session
- (4) Matters arising from the PBC 36th Session, the WIPO General Assembly and the Coordination Committee Session
- (5) Update from the Director General on Medium-Term Strategy Implementation and Change Management
- (6) Internal Oversight – Mid-Year Workplan Update and Guidelines Update
- (7) Review of IOD's Follow-up of Outstanding High-Priority Recommendations
- (8) Update on Enterprise Risk Management, including Top Risks and Mitigation Measures
- (9) Update on IT Security
- (10) Update on Data Management

- (11) Update on Procurement, including Anti-Fraud and Anti-Corruption Measures.
- (12) Update on HR Management, including follow up on the staff survey
- (13) Update on Investment Governance Framework and Policies
- (14) Ethics: Implementation Update
- (15) Ombudsperson: Status Report on Peer Review
- (16) Review of the Format of Presenting the Committee's Session and Annual Reports
- (17) Information Meeting with Member States' Representatives
- (18) Other Matters

[Annexes follow]



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Sixty-Ninth Session
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DRAFT AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Declaration of No Conflict of Interest and Technical Matters
3. Matters arising from previous Session
4. Meeting with the Assistant Director General – Administration, Management and Finance Sector
5. Internal Oversight (incl. 2022 IOD Annual Report and Review of the Draft Internal Oversight Procedures)
6. Follow-up on Oversight Recommendations (incl. Joint Inspection Unit (JIU) Recommendations, External Auditor Recommendations and IAOC Recommendations)
7. Update on Program and Budget Committee Matters (Preparations for PBC 36th Session)
8. Update on Risk Management and Internal Control Framework
9. Financial Reporting: Annual Financial Report and Financial Statements 2022
10. Update on Investment Governance Framework and Policies
11. External Audit: Report of the External Auditor and the Audit Opinions

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12. Update on the Selection Process of the External Auditor
13. Ethics: 2022 Ethics Office Annual Report and Implementation of 2023 Workplan
14. Ombudsperson 2022 Activity Report
15. Proposed Amendments to the IAOC Terms of Reference
16. IAOC 2022 Annual Report
17. Information Meeting with Member States' Representatives
18. Other Matters

[Annex II follows]



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WIPO Independent Advisory Oversight Committee

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LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

- [01a] Agenda
- [01b] Timetable
- [01c] List of Documents

ITEM 2: DECLARATION OF NO CONFLICT OF INTEREST AND TECHNICAL MATTERS

No document: Oral account.

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

No document: Oral account.

ITEM 4: MEETING WITH THE ASSISTANT DIRECTOR GENERAL – AFMS

No document: Oral account.

ITEM 5: INTERNAL OVERSIGHT (INCLUDING 2022 IOD ANNUAL REPORT AND REVIEW OF THE DRAFT INTERNAL OVERSIGHT PROCEDURES)

Internal Oversight Division:

- [05a] Draft IOD Procedures on the Oversight Engagement Process and the Management of Recommendations, November 28, 2022
- [05b] IOD Activity Report – 69th Session, May 22, 2023 (Reference: IOD-IAOC023/02)
- [05c] Management Implication Report on private relationships among members of personnel, (Case IOD-INV-2023-01), May 8, 2023
- [05d] Annual Report by the Director of the Internal Oversight Division IOD) April 12, 2023, (document WO/PBC/36/5)
- [05e] Periodic Self-Assessment of the Internal Audit Function 2021-2022, May 2, 2023

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Audit:

- [05f] Combined Audit and Evaluation of the Patent Cooperation Treaty (PCT) Operations and Customer Relations (Part I), April 12, 2023
(Reference: IA 2022-05)
- [05g] Audit of the WIPO Global Innovation Index, April 12, 2023,
(Reference: IA 2022-03)
- [05h] Validation of After Service Health Insurance (ASHI) Claims Data, April 20, 2023
(Reference: IA 2023-06)

Evaluation:

- [05i] Learning from the Implementation of WIPO Initiatives aimed at Empowering Women Entrepreneurs, May 17, 2023 (Reference: EVAL: 2022-03)

Investigation:

ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS (INCLUDING JOINT INSPECTION UNIT (JIU) RECOMMENDATIONS, EXTERNAL AUDITOR RECOMMENDATIONS AND IAOC RECOMMENDATIONS)

- [06a] Open Oversight and Joint Inspection Unit (JIU) Recommendations, as of May 17, 2023
- [06b] Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations, March 20, 2023 (document WO/PBC/352)

ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE MATTERS (PREPARATIONS FOR PBC 36TH SESSION)

No document: Oral account.

ITEM 8: UPDATE ON RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- [8a] Annual Risk Management Progress Report (January to December 2022), March 9, 2023
- [8b] WIPO Assurance Summary 2022, February 24, 2023

ITEM 9: FINANCIAL REPORTING: ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2022

- [09] Annual Financial Report and Financial Statements, Year to December 31, 2022, by the National Audit Office (NAO), United Kingdom (May 2023)

ITEM 10: UPDATE ON INVESTMENT GOVERNANCE FRAMEWORK AND POLICIES

- [10] Update on Investment Policy and Governance Framework (May 2023)

ITEM 11: EXTERNAL AUDIT: REPORT ON THE EXTERNAL AUDITOR AND THE AUDIT OPINIONS

- [11a] Signed WIPO Audit Certificate 2022, May 17, 2023
- [11b] External Auditor's Long-Form Report on the 2022 WIPO Financial Statements (May 2023)

ITEM 12: UPDATE ON THE SELECTION PROCESS OF THE EXTERNAL AUDITOR

No document: Oral account.

ITEM 13: ETHICS: 2022 ETHICS OFFICE ANNUAL REPORT AND IMPLEMENTATION OF 2023 WORKPLAN

- [13a] Annual Report by the Ethics Office – March 13, 2022 (document WO/CC/81/INF/2)
- [13b] Draft Annual Report by the Ethics Office – May 24, 2023 (document WO/CC/82/INF/2)
- [13c] WIPO Policy on the Disclosure of Financial and Other Interests (FDDI/IPSAS Policy) – May 2023

ITEM 14: OMBUDSPERSON 2022 ACTIVITY REPORT

No document: Oral account.

ITEM 15: PROPOSED AMENDMENTS TO THE IAOC TERMS OF REFERENCE

- [15a] Proposed Amendments of the Terms of Reference of the WIPO Independent Advisory Oversight Committee, June 1, 2023, (document WO/PBC/36/10)
- [15b] Proposed Amendments to the Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee (IAOC) and its Terms of Reference, April 24, 2023, (document WO/PBC/36/3)

ITEM 16: IAOC 2022 ANNUAL REPORT

- [16a] Draft Report by of the Independent Advisory Oversight Committee (IAOC), June 2, 2023, (document WO/PBC/36/2)

ITEM 17: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

No document: Oral account.

ITEM 18: OTHER MATTERS

- [18a] Report – Sixty-Eighth Session (document WO/IAOC/68/2)
- [18b] IAOC Rolling Agenda, 68th to 71st Sessions

Investment Reports:

- [18c] Credit Suisse – Investment Monitoring Reports for February, March, and April 2023
- [18d] MBS Capital Advice – Investment Performance Reports for February, March and April 2023

[End of Annex II and of document]