



WO/IAOC/36/2
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WIPO Independent Advisory Oversight Committee

Thirty-Sixth Session
Geneva, March 23 to 27, 2015

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 36th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from March 23 to 27, 2015. Present were Ms. Mary Ncube (Chairperson), Messrs. Gábor Ámon (Vice-Chairperson), Anol Chatterji, Egbert Kaltenbach, Nikolay Lozinskiy, Fernando Nikitin and Zhang Guangliang.

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: MEETING WITH THE DIRECTOR GENERAL

3. The IAOC met with the Director General and Senior Management Team members. The Director General briefed the Committee on WIPO's financial situation and performance highlights, as well as strategic priorities and challenges.

AGENDA ITEM 3: MEETING WITH THE EXTERNAL AUDITOR

4. The Chair of the IAOC wrote to the Comptroller and Auditor General of India (CAGI), in his capacity as External Auditor (EA), requesting consideration of certain proposals of the IAOC and a meeting with a senior official from his Office. In response to this, Mr. Prasenjit Mukherjee, Deputy Comptroller and Auditor General at CAGI, and Mr. K. S. Subramanian, Principal Director, International Relations Office of CAGI, met the IAOC on March 24.

5. Mr. Subramanian informed the Committee that henceforth, he would be responsible for coordinating all matters relating to the external audit of WIPO. This would facilitate monitoring at a senior level.

6. The IAOC was informed that the EA proposed to present his report in three stand-alone volumes with different transmission dates containing the following:

- Financial Statements with the Audit Opinion;
- Compliance Audit Report;
- Performance Audit Report.

7. The proposed arrangement aims at better ensuring the timely delivery of the external audit reports. The Committee found it to be acceptable, as reports would be made available as the related work was completed. Additionally, the three reports would all be presented under the same agenda item to the Program and Budget Committee and to the General Assembly.

8. Regarding the classification of audit recommendations by priority, it was agreed that as the practice was not provided for in the International Standards on Auditing (ISA) (which govern the UN external audit), or by the Panel of External Auditors in the UN, only High Risk recommendations would be included in the Executive Summary of the EA's Report, thus allowing Management to assign a high priority to them, whereas other recommendations would be considered as medium priority.

9. The IAOC greatly appreciated this opportunity to meet with the EA and looks forward to continued close cooperation. It was agreed that all efforts would be made for regular interaction between the EA and the IAOC in the future.

AGENDA ITEM 4: INTERNAL OVERSIGHT

Departure of the Director, Internal Oversight Division (IOD)

10. The IAOC took note of the resignation of Mr. Thierry Rajaobelina, Director, Internal Oversight Division (IOD), with effect from the end of April 2015, and his upcoming move to another UN system organization.

11. The IAOC places on record its appreciation for the excellent work done by Mr. Rajaobelina and for his close cooperation with the Committee. During more than three years of tenure, Mr. Rajaobelina has strengthened WIPO's internal oversight function, upheld its independence and significantly enhanced its relevance and performance. Under his leadership, the internal audit and the evaluation functions have achieved general conformity with professional standards.

12. The IAOC stands ready to contribute to the selection process for a new Director, IOD, as foreseen in WIPO's Internal Oversight Charter.

Recruitment of a New Director, IOD: IOD Staffing

13. The Director of Human Resources Management Department (HRMD) briefed the IAOC on the recruitment process and agreed on the steps for consultation with the IAOC on recruitment, as foreseen in the Internal Oversight Charter.

14. The IAOC provided comments on the current job description, which HRMD will take into account in preparing the vacancy announcement. HRMD will consult the IAOC again once the shortlist has been established. Following the recommendation by the Selection Board, Management will seek the endorsement of the IAOC prior to the appointment of the selected candidate, as per paragraph 43 of the Internal Oversight Charter.

15. With respect to other IOD staff, the Director, IOD, informed the Committee that the recruitment process for an Associate Evaluation Officer at the P2 level was near finalization and the vacant position of Secretary for the Investigations Section would be re-advertised. All other positions remained filled.

Performance Appraisal of the Director, IOD

16. In fulfillment of paragraph 45 of the Internal Oversight Charter which provides that the "...performance appraisal of the Director, IOD shall be made by the Director General after receiving input from and in consultation with the IAOC", the IAOC provided input, based on the work-related objectives established for 2014 for the Director, IOD, in WIPO's Performance Management and Staff Development System (PMSDS). The appraisal was transmitted in writing to the Director General.

IOD Quarterly Progress Report

17. The IAOC was informed about ongoing and planned assignments and noted that the implementation of the 2015 Oversight Plan was on time and on track. The IAOC considers the upcoming audits of “Safety and Security” and of the “Ethical Framework” as timely and relevant, given the changes in incumbents and the restructuring of the security area.

Draft Policy for Publication of Oversight Reports

18. The Committee reviewed the draft policy for publication of oversight reports prepared on the basis of a set of standard operating procedures reviewed by the IAOC at its previous session. The IAOC was pleased to note that its comments provided previously were taken into account. The draft policy provides, *inter alia*, detailed criteria for withholding or redacting reports on confidentiality grounds. The IAOC also welcomed that the status of implementation of recommendations will be updated periodically and published on the same webpage as the reports.

Draft Internal Audit Manual

19. The IAOC reviewed and provided comments on the draft Internal Audit Manual. The IAOC considers the draft Internal Audit Manual as a comprehensive and informative document, which provides guidance on the audit process both to auditors and to auditees.

Draft Audit Strategy

20. The IAOC reviewed the draft Audit Strategy and emphasized the need to clearer reference the linkages between Organization-wide risks identified by managers and contained in WIPO’s Enterprise Risk Management (ERM) system and the audit risk assessment process conducted by IOD.

Internal Audit and Evaluation Reports: Monitoring of Exceptions

21. The Committee reviewed together with IOD and Management two internal audit reports on “Third Party Risk” and “Asset Management”, respectively, as well as an evaluation report on “WIPO Rewards and Recognition Program (Pilot Phases 2013 – 2014)”. The IAOC was pleased to note that the audit assessed WIPO’s asset management processes as generally robust, notwithstanding the need to further strengthen controls over asset tracking and physical verification. With regard to the Third Party Risk audit, the IAOC welcomed that an audit clause is now included in WIPO’s General Conditions on Contract giving IOD audit access, as appropriate, to contractors. The IAOC welcomes the planned establishment of a supplier sanctions regime and would like to be informed on progress made in that regard.

22. The Committee also reviewed an IOD report on the monitoring of exceptions to WIPO policies and procedures, carried out with a view to enhance monitoring of exceptions by Management. The report concluded that there are very few exceptions in the application of WIPO’s regulations, rules and instructions. On this basis, the IAOC concurred with IOD that the monitoring of exceptions need not be done on a continuous basis but instead could be done annually with the results of the present report serving as a baseline.

Private Session with the Director, IOD

23. The IAOC met in private session with the Director, IOD in line with its Rules of Procedure, which provide that “*The Committee shall meet at least twice a year in private sessions with the Director, IOD.*”

AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

24. The discussions which ensued were focused on possible reasons for the number of high risk recommendations with overdue implementation dates.

25. The IAOC noted that, for 41 per cent of all recommendations, the initial implementation date accepted by Management had been subsequently revised, in 11 per cent of the cases more than once. While the IAOC acknowledges that unexpected circumstances may arise, which could affect the implementation planned, the Committee feels that Management should make an effort to give more realistic target dates.

AGENDA ITEM 6: NEW CONSTRUCTION PROJECTS

26. The Committee's discussions focused on the financial exposure emerging during the process of closure of the accounts on the New Conference Hall. The IAOC took note that final expenditure figures and additional funding requirements, if any, can only be determined at a later stage after detailed analysis of all invoices.

27. The IAOC reviewed the Policy on the External Use of WIPO Conference Facilities and took note that charge rates will be revisited at the end of 2015.

AGENDA ITEM 7: FOLLOW-UP ON THE RECRUITMENT OF THE ETHICS OFFICER

28. The Director, HRMD informed the IAOC that the recruitment process for the Ethics Officer was well-advanced, with a decision expected in the near future.

AGENDA ITEM 8: MEETING WITH THE OMBUDSPERSON

29. The IAOC met with the Ombudsperson who provided the Committee with a briefing on the work of the Unit.

30. During its interactions, the IAOC felt that the workload data of the Ombudsperson could provide valuable input for consideration by the Senior Management Team, and HRMD in particular, without violating confidentiality or professional ethics of the Ombudsperson.

AGENDA ITEM 9: PROPOSED REVISIONS TO THE IAOC'S TERMS OF REFERENCE

31. The IAOC received and reviewed comments from one Member State and from the Director, IOD to the revisions proposed by the IAOC to its terms of reference. The IAOC will review at its next session in May any additional comments received, and will submit a revised version of the proposed terms of reference to the 23rd session of the Program and Budget Committee (PBC).

AGENDA ITEM 10: INVESTIGATIONS

32. The IAOC was briefed by the Director, IOD and the Head, Investigation Section on the status of investigations.

AGENDA ITEM 11: MEETING WITH THE NEW CHIEF SECURITY OFFICER

33. The IAOC met with the new Director, Security and Information Assurance Division, who is the Chief Security Officer of the Organization. The Committee welcomes that with this newly established position, IT security and physical security are seen in context and are now dealt with in an integrated manner. The IAOC received several Office Instructions concerning WIPO's Organizational Resilience Management System Policy, which it will review at a later stage.

AGENDA ITEM 12: COMMITTEE SELF-ASSESSMENT

34. The Committee decided to undertake a self-assessment exercise, in line with a new provision in the proposed revised terms of reference. As part of this exercise, the Committee will conduct a survey among the members prior to its next session. The results will also be used to provide input into the development of a two-year roadmap.

AGENDA ITEM 13: ADMINISTRATION AND MANAGEMENT MATTERS

35. The IAOC benefited from a presentation on various management initiatives, including Results-Based Management, risk management and internal controls. Discussions focused on improvements to the WIPO regulatory framework, as well as integration of risk management and internal controls.

36. The Committee also received the unaudited Draft Financial Statements for 2014 which had just been completed. The IAOC will review the Financial Statements in more depth at its next session.

AGENDA ITEM 14: INFORMATION SESSION FOR MEMBER STATES

37. An Information Session for Member States was held at which the IAOC briefed the representatives of Member States on deliberations during the present session.

AGENDA ITEM 15: OTHER MATTERS

New Secretary of IAOC

38. During the session, Management informed the Committee that the IAOC Secretary had been appointed to another position in WIPO and introduced her successor who took over her duties in the course of the meeting. The Committee provided Management with proposed terms of reference for the IAOC Secretary, which outlines the Committee's expectations as to the logistical and technical assistance required, and suggested that this be reflected in the incumbent's job description.

39. The Committee would like to express its appreciation for the outstanding assistance provided by Ms. Nicola Lander during the more than seven years that she has served as the Committee's Secretary. Her excellent knowledge and skills, and her dedication tremendously helped the Committee in effectively performing its functions. The Committee welcomes Mr. Frederick Samuels as the new Secretary of the IAOC and looks forward to closely working with him in the future.

Next Session

40. The IAOC's next session will take place from Tuesday, May 26 to Friday, May 29. The draft Agenda for that session is as follows:

- (1) Meeting with the Director General
- (2) Financial Statements (1st reading)
- (3) Internal Oversight
- (4) Status of recruitment of Director IOD and of Ethics Officer
- (5) Follow-up on Oversight Recommendations
- (6) Proposed revisions to the IAOC's Terms of Reference
- (7) Committee Self-Assessment
- (8) Development of IAOC 2-year Road Map and Rolling Agenda
- (9) New Construction Projects
- (10) Information Session for Member States
- (11) Other Matters

[Annexes follow]



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AGENDA

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1. Adoption of the Agenda
2. Meeting with the Director General
3. Meeting with the External Auditor
4. Internal Oversight
5. Follow-up on Oversight Recommendations
6. New Construction Projects
7. Follow-up on the Recruitment of the Ethics Officer
8. Meeting with the Ombudsperson
9. Proposed revision to the IAOC's Terms of Reference
10. Investigations
11. Meeting with the New Chief Security Officer
12. Committee Self-Assessment

13. Administration and Management Matters
14. Information Session for Member States
15. Other Matters

[Annex II follows]

IAOC/36
March 23 to 27, 2015

LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

[01] Draft Agenda

ITEM 2: MEETING WITH DIRECTOR GENERAL

ITEM 3: MEETING WITH THE EXTERNAL AUDITOR

[02] Letter dated November 17, 2014, from Chair, IAOC to Mr. Shashi Kant Sharma, Comptroller and Auditor General

[03] Response of Mr. Shashi Kant Sharma, dated December 2, 2014

ITEM 4: INTERNAL OVERSIGHT

Internal Oversight Division:

[04] IOD Quarterly Progress Report

[05] IOD Draft Publication Policy

[06] Memorandum IAOC input into performance appraisal of Director, IOD and (in IAOC Brainloop) PMSDS extract

[07] Memorandum on Monitoring of Exceptions

Internal Audit:

[08] Draft Internal Audit Strategy (IOD/IA_Strat./2014, Dec. 12, 2014)

[09] (a) Draft Internal Audit Manual (Nov. 2014) and (b) IAOC comments

[10] Internal Audit Report IA 2014-07 "Third Party Risk"

[11] Internal Audit Report IA 2014-05 "Audit of Asset Management"

Evaluation:

[12] Evaluation Report EVAL 2014-06 "WIPO Rewards and Recognition Program (Pilot Phases 2013 – 2014)"

[13] Evaluation Report EVAL 2014-05 "Chile Country Portfolio Evaluation 2010 – 2014"

Investigation: (listed under Item 10: Investigations, below)

ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

[14] Status of Oversight Recommendation – March 2015

ITEM 6: NEW CONSTRUCTION PROJECTS

[15] Quarterly Progress report prepared for IAOC/36

[16] Policy on the external use of WIPO conference facilities for meetings/conferences

[17] WIPO Risk Report

ITEM 7: FOLLOW-UP ON THE RECRUITMENT OF THE ETHICS OFFICER

tba

ITEM 8: MEETING WITH THE OMBUDSPERSON

tba

ITEM 9: PROPOSED REVISIONS TO THE IAOC's TERMS OF REFERENCE

[18] Proposed Revisions to IAOC ToRs (Nov. 2014) - Annex IV of WO/IAOC/35/2

[19] Comments from Mexico

[20] Comments from Director, IOD

[21] Draft Job Description for IAOC Secretary

ITEM 10: INVESTIGATIONS

[22] Status of Investigations caseload (IOD Brainloop)

[23] Management Implication Report IOD-INV-2014-14 (IAOC Brainloop)

ITEM 11: COMMITTEE SELF-ASSESSMENT

[24] Results of 2014 IAOC Self-Assessment

Reference documents:

- IAOC Road map – Annex II of WO/IAOC/21/2

- IAOC ToRs (document WO/GA/

ITEM 12: INFORMATION SESSION FOR MEMBER STATES

ITEM 13: OTHER MATTERS

[End of Annex II and of document]