

WIPO Independent Advisory Oversight Committee

Thirty-Seventh Session
Geneva, May 26 to 29, 2015

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 37th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from May 26 to 29, 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 who briefed the Committee on the outcome of the negotiations on the Lisbon Agreement and on other strategic issues.

AGENDA ITEM 3: INTERNAL OVERSIGHT

4. The IAOC met with Mr. Tuncay Efendioglu, the newly appointed Acting Director of the Internal Oversight Division, IOD. Mr. Efendioglu will also continue to function as the Head of the Internal Audit Section within IOD. He briefed the IAOC about ongoing assignments of the Oversight Plan.

5. The IAOC was informed that the planned audit of the “Ethical Framework” would be postponed until the appointment of a new Ethics Officer and the identification of a suitable consultant to assist in undertaking this assignment.

6. The IAOC was briefed about and welcomes the ongoing review and revision of the WIPO Evaluation Policy which has the objective to mirror best practices in the United Nations system.

7. With respect to IOD staff, the Committee was pleased to note that, except for the Director position, all other staffing positions within the IOD had been filled.

8. The Committee was informed that the draft evaluation report on “Program 30, Small and Medium-sized Enterprises and Innovations”, was issued in April 2015. The Committee proposes to discuss the final report at its next session.

9. The IAOC held discussions with representatives from IOD and the relevant Program Managers concerned, on two Audit Reports entitled “Audit of Third Party Risk” and “Audit of Asset Management”. Two further Evaluation Reports on “WIPO Rewards and Recognition Program (Pilot Phases 2013-2014)” and “Chile Country Portfolio Evaluation 2010-2014” were also discussed.

AGENDA ITEM 4: STATUS OF RECRUITMENT OF DIRECTOR IOD AND OF ETHICS OFFICER

10. The Director HRMD informed the IAOC that interviews and tests for the position of Ethics Officer had been completed and that the Interview Board was about to submit its recommendations to the Director General. The Director HRMD expected that the selected candidate would report for duty by August.

11. The Director HRMD informed that the Interview Board for the position of Director IOD was being established and would shortly start reviewing the applications received. The Director HRMD expected the position to be filled before the end of the year.

AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

12. The Committee noted that as of May 18, 2015, a total of 177 recommendations were not yet fully implemented, 72 per cent of which were of high priority.

13. Discussions focused on the risk rating of those recommendations which had already been partly implemented. It was agreed that in such cases, IOD will reassess the residual risk and may modify the risk rating accordingly.

AGENDA ITEM 6: IMPLEMENTATION OF JIU RECOMMENDATIONS

14. The Committee was briefed on progress made in implementing recommendations emanating from reports and notes of the Joint Inspection Unit (JIU). While a total of 77 recommendations made between 2010 and 2014 are still outstanding, the Committee was pleased to note the significant implementation progress made in 2014, raising the overall implementation rate from 29 percent as at the end of 2013 to 55 percent at the end of 2014.

15. The Committee also noted that a certain number of recommendations were considered by Management as not being relevant to WIPO. The Committee encouraged Management to discuss such cases with the JIU at an early stage, preferably when commenting on the draft report.

AGENDA ITEM 7: PROPOSED REVISIONS TO THE IAOC'S TERMS OF REFERENCE

16. Subsequent to its 36th session in March 2015, the IAOC received comments from two additional Member States. The IAOC reviewed all comments received and made a number of additional changes to the proposed text for submission to the Program and Budget Committee (PBC) at its 24th session.

AGENDA ITEM 8: DEVELOPMENT OF IAOC 2-YEAR ROAD MAP AND ROLLING AGENDA

17. The IAOC discussed its priorities for the remainder of 2015 and for the year 2016, and adopted a Road Map and a Rolling Agenda for the period up to December 2016.

AGENDA ITEM 9: NEW CONSTRUCTION PROJECTS

18. The Committee was briefed on the ongoing process of reviewing and validating invoices for works for the New Conference Hall to enable contractor and sub-contractor accounts to be closed.

19. In respect of the New Building, the Committee was informed that expenditure on the ongoing programmed rectification works would be fully met from amounts withheld from payments to the former contractor under the terms of the separation agreement.

AGENDA ITEM 10: OVERVIEW OF ONGOING A&M INITIATIVES

20. The Committee was briefed on Enterprise Risk Management (ERM) and was informed that it was proceeding according to schedule. The Committee will continue to follow up the progress of implementation.

21. The Committee was informed that due care had been taken to put in place appropriate controls within the Enterprise Resource Planning (ERP) System.

22. To deal with the risks posed by the decision of the Swiss National Bank to discontinue maintaining and accepting Swiss franc denominated deposits of international organizations, Management informed the Committee that the Secretariat was formulating alternative investment and cash custody approaches in consultation with experts and would submit these for consideration by Member States at the next session of the PBC. The IAOC appreciates the efforts being made in this regard and will make follow ups on a regular basis.

23. The IAOC was informed that in response to Member States' directions, the Program and Budget for 2016/17 incorporates capital expenditures under the specific Program Heads to which they related. It was suggested by the IAOC that for each capital project, the total expenditure, the expenditure incurred up to the end of the preceding biennium and the expenditure proposed for approval in the current program budget be presented. This was agreed to by the Administration.

24. The Committee noted with approval that the Program Performance Report for the first year of the current biennium was being prepared in parallel with the proposed Program Budget for the new biennium and would be presented to the PBC at its forthcoming session.

AGENDA ITEM 11: FINANCIAL REPORT AND FINANCIAL STATEMENTS

25. The IAOC was informed that the Secretariat had received the Management Letter from the External Auditors which included their draft recommendations on the Financial Statements. The Committee reviewed the revised version of the Financial Report and Financial Statements for the year ended December 31, 2014. It is expected that the final Audit Report and Opinion will be issued before the next session of the IAOC, which is scheduled to be held from August 23, 2015. The IAOC plans to have a meeting with the External Auditor during that session.

AGENDA ITEM 12: INFORMATION SESSION FOR MEMBER STATES

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

27. During the briefing with Member States, a query was raised on the Secretariat's intention regarding its investment policy, in the light of the decision taken by the Swiss National Bank to cease holding Swiss Franc denominated deposits. The Committee agreed to follow up on the matter.

AGENDA ITEM 13: OTHER MATTERS

Next Session

28. The IAOC's next session will take place from Monday, August 24 to Friday, August 28, 2015. The draft Agenda for that session is as follows:

- (1) Meeting with the Director General
- (2) Internal Oversight
- (3) Follow-up on Oversight Recommendations
- (4) Status of Recruitment of Director IOD and of Ethics Officer
- (5) Reports of the External Auditor
- (6) Program Performance Report

- (7) IAOC Annual Report
- (8) Committee Self-Assessment
- (9) Information Session for Member States
- (10) Other Matters

[Annexes follow]



WO/IAOC/37/2
ORIGINAL: ENGLISH
DATE: JUNE 15, 2015

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AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Meeting with the Director General
3. Internal Oversight
4. Status of Recruitment of Director IOD and of Ethics Officer
5. Follow-up on Oversight Recommendations
6. Implementation of JIU Recommendations
7. Proposed Revisions to the IAOC's Terms of Reference
8. Development of IAOC 2-Year Road Map and Rolling Agenda
9. New Construction Projects
10. Overview of Ongoing A&M Initiatives
11. Financial Report and Financial Statements
12. Information Session for Member States
13. Other Matters

[Annex II follows]

IAOC/37
May 26 to 29, 2015

List of Documents

ITEM 1: ADOPTION OF THE AGENDA

[01] Draft Agenda

ITEM 2: MEETING WITH DIRECTOR GENERAL

ITEM 3: INTERNAL OVERSIGHT

Internal Oversight Division:

[02] IOD Quarterly Progress Report – Status of Work, May 2015 /
IOD-IAOC-2015/02

Internal Audit:

[03] Internal Audit Report IA 2014-07 “Third Party Risk”
[04] Internal Audit Report IA 2014-05 “Audit of Asset Management”

Evaluation:

[05] Evaluation Report EVAL 2014-06 “WIPO Rewards and Recognition
Program (Pilot Phases 2013 – 2014)”
[06] Evaluation Report EVAL 2014-05 “Chile Country Portfolio
Evaluation 2010 – 2014”

Investigation:

[07] Overview of Investigation Cases as of May 20, 2015

ITEM 4: STATUS OF RECRUITMENT OF DIRECTOR IOD AND OF ETHICS OFFICER

[08] Reference document – Information Circular No. 13/2015

ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

[09] Status of Oversight Recommendation – May 2015

ITEM 6: IMPLEMENTATION OF JIU RECOMMENDATIONS

Progress Report on Implementation of JIU Recommendations – [Power Point (pptx)
presentation]

ITEM 7: PROPOSED REVISIONS TO THE IAOC’s TERMS OF REFERENCE

[10] Proposed Revisions to IAOC ToRs (Nov. 2014) - Annex IV of WO/IAOC/35/2
[11] Comments from Mexico
[12] Comments from Australia
[13] Comments from France

- ITEM 8: DEVELOPMENT OF IAOC 2-YEAR ROAD MAP AND ROLLING AGENDA**
- ITEM 9: NEW CONSTRUCTION PROJECTS**
- ITEM 10: OVERVIEW OF ONGOING A&M INITIATIVES**
(Oral presentation by Management Team)
WIPO ERM Implementation – [Power Point (pptx) presentation]
Draft Proposed Program and Budget 2016717 – [Power Point (pptx) presentation]
- ITEM 11: FINANCIAL REPORT AND FINANCIAL STATEMENTS**
[14] WIPO IPSAS December 2014 Financial Statements (with changes noted)
- ITEM 12: INFORMATION SESSION FOR MEMBER STATES**
- ITEM 13: OTHER MATTERS**

[End of Annex II and of document]