



WO/IAOC/41/2
ORIGINAL: ENGLISH
DATE: JUNE 18, 2016

WIPO Independent Advisory Oversight Committee

Forty-First Session
Geneva, May 30 to June 3, 2016

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 41st session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from May 30 to June 3, 2016. Present were Ms. Mary Ncube, Messrs. Gábor Ámon, Anol Chatterji, Egbert Kaltenbach, Nikolay Lozinskiy and Zhang Guangliang. Mr. Fernando Nikitin sent apologies for his absence.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

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: MATTERS ARISING FROM PREVIOUS SESSION

3. The IAOC took stock of the actions carried out following decisions at its 40th session.

AGENDA ITEM 3: MEETING WITH THE DIRECTOR GENERAL

4. The Committee met with the Director General who gave an update on topical developments at WIPO. The Director General brought three topics to the attention of the IAOC:

- Implementation of the Investment Policy;
- Enhancement and development of the IT platform for transactions; and
- Setting up a vehicle to manage donations.

AGENDA ITEM 4: INTERNAL OVERSIGHT

5. The Committee reviewed the Internal Oversight Division (IOD's) Activity Report with the Acting Director, IOD. Since the last activity report in February, IOD has issued three Audit Reports and two Evaluation Reports; another Evaluation Report is close to being finalized.

6. The Committee was informed that the difficult staffing situation in IOD is beginning to improve. A temporary replacement for the Senior Evaluator, with relevant international work experience, has started working in May, and a new Investigator, with experience in another UN system organization, will assume his functions in July. The position of Head, Evaluation Section, has been advertised and IOD will start reviewing the applications received.

7. The Committee was pleased to note that with the issuance of the Evaluation Policy, all recommendations emanating from the External Quality Assessment of the evaluation function have now been implemented.

8. In response to the recommendations made by the External Quality Assessment of the investigation function, IOD has prepared revisions to the Investigation Policy and to the Investigation Manual, and has sought and obtained feedback from Management and the Staff Council. The Committee has reviewed the resulting revised drafts and provided additional comments. The proposed revised Investigation Policy will now be made available to Member States for consultation as required by the Internal Oversight Charter. The IAOC encouraged the Acting Director, IOD to finalize and issue the policy and the manual at his earliest convenience.

9. Together with Management and IOD, the Committee reviewed the recently issued Audit Reports.

10. Regarding the Pre-implementation Review of Taleo™, WIPO's new recruitment system, the Committee welcomed the fact that the project was reviewed at an early stage, prior to rollout

and data migration. The recommendations made will contribute to further enhancing WIPO's project management methodology.

11. The Audit of Staff Performance Management included a number of recommendations to better link staff members' individual work objectives to WIPO's expected organizational results, to develop performance standards for generic functions, to further enhance the evaluation methods (for example, by introducing self-assessments) and to introduce mandatory mid-term reviews in cases of expected performance issues.

12. As part of the audit, IOD conducted a survey of staff performance management in the United Nations system, which allowed benchmarking WIPO against other organizations. IOD also sought feedback from the Staff Council. Overall, the audit recommendations, once fully implemented, will lead to enhancing the Performance Management System introduced in 2009.

13. The Audit of Business Solutions for IP Offices (Program 15) reviewed an important area of WIPO's Development Agenda. Currently, as many as 77 IP Offices are using Business Solutions offered by WIPO. In view of a limited budget and an ever growing demand for these cost-free services and products, the audit emphasized the importance of defining criteria for providing such services. The audit also recommended entering into service level agreements with the IP Offices concerned and to clarify the role of Program 15 in supporting Copyright Collective Management Organizations (CMOs). Management accepted all 13 audit recommendations and aims at implementing most of them by the end of 2016.

14. At its next session, the Committee will review the evaluation reports issued.

15. In April, IOD hosted the annual meeting of the United Nations Evaluation Group (UNEG) with more than 100 participants from 46 UN entities. The Committee welcomes the fact that WIPO plays an active role in contributing to the development of UN system evaluation standards and practices and to exchanging experience among UN Evaluation Offices.

16. The Committee discussed with the Acting Director, IOD and the Head, Investigation Section the status of investigations. The IAOC was pleased to note that out of the 17 open investigation cases, the vast majority related to 2016, which shows that IOD has successfully managed its case load and there are no major delays in investigations.

AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

17. The Committee reviewed the status of implementation of oversight recommendations. As of June 1, 161 oversight recommendations were outstanding, including 62 from external audits. Since the last update in February 2016, 35 recommendations have been implemented and closed. During the same period, 30 new recommendations have been added to the TeamCentral database. For this reporting period, IOD made no changes to the residual risk ratings of open recommendations.

18. The Committee acknowledges the progress made in implementing oversight recommendations.

AGENDA ITEM 6: FINANCIAL REPORTING AND FINANCIAL STATEMENTS

19. At its 40th session, the Committee had reported to Member States on the financial position and the financial performance of the financial year ended December 31, 2015. This was based on the unaudited Financial Statements. At its 41st session, the audited Financial Statements were still not available. However, the Committee was briefed by the Secretariat on the outcome of a video conference between them and the External Auditor. The Committee was informed

that the External Auditor had indicated that a “clean opinion” on the Financial Statements would be given.

20. One issue which had been raised by the External Auditor was the proper disclosure of an amount of Swiss francs 4.7 million received as outstanding fees for PCT filing from a particular National Patent Office. As no details of the exact years to which this amount related could be furnished, Management agreed with the External Auditor to exhibit this as a one-time receipt for the year 2015 with appropriate disclosure by way of notes to the Financial Statements and the Financial Report.

21. The Committee noted that the need for proper reconciliation of fees with corresponding filings in the PCT had been pointed out in the External Auditor’s Performance Audit of PCT. The Committee expects that the planned enhancement and development of the IT platform for transactions will help to address the situation.

22. In accordance with its Terms of Reference, the IAOC shall consider the reports of the External Auditor and provide comments for consideration by the Program and Budget Committee (PBC) to facilitate its report to the General Assembly. As the deadline for the submission of the IAOC’s annual report to the PBC is June 26, and as the External Auditor’s report will only become available later, the IAOC will not be able to cover the External Auditor’s report in its annual report. However, the IAOC aims at providing orally its comments on the External Auditor’s report to the PBC.

AGENDA ITEM 7: INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT (ERM)

23. The Management Team presented the Committee with an overview on recent updates and on the current risk portfolio. The IAOC noted that Management is continuously monitoring risks both at the Program level and at the Organizational level, and that Management gives special attention to the most critical ones.

24. The Committee was satisfied with the ERM process in place.

AGENDA ITEM 8: DIRECTOR, IOD: HIRING PROCESS

25. Prior to its 40th session, the advice of the Committee was sought by the Secretariat, regarding certain proposed changes to the Vacancy Announcement of the post, with a view to enlarging the pool of potential candidates. The Committee discussed the proposed changes and provided its feedback, which the Secretariat fully accepted. The Vacancy Announcement was posted on the WIPO website accordingly.

26. At its 41st session, the Director, HRMD briefed the Committee on the status of the recruitment process and its expected timeline. The Committee offered to provide its assistance to the Secretariat at an early stage of the process.

AGENDA ITEM 9: IAOC ANNUAL REPORT

27. The Committee drafted its Annual Report which will be presented to the PBC at its 25th session in August 2016. The report will reflect the activities of the IAOC during the period September 1, 2015 to June 30, 2016.

AGENDA ITEM 10: ETHICS AND OMBUDSPERSON

Ethics

28. The Committee reviewed and provided advice on the proposed program of work of the Ethics Office, submitted in April 2016, which contained, *inter alia*, a list of the main activities undertaken, as well as activities planned or in progress. The Committee recommended to the Chief Ethics Officer to prepare the workplan in a different structure, prioritizing activities and indicating expected results, target dates and resource requirements. The activities should be grouped under the different areas of responsibility typically assigned to an Ethics Office in the UN system (norm setting and policy development, provision of confidential ethics advice, ethics training and outreach, administration of the Whistleblower Protection Policy; and administration of the Financial Disclosure Program.)

29. In this regard, the IAOC highlighted the need for a revision of the 2010 Office Instruction on the WIPO Ethics Office; for the development of a new WIPO Financial Disclosure Policy; and for a review of the WIPO Whistleblower Protection Policy, taking into account developments in the UN system in this area.

Ombudsperson

30. The Committee met with the new Ombudsperson, who had assumed office in May this year, and together agreed on the need to make staff members better understand the different options for dealing with grievances and to promote the use of informal conflict resolutions before resorting to formal complaint mechanisms whenever suitable. The Ombudsperson emphasized the importance of providing consistent responses to staff members who are seeking advice or relief for the same matter from different offices.

31. The Committee requested and looks forward to receiving and discussing the end-of-assignment report of the outgoing Interim Ombudsperson.

AGENDA ITEM 11: SELECTION PROCESS FOR NEW IAOC MEMBERS

32. The IAOC met with the Secretary of the Selection Panel for new IAOC members and was informed that a total of 136 applications had been received. The Committee reviewed and rated some 48 applications meeting the eligibility requirements. Based on the Committee's assessment, the Selection Panel will proceed with the selection process.

AGENDA ITEM 12: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

33. 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 13: OTHER MATTERS

Private session with the Chair of the WIPO General Assembly

34. The IAOC met in private session with the Chair of the WIPO General Assembly, in line with its Rules of Procedure.

Selection of the External Auditor

35. The Secretariat discussed with the Committee the IAOC's role in the selection of the next External Auditor. In line with the relevant protocol, the Committee is expected to review:

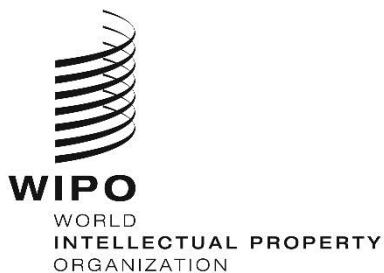
- the selection criteria, which is planned to take place in August; and
- the technical evaluation, which is expected to take place in December 2016.

Next Session

36. The IAOC's next session will take place from Monday, August 22 to Friday, August 26, 2016. The draft Agenda for that session is as follows:

- (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) Update on Joint Inspection Unit (JIU) recommendations
- (7) Financial Reporting: Program Performance Report
- (8) External Audit
- (9) Internal Control: HR Management, Update on Policies Review, and IT Strategy
- (10) Ethics
- (11) Information Meeting with Member States' Representatives
- (12) Other Matters

[Annexes follow]



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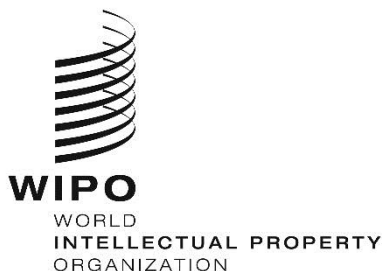
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AGENDA

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. Financial Reporting and Financial Statements
7. Internal Control and Enterprise Risk Management (ERM)
8. Director, IOD: Hiring Process
9. IAOC Annual Report
10. Ethics and Ombudsperson
11. Selection Process for new IAOC Members
12. Information Meeting with Member States' Representatives
13. Other Matters

[Annex II follows]



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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
- [04] List of Documents

ITEM 2: MATTERS ARISING FROM PREVIOUS SESSION

- [05] IAOC's List of Action Items

ITEM 3: MEETING WITH DIRECTOR GENERAL

No document. Oral account.

ITEM 4: INTERNAL OVERSIGHT

Internal Oversight Division:

- [06] IOD Quarterly Activity Report – Status of Work (May 17, 2016)
Reference: IOD-IAOC-2016/02

Internal Audit:

- [07] Final Audit Report Pre-implementation and Data Migration Review of Taleo™ (IA 2016-01)
- [08] Final Audit Report – Staff Performance Management
Reference: IA 2015-04
- [09] Final Audit Report of Business Solutions for IP Offices
Reference: IA 2016-02
- [10] Implementation Status of Recommendations – External Quality Assessment of the Investigation Function (May 18, 2016)
- [11] Implementation Status of Recommendations – External Quality Assessment of the Evaluation Function (May 16, 2016)

ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

[12] Open Oversight Recommendations (May 17, 2016)

ITEM 6: FINANCIAL REPORTING AND FINANCIAL STATEMENTS

Update. Oral account.

[13] Selection Process for the Appointment of an External Auditor – C.N 3676 and Annexes (April 29, 2016)

[14] Update on Financial Statements 2015 – (May 30, 2016)

ITEM 7: INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT (ERM)

Update. Oral account

[15] Reference document: WIPO Third Semi-Annual Risk Management Report for period January 1 to August 31, 2015 (*distributed at IAOC 39th session*)

ITEM 8: DIRECTOR, IOD: HIRING PROCESS

No document. Oral account

ITEM 9: IAOC ANNUAL REPORT

[16] Draft document WO/PBC/25/2

ITEM 10: ETHICS AND OMBUDSPERSON

Ethics:

[17] Inputs for Ethics Office 2016 workplan

[18] Job description – Chief Ethics Officer

[19] Vacancy Announcement No: WIPO/14/P5/FT0124

[20] Ethics Office 2016 workplan

[21] 2016 Program of work

[22] ERM 2016

[23] Summary Report with comments (April 2016)

[24] Office Instruction No. 25/2010 – WIPO Ethics Office

Ombudsperson: Oral account.

[25] Information Circular No. 16/2016 – Appointment in the Office of the Ombudsperson

[26] C.V. of the Ombudsperson

ITEM 11: SELECTION PROCESS FOR NEW IAOC MEMBERS

ITEM 12: INFORMATION SESSION WITH MEMBER STATES' REPRESENTATIVES

ITEM 13: OTHER MATTERS

[End of Annex II and of document]