

**WIPO Independent Advisory Oversight Committee**

**Fifty-Third Session**  
**Geneva, June 11 to 14, 2019**

REPORT

*adopted by the WIPO Independent Advisory Oversight Committee*

## INTRODUCTION

1. The 53<sup>rd</sup> session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from June 11 to 14, 2019. Present were Misses Maria Vicien-Milburn (Chair) and Tatiana Vasileva (Vice-Chair), Messrs. Mukesh Arya, Egbert Kaltenbach, Othman Sharif and Zhang Long. Mr. Gabor Amon sent apologies for his absence. The Committee welcomed Ms. Nannette Amorado, who took up her functions as a Consultant to the IAOC as of May 1, 2019.

### 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 IAOC took stock of the actions carried out following the decisions taken at its 52<sup>nd</sup> session.

### AGENDA ITEM 4: INTERNAL OVERSIGHT

5. The Committee discussed with the Director, Internal Oversight Division (IOD), the IOD Activity Report for the present quarter and was satisfied with the progress made in implementing the IOD 2019 workplan.

6. The Committee reviewed and provided comments on the draft Annual Report of the Director, IOD, which covers the period July 1, 2018 to June 30, 2019. The Committee shares the view of the External Auditor that it would be desirable for IOD to align the reporting period with the period of the IOD annual work plan (January 1 to December 31). This would not only ensure that planning and reporting are matched, but would also prepare the ground for an annual IOD assurance statement on internal control.

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

#### *Audits*

8. The Committee reviewed, together with the Director, IOD and Management, two audit reports: Audit of the Implementation of WIPO Information Assurance Strategy, issued on March 19, 2019, and Audit of Patent Cooperation Treaty (PCT) Netting Pilot, issued on May 3, 2019. The latter has been published in unredacted format on the WIPO website, while the former has been published with some redactions.

9. The Audit of the PCT Netting Pilot confirmed the positive financial effects and workflow implications of this pilot and the opportunities for scaling up the project. The audit of the Information Assurance Strategy confirmed that WIPO is making good progress in implementing the strategy and recommended, *inter alia*, to expand the use of Data Leakage Prevention tools and to align the Information Assurance Strategy with the planned WIPO Data Protection Policy.

### *Investigations*

10. The Committee was briefed on the status of investigation cases. As of June 10, 2019, there were 14 pending investigation cases, of which three were under preliminary evaluation and eight under full investigation. Of the 14 pending cases, one was registered in 2016, one in 2017, six in 2018 and six in 2019. Since the last session of the Committee, two new cases were opened and four cases were closed; in one instance, the allegations of misconduct were substantiated.

#### **AGENDA ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS**

11. The Committee discussed with the Director, IOD the status of open oversight recommendations and suggested that IOD reconcile its statistics on external audit recommendations with the corresponding data in the External Auditor's Report on the 2018 WIPO Financial Statements. Following this reconciliation, the number of open oversight recommendations totalled 155, of which 68 (44 per cent) were rated high priority. The recommendations that resulted from internal oversight engagements totalled 132 (85 per cent); two recommendations emanated from the IAOC.

12. The Committee reviewed the status of recommendations made by the Joint Inspection Unit (JIU) and addressed to Executive Heads. The Committee was satisfied with the progress made in implementing these recommendations and the structured manner in which the Secretariat monitors and reports on their implementation. At the time of writing this report, there were only 14 outstanding recommendations addressed to the Executive Head, from JIU reports issued in 2018 and prior years, most of which were under active implementation.

#### **AGENDA ITEM 6: JOINT INSPECTION UNIT (JIU) REVIEW OF AUDIT/OVERSIGHT COMMITTEES IN THE UN SYSTEM**

13. The Committee reviewed and provided comments on the draft JIU report on the Review of Audit/Oversight Committees in the UN system. The Committee was pleased to note that WIPO meets most of the 13 benchmarking criteria for UN system oversight committees and that some of WIPO's arrangements have been highlighted by JIU as good practices.

#### **AGENDA ITEM 7: FINANCIAL REPORTING: ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2018**

14. The Controller and the Director, Finance Division briefed the Committee on certain minor adjustments made to the draft Financial Statements in response to recommendations made by the External Auditor.

#### **AGENDA ITEM 8: EXTERNAL AUDIT: REPORT OF THE EXTERNAL AUDITOR**

15. The Committee discussed with the representatives of the External Auditor and the Controller the External Auditor's Report on the 2018 WIPO Financial Statements and the corresponding Audit Completion Report, which details the key audit findings supporting the audit opinion. The Committee was pleased to note that WIPO has obtained an unqualified audit opinion, and that the External Auditor attested the high quality of WIPO's Financial Statements. The External Auditor saw scope for streamlining the financial statements and focusing the financial commentary on the key material aspects relating to financial performance and financial health. The External Auditor's report acknowledged the high quality and maturity of WIPO's internal control framework and of the annual Statement on Internal Control. The report also recommended further enhancement by leveraging greater data analytics opportunities to automate the monitoring of core business processes.

16. As this year's performance audit focused on Results-Based Management and on Human Resources Management, most of the 16 audit recommendations were directed at further improving these two areas. One such recommendation pertained to aligning performance indicators used for Results-Based Management and the internal reporting framework in order to facilitate improved Management decision-making.

17. The Committee commends the External Auditor on the quality, reader-friendliness and timeliness of the report and looks forward to continued interaction.

18. In accordance with its Terms of Reference, the Committee also met in a private session with the External Auditor.

#### **AGENDA ITEM 9: RISK MANAGEMENT AND INTERNAL CONTROLS: WIPO ACCOUNTABILITY FRAMEWORK**

19. The Committee discussed with the Controller and the Assistant Controller the recently-published WIPO Accountability Framework (WO/PBC/29/4). The Committee welcomed the document, which brings together the various accountability elements in a clearly structured manner. The Committee noted that Component 5 - *Information and Communication* - focuses on communication with external parties and suggested that it reflect also communication with internal stakeholders. The Committee also suggested that Management conduct an evaluation of the implementation of the framework at an appropriate time in future.

#### **AGENDA ITEM 10: UPDATE ON HUMAN RESOURCES MANAGEMENT**

20. The Committee met with the Director, Human Resources Management Department (HRMD), who briefed the Committee on ongoing projects and initiatives. One of the topics discussed was WIPO's Rewards and Recognition Program. The Committee felt that striking an appropriate balance between components rewarding individual -, team -, and organizational performance may increase the acceptability of the program.

21. The Committee also discussed with the Director, HRMD the findings and recommendations of the External Auditor and was pleased to note that HRMD aims at implementing most of the audit recommendations by year-end.

#### **AGENDA ITEM 11: ETHICS**

22. The Committee's Terms of Reference require the Committee to review and advise on proposed ethics policies. Currently, the work of the Ethics Office is still governed by the outdated June 2010 Office Instruction on the WIPO Ethics Office (No. 25/2010). In May 2018, the Committee provided extensive comments and suggestions on a proposed new Office Instruction on the WIPO Ethics Office. Since then, the Committee has regularly followed up on the status of this policy document, which it considers key for the governance and mandate of the Ethics Office. As of June 2019, no revised version had become available. The Chief Ethics Officer has committed to share a revised draft prior to the Committee's 54<sup>th</sup> session for further review and discussion, as appropriate.

23. In November 2017, after consultation with IAOC, the Office Instruction on the WIPO Policy on Financial Disclosure and Declaration of Interest (FDDI) (No. 36/2017) was promulgated. Based on the experience gained so far, WIPO prepared a set of proposed amendments to the policy to be applied to the 2018 filing cycle. The Committee reviewed the proposed changes and was satisfied with the explanations provided by the Chief Ethics Officer. The Committee noted that the External Reviewer would continue to review the FDDI declarations. However, the additional International Public Sector Accounting Standards (IPSAS) disclosures would in future be reviewed by the Chief Ethics Officer to ensure their timely availability for the annual Financial Statements.

24. The Chief Ethics Officer also presented an oral progress report. The Committee was pleased to note that part-time administrative support has become available to the Ethics Office.

#### **AGENDA ITEM 12: IAOC ANNUAL REPORT 2019**

25. The IAOC prepared and adopted its annual report to the Program and Budget Committee (PBC 30<sup>th</sup> session). The report provides an overview of the Committee's activities during the period July 6, 2018 to June 14, 2019.

#### **AGENDA ITEM 13: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

26. As provided in its Terms of Reference, an information meeting was held with Member States. The Committee briefed representatives of Member States on deliberations during the present session and responded to questions posed by the attending delegates.

#### **AGENDA ITEM 14: OTHER MATTERS**

##### *WIPO Investment Reports*

27. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for March and April 2019, prepared by the Investment Advisors and the Custodian, respectively. The corresponding reports for May 2019 were not yet available.

28. The Committee reviewed the documents received and confirms that the information provided shows 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 confirms that the Custodian did not report any breaches, active or passive, or justified exceptions.

29. The Committee shares the view of the External Auditor that there remains scope for more regular formal reporting by Management to inform the PBC on WIPO's investment activities.

##### *Next Session*

30. The IAOC's next session will take place from Tuesday, September 17 to Friday, September 20, 2019. 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 (PBC) 30<sup>th</sup> Session
- (5) Meeting with the Director General
- (6) Internal Oversight
- (7) Financial Reporting: Briefing on Financial Perspective of 2020/21 Biennium
- (8) Briefing on Capital Master Plan
- (9) External Audit: Audit Planning Report
- (10) Ethics: Revised draft Office Instruction on the Ethics Office

- (11) Ombudsperson: Activity Report for 2018
- (12) Briefing on External Offices
- (13) IAOC Self-Assessment
- (14) Information Meeting with Member States' Representatives
- (15) Other Matters

[Annexes follow]



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### AGENDA

*adopted by the WIPO Independent Advisory Oversight Committee*

1. Adoption of the Agenda
2. Conflict of Interest Declaration
3. Matters arising from previous sessions
4. Internal Oversight
5. Follow-up on Oversight Recommendations
6. Joint Inspection Unit (JIU) Review of the Audit/Oversight Committees in the UN System
7. Financial Reporting: Annual Financial Report and Financial Statements 2018
8. External Audit: Report of the External Auditor
9. Risk Management and Internal Controls: WIPO Accountability Framework
10. Update on HR Management
11. Ethics: Revised Draft Office Instruction on the WIPO Ethics Office
12. IAOC Annual Report 2018
13. Information Meeting with Member States' Representatives
14. Other Matters

[Annex II follows]



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**WO/IAOC/53/INF/1**  
**ORIGINAL: ENGLISH**  
**DATE: JULY 3, 2019**

## **WIPO Independent Advisory Oversight Committee**

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### LIST OF DOCUMENTS

**ITEM 1: ADOPTION OF THE AGENDA**

- [01] Agenda
- [02] Timetable
- [03] List of Documents
- [04] IAOC Rolling Agenda, 52<sup>nd</sup> to 55<sup>th</sup> Sessions

**ITEM 2: CONFLICT OF INTEREST DECLARATION**

*No document:*

**ITEM 3: MATTERS ARISING FROM PREVIOUS SESSIONS**

- [05] IAOC Action List

**ITEM 4: INTERNAL OVERSIGHT**

*Internal Oversight Division:*

- [06] IOD Activity Report – June 3, 2019 (Reference: IOD-IAOC-2019/02)
- [07] Annual Report by the Director of the Internal Oversight Division – July 30, 2019 (Reference: WO/GA/51/3)

*Audit:*

- [08] Audit Report: Audit of Implementation of WIPO Information Assurance Strategy, March 19, 2019 (Reference: IA 2018-06)
- [09] Audit Report: Audit of PCT Netting Pilot, May 3, 2019 (Reference: IA 2019-06)

*Investigation:*

**ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS**

- [10] Open Oversight Recommendations – June 4, 2019



**ITEM 6: JOINT INSPECTION UNIT (JIU) REVIEW OF THE AUDIT/OVERSIGHT COMMITTEES IN THE UN SYSTEM**

- [11] Joint Inspection Unit (JIU) Recommendations addressed to Executive Heads of JIU participating Organizations – Status as at end March 2019 (Executive Heads Recommendations) May 27, 2019
- [12] Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations (Legislative Bodies Recommendations) June 7, 2019 (document WO/PBC/30/6)

**ITEM 7: FINANCIAL REPORTING: ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2018**

- [13] Annual Financial Report and Financial Statements 2018, June 4 2019 (document WO/PBC/30/8)

**ITEM 8: EXTERNAL AUDIT: REPORT OF THE EXTERNAL AUDITOR**

- [14] External Auditor's Report on the 2018 WIPO Financial Statements (May 2019)
- [15] Audit Opinion on Financial Statements (May 31, 2019)
- [16] Audit Completion Report on the 2018 Financial Statements Audit, May 2019

**ITEM 9: RISK MANAGEMENT AND INTERNAL CONTROLS: WIPO ACCOUNTABILITY FRAMEWORK**

- [17] WIPO Accountability Framework, document WO/PBC/29/4, March 18, 2019

**ITEM 10: UPDATE ON HR MANAGEMENT**

- [18] "Shaping WIPO's Future, Workforce 2018", Brochure June 30, 2018

**ITEM 11: ETHICS: REVISED DRAFT OFFICE INSTRUCTION ON THE WIPO ETHICS OFFICE**

- [19] Draft Office Instruction N° xx/2019 – Office Instruction on the WIPO Ethics Office, [date xx, 2019]

**ITEM 12: IAOC ANNUAL REPORT 2019**

- [20] Draft Report by the WIPO Independent Advisory Oversight Committee (IAOC) (WO/PBC/30/2)

**ITEM 13: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

*No document:* Oral account.

**ITEM 14: OTHER MATTERS**

- [21] Report – Fifty-Second Session (WO/IAOC/52/2)
- [22] 2018 Annual Report on Administration of Justice, April 5, 2019
- [23] 2018 Annual Report of the WIPO Appeal Board, April 2019

**Investment Reports:**

- [24] Credit Suisse – Investment Monitoring Reports for March and April 2019
- [25] MBS Capital Advice – Investment Performance Reports for March and April 2019

[End of Annex II and of document]