

WIPO Independent Advisory Oversight Committee

Sixty-Third Session
Geneva (Virtual), December 1 to 3, 2021

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. With the COVID-19 pandemic still ongoing, the 63rd session of the WIPO Independent Advisory Oversight Committee (IAOC) took place virtually from December 1 to 3, 2021. Present were Ms. Tatiana Vasileva (Chair), Mr. Bert Keuppens (Vice-Chair), Messrs. Mukesh Arya and Igtors Ludboržs. Ms. Maria Vicien-Milburn and Mr. Zhang Long were unable to participate and sent apologies for their absences. Mr. Othman Sharif's official resignation from the Committee is still awaited.

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 Committee took stock of the actions carried out following the decisions taken at its 62nd Session. The Committee decided to take up the pending item on the revision of the IAOC Terms of Reference (ToR) in the current meeting. As unanimously agreed, this exercise was concluded during this 63rd Session. The draft document for the Program and Budget Committee (PBC) containing the Proposed Amendments to the ToR of the WIPO IAOC will be shared with the Regional Groups and with the Secretariat. The Committee is aiming to submit the final document for presentation at the 34th Session of the PBC.

AGENDA ITEM 4: MATTERS ARISING FROM THE WIPO GENERAL ASSEMBLY AND THE COORDINATION COMMITTEE SESSION

5. The Chair and the Vice-Chair apprised the Committee on the discussions during the WIPO General Assembly and the Coordination Committee Session. While the IAOC Annual Report was generally well received, there was no consensus reached on a human resources-related matter mentioned in the Report. Thus, no decision was taken by the General Assembly on the IAOC Annual Report covering the period from April 24, 2020 to July 9, 2021. Nevertheless, the Report is available to Member States and posted on the website of WIPO.

AGENDA ITEM 5: INTERNAL OVERSIGHT (INCLUDING PROPOSED 2022 ANNUAL WORKPLAN)

Internal Oversight Division (IOD) Activity Report

6. The Committee reviewed with the Director, IOD and his Line Managers, the quarterly Activity Report dated November 22, 2021. The Committee took note of two consulting engagement reports issued since the last quarterly update as of September 14, 2021. These were reports on the Review of WIPO Crisis Management during the Pandemic and the Review of Performance Management and Staff Development at WIPO. The Committee also inquired into the budget and expenditures report, particularly where expenditure exceeded the budget.

Oversight Strategy 2022 – 2026

9. The Committee also reviewed the Oversight Strategy, which encompassed the three functions of IOD, namely, internal audit, evaluation and investigation. The Committee looked for

more direct linkages of the proposed activities to the Medium-Term Strategic Plan issued by the Director General. The Committee appreciated the Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis presented and made suggestions on the formulation of certain “Threats”. The Committee also suggested that a mapping of risks might be helpful as a separate exercise. The Committee also followed up on the roadmap to issuing an overall audit opinion as recommended by the External Quality Assessors.

Proposed 2022 Annual Workplan

10. The Committee thoroughly reviewed the Draft 2022 Oversight Annual Workplan and noted the proposed four audits, four evaluations and four other engagements that included a combined audit and evaluation of the Office of the Legal Counsel. The Committee inquired into how the identification of audit/evaluation subjects were done, what the risk ratings were, what objectives are to be achieved, and what the particular concerns were. They also asked if there was any management request for advisories. The Committee followed up on the status of the Member States’ request for evaluation of External Offices, while noting one planned internal audit of External Offices (first series) in the last quarter of 2022.

Internal Audit Engagements

11. The Committee reviewed two reports with the Director, IOD and his team and Management in attendance. First was the consulting report on the Review of Crisis Management during the Pandemic, issued on November 1, 2021. The engagement was aimed at assessing whether WIPO is able to develop effective and sustainable responses to pandemic crises and to continue to deliver on its strategic focus. The engagement further sought to identify lessons learned that could be integrated in the WIPO Organizational Resilience Framework to optimize response to future crisis. The review resulted in four recommendations.

12. The Committee congratulated IOD for the excellent report. While expressing concern that the pandemic would probably last longer, the Committee felt assured to know that WIPO has established a well-functioning governance structure for crisis management and that adequate policies and procedures are existing to enable the Organization to manage any crisis. The Committee also appreciated the survey conducted that encompassed WIPO staff, supervisors and Member States for a holistic view of everyone’s insights and perceptions about how the Organization managed the crisis and the lessons learned. WIPO Management added that they are trying to design a policy for the new normal. While there is no perfect formula, they are trying to achieve the right balance.

13. The second report reviewed was on Performance Management and Staff Development System, issued on November 15, 2021. The existing performance management process is based on traditional performance management principles, which have a number of negative aspects. The review resulted in eight recommendations. The Committee inquired into how the recommendations would be implemented, particularly as the change process will take a long time and will involve all managers and staff in the Organization, including underperforming ones. While admitting challenges, the Human Resources Management team assured that adequate steps are being taken to address all issues.

Investigations

14. The Committee was updated on the status of investigation cases. Since the last reported status as of September 10, 2021, six new cases were opened and six were closed, three of which were after a full investigation and three after a preliminary evaluation. There were two cases where allegations of misconduct were substantiated resulting in recommendations for consideration of disciplinary or other appropriate action. As of November 17, 2021, there were 14 pending investigation cases, of which five were under preliminary evaluation stage, eight at

full investigation stage, and one case on hold. The Committee noted that of the 14 pending cases, two were registered in 2020 and 12 in 2021. There was no Management Implication Report issued.

15. In accordance with its ToR, the Committee met in a private session with the Director, IOD.

AGENDA ITEM 6: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

16. The Committee also reviewed, with IOD and Management, the status of implementation of oversight recommendations as of November 16, 2021. The Committee noted that 40 (or 32 per cent) of 126 outstanding recommendations were of high priority. Of the 126 recommendations, 103 (or 82 per cent) were from IOD, 22 (or 17 per cent) were from the External Auditor, and one (or 1 per cent) from IAOC.

17. The Committee noted the revisions to some estimated implementation dates as well as revisions that should have been made in instances where the revised implementation dates had not been met, and inquired what would be considered a reasonable deadline for implementation. Again, the Committee emphasized the importance of implementing high-priority recommendations and expressed concern over these high-priority recommendations that remain unresolved for over three years. The Committee advised that the risk of not implementing recommendations may be discussed by the Risk Management Group.

18. WIPO Management appreciated the Committee's comments and its advice, and stated that they needed to do more to resolve the unimplemented recommendations. The underlying causes for the delay in implementing recommendations will be examined more closely and hopefully, an appropriate solution to improve the overall implementation status would be reported to the Committee next time.

AGENDA ITEM 7: EXTERNAL AUDIT – AUDIT PLANNING REPORT, 2021 INTERIM AUDIT OUTCOMES

19. The Committee discussed the status of the 2021 External Audit Planning and the Interim Audit Outcomes with the representative of the External Auditor, with Management in attendance. Compared to the 2020 audit, there are no significant differences in approach and focus. The Committee discussed items of concern in the audit process, such as the effect of inflation on the discount rate of the actuarial estimates that underlie important long-term employee benefit liabilities. The External Auditor will again look into the impact of the COVID-19 pandemic on the Organization. While they continue to see evidence of good operational and financial controls, they will continue to maintain the professional skepticism as auditors. The audit will likely be conducted in a hybrid format, depending on the pronouncements by the Swiss Government relative to the ongoing pandemic.

AGENDA ITEM 8: ETHICS (INCLUDING PROPOSED 2022 ANNUAL WORKPLAN)

20. The Committee reviewed with the Chief Ethics Officer the draft Ethics Office 2022 Workplan, dated November 25, 2021. The Committee noted that the Workplan was based on projects identified from the previous draft Ethics Office 2021 Workplan, on pending risk and audit recommendations, on inputs from WIPO Senior Management as well as on an assessment of the ethics legal framework in WIPO.

21. The Chief Ethics Officer informed the Committee that the allocation of a staff assistant had already been approved by the Director General, assuring the Committee that with this additional resource the Workplan would likely be fully implemented. Likewise, working arrangements had

been discussed with the Ombudsperson, with whom the additional staff would be shared. The Committee gave suggestions on performance indicators, such as benchmarking and establishing the right baseline for service delivery by the Ethics Office.

22. Overall, the Committee was pleased with the quality of the Workplan presented by the Chief Ethics Officer and welcomed the invigorated approach.

AGENDA ITEM 9: IAOC SELF-ASSESSMENT OF ITS 2021 ACTIVITIES

23. In accordance with its ToR, the Committee performed a self-assessment and concluded that IAOC was independent of the Organization's management and exercise its own judgment, voice its own opinions and act freely from any conflict of interest. While the majority members agreed that the ToR guided them in discharging their roles and responsibilities, they were hindered by the virtual environment to take appropriate steps and propose improvements to conduct meetings in a more efficient manner. The continuing pandemic made the operations of the Committee challenging, but overall, the members assessed they had functioned very effectively in 2021 and adequately carried out their mandate, amidst the restrictions.

AGENDA ITEM 10: ELECTION OF IAOC CHAIR AND VICE-CHAIR FOR 2022

24. The Committee elected Mr. Bert Keuppens and Mr. Igors Ludboržs as Chair and Vice-Chair, respectively, for the year 2022.

25. The outgoing Chair, Ms. Tatiana Vasileva, expressed her gratitude to the IAOC members for their support and active participation that ensured the effective functioning of the Committee during the pandemic. The members likewise expressed their thanks to Ms. Vasileva for her excellent leadership and dedication to the work of the Committee.

AGENDA ITEM 11: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

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

AGENDA ITEM 12: OTHER MATTERS

WIPO Investment Reports

27. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for September and October 2021, prepared by the Investment Advisors and the Custodian, respectively.

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

Next Session

29. The next session is scheduled to take place from March 21 to 25, 2022. The pandemic situation will dictate whether it will be held onsite or in a virtual format. The draft Agenda for the session has been adopted by the Committee as follows:

- (1) Adoption of the Agenda
- (2) Conflict of Interest Declaration
- (3) Matters arising from previous Session
- (4) Meeting with the Director General
- (5) Internal Oversight (including final 2022 Oversight Workplan)
- (6) Review of High-Priority Oversight Recommendations
- (7) Update on Risk Management and Internal Controls
- (8) Financial Reporting: Draft 2021 Financial Statements
- (9) External Audit: Update on 2021 Audits (Financial and Performance)
- (10) Ethics: Final 2022 Workplan and Implementation Update
- (11) Proposed Amendments to the IAOC Terms of Reference
- (12) IAOC Annual Report
- (13) Information Meeting with Member States' Representatives
- (14) Other Matters

[Annexes follow]



WO/IAOC/63/1
ORIGINAL: ENGLISH
DATE: JANUARY 28, 2022

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DRAFT AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Conflict of Interest Declaration
3. Matters arising from previous Sessions
4. Matters arising from the WIPO General Assembly and the Coordination Committee Session
5. Internal Oversight (including Proposed 2022 Annual Workplan)
6. Review of High-Priority Oversight Recommendations
7. External Audit: Audit Planning Report, 2021 Interim Audit Outcomes
8. Ethics (including Proposed 2022 Annual Workplan)
9. IAOC Self-Assessment of its 2021 Activities
10. Election of IAOC Chair and Vice-Chair for 2022
11. Information Meeting with Member States' Representatives
12. Other Matters

[Annex II follows]



WO/IAOC/63/INF/1
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LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

- [01] Agenda
- [02] Timetable
- [03] List of Documents

ITEM 2: STATEMENT OF DISCLOSURE OF INTEREST AND TECHNICAL MATTERS

No document: Oral account.

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSIONS

- [04] Draft Proposed Amendments to the Terms of Reference of the WIPO IAOC

ITEM 4: MATTERS ARISING FROM THE WIPO GENERAL ASSEMBLY AND THE COORDINATION COMMITTEE SESSION

- [05] List of Decisions adopted by the Program and Budget Committee (PBC) (document WO/PBC/33/14) – September 17, 2021
- [06] Summary Report, Assemblies of the Member States of WIPO (document WO/A/62/12) – October 8, 2021

ITEM 5: INTERNAL OVERSIGHT

Internal Oversight Division:

- [07] IOD Activity Report – November 22, 2021 (Ref: IOD-IAOC-2021/04)
- [08] Draft Internal Oversight Strategy 2022 to 2026
- [09] Internal Oversight Division (IOD) – Draft 2022 Oversight Annual Workplan (Reference: IOD/WP/2022/1), November 23, 2021
- [10] IOD Required Communications Checklist with the IAOC – 2021, November 29, 2021

Consulting Engagements:

- [11] Review of WIPO Crisis Management during the Pandemic, November 1, 2021 (Ref: IA 2020-05)
- [12] Review of the Performance Management and Staff Development System, November 15, 2021 (Ref: IA 2021-03)

Investigation:

ITEM 6: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

- [13] Open Oversight Recommendations – November 16, 2021

ITEM 7: EXTERNAL AUDIT: AUDIT PLANNING REPORT, 2021 INTERIM AUDIT OUTCOMES

No document: Oral account.

ITEM 8: ETHICS (INCLUDING PROPOSED 2022 ANNUAL WORKPAN)

- [14] Proposed 2022 Annual Workplan – Ethics Office, November 25, 2021
- [15] PowerPoint presentation – 2022 Workplan Seminar, December 2, 2021

ITEM 9: REVIEW OF IAOC TERMS OF REFERENCE

- [16] Draft Proposed Amendments to the IAOC Terms of Reference, December 2021

ITEM 10: IAOC SELF-ASSESSMENT OF ITS 2021 ACTIVITIES

- [17] IAOC Self-Assessment Questionnaire and Narrative Summary, November 2021

ITEM 11: ELECTION OF IAOC CHAIR AND VICE CHAIR FOR 2022

No document: Oral account.

ITEM 12: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

No document: Oral account.

ITEM 13: OTHER MATTERS

- [18] Report – Sixty-Second Session (WO/IAOC/62/2)
- [19] IAOC Rolling Agenda, 64th to 67th Sessions

Investment Reports:

- [20] Credit Suisse – Investment Monitoring Reports for September and October 2021
- [21] MBS Capital Advice – Investment Performance Reports for September and October 2021

[End of Annex II and of document]