

**WIPO Independent Advisory Oversight Committee**

**Sixty-Fourth Session**  
**Geneva (Virtual), March 21 to 25, 2022**

REPORT

*adopted by the WIPO Independent Advisory Oversight Committee*

## **INTRODUCTION**

1. The 64<sup>th</sup> session of the WIPO Independent Advisory Oversight Committee (IAOC) took place virtually from March 21 to 25, 2022. Present were Mr. Bert Keuppens (Chair), Mr. Igors Ludboržs (Vice-Chair), Ms. Tatiana Vasileva, Mr. Mukesh Arya and Mr. Zhang Long. Ms. Maria Vicien-Milburn was unable to participate and sent apologies for her absence. Mr. Othman Sharif informally reported his resignation from the Committee in March 2021 and has not participated in meetings thereafter.

### **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: NO 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 63<sup>rd</sup> Session. This being his first session as the Committee Chair, Mr. Keuppens expressed his thanks to Ms. Vasileva and Mr. Arya for their services as past Chairpersons. With regard to the pending matter on the proposed amendments to the IAOC Terms of Reference (ToR), this was taken up in the current session as Agenda Item 12.

### **AGENDA ITEM 4: MEETING WITH THE DIRECTOR GENERAL**

5. As the Director General was away on mission, the Assistant Director General – Administration, Finance and Management Sector met with the Committee and gave an update on the operational activities of the Organization. He discussed, among others, the financial results of WIPO in 2021, progress so far in the first year of implementation of the Medium-Term Strategic Plan (MTSP) 2022-2026 and Biennium Budget 2022/23, the ongoing response to COVID-19 and the outreach activities in a number of Member States, and the World Intellectual Property Day and its focus on youth.

6. The Committee was thankful to the Assistant Director General for the update and for the continuing support to the work of the Committee.

### **AGENDA ITEM 5: INTERNAL OVERSIGHT**

#### *Internal Oversight Division (IOD) Activity Report*

7. The Director, IOD presented to the Committee the quarterly Activity Report dated March 15, 2022. There were four reports (two audits and two evaluations) that were issued since the last session, which were reviewed in detail by the Committee in this current session, with Management in attendance.

#### *Internal Audit Engagements*

8. The Committee reviewed the Audit Report of Enterprise Risk Management (ERM), which was aimed at assessing the governance and design efficiency and operational effectiveness of risk management controls and practices, and the level of risk maturity of the Organization. The Committee took note of IOD's reliance on two surveys, one internal and one external, which

respectively showed how ERM is embedded in WIPO and where WIPO's ERM stand in comparison with others in the UN system. IOD added that the survey results corroborated their audit findings and observations.

9. The Committee also took note of IOD's new approach in presenting "points for consideration" in addition to "recommendations". IOD explained that, while both are important, the "points for consideration" are not formally followed up and thus present lesser administrative burden to both the auditors and audit clients. WIPO Management in attendance also acknowledged and supported this approach. Management also agreed with the audit recommendation concerning "Risk Culture", as highlighted in the audit report and added that the relevant audit findings and recommendations were a reinforcement of what they intended to do and a validation of future course of action. The overall conclusion was that WIPO had moved to a mature risk management environment.

10. The Committee is appreciative of IOD and Management for this well-documented audit exercise.

11. The second report reviewed was on the Audit of The Hague Platform Project. The report noted that the project implementation was adversely affected by various issues. These issues included weaknesses in planning, changes in scope, changes in budget and timelines, and less than optimal financial management. These factors contributed to cost overruns, lack of clear strategies on critical aspects such as data migration and transition, and practices that were non-compliant with the Prince 2 project management methodology. Moreover, the governance structure created parallel reporting lines that enabled instructions from different sources which in turn impeded effective communication, alienated some users and other stakeholders, and affected collaboration and accountability.

12. The Committee was appreciative of the well-informed response from Management, who understood that there were many lessons learned and documented experience as brought out by the audit. It may be noted that this audit was requested by Management. They confirmed that they have started to implement some of the audit recommendations. They also added that their conversations with the Administrative, Finance and Management Sector are forward-looking and that they are hopeful that past deficiencies will not be repeated in the future.

#### *Evaluations*

13. The Committee reviewed two evaluation reports. The first was the report on the Evaluation of WIPO Standing Committees. The IAOC appreciated this first-ever evaluation of the overall effectiveness and efficiency of these Committees. It also appreciated the high level interest, as indicated by the feedback from the Sector Leads concerned. The IAOC inquired on the performance indicators, which appeared to be broad and open to diverse interpretations. It was explained that the performance indicators came from various Member States, which were conveyed through the Program and Budget Committee (PBC). The IAOC advised the Secretariat to be proactive in proposing more robust performance criteria that would be acceptable to the Standing Committees. The IAOC took note of the good practices and lessons learned identified through the evaluation, which it believes will contribute to the usefulness of the WIPO Secretariat in, *inter alia*, strengthening the synergies among the Standing Committees.

14. The second report was on the Meta-Synthesis of Regional Divisions Evaluations. The IAOC found the report excellent as it covered different timeframes and was relevant in the context of the current MTSP. The Committee noted that the Regional Directors welcomed the exercise and were supportive of the recommendations resulting from the evaluations. The Regional Directors also noted that the evaluation contributed to learning from each other.

### *Investigations*

15. The Committee received the update on the status of investigation cases. Since the last report as of November 17, 2021, six new cases were opened and four were closed, three of which were after a full investigation and one after a preliminary evaluation. There was one case where allegations of misconduct were substantiated resulting in recommendations for consideration of disciplinary or other appropriate action. As of March 8, 2022, there were 16 pending investigation cases, seven of which were under preliminary evaluation, eight under full investigation and one case on hold, pending action from another entity. The Committee noted that of the 16 pending cases, one was registered in 2020, nine in 2021 and six in 2022.

### **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 March 8, 2022. It was noted that 33 (or 27.5 per cent) of 120 outstanding recommendations were of high priority. Of the 120 recommendations, 97 (or 81 per cent) were from IOD, 22 (or 18 per cent) were from the External Auditor, and one (or 1 per cent) from IAOC. There were 17 older recommendations issued as follows: three in 2015, three in 2016, one in 2017, and 10 in 2018.

17. The Committee noted the follow-up action. During the reporting period, 28 recommendations from IOD made between 2018 and 2021 have been closed. The Committee noted some implementation dates that needed to be revised. The Committee also appreciated the presentation of recommendations by Sector, as it is now clearer to see the exact status of majority of recommendations. The program managers present explained that several recommendations were no longer relevant and some recommendations were overlapping. They committed to a high probability of closing more recommendations, including high priority recommendations. For the next reporting, the Committee advised that a graph be prepared showing the actual implementation of recommendations as compared to the originally agreed upon timeframe. The Committee looked forward to seeing more progress on the overall implementation rate of all recommendations.

### **AGENDA ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE (PBC) MATTERS (RISK APPETITE AND FINANCIAL REGULATIONS AND RULES)**

18. The Committee discussed with Management two matters for presentation to the 34<sup>th</sup> PBC meeting. First was the revision to the Financial Regulations and Rules (FRRs), which was last substantially updated in 2007. Management presented the reasons for the revision. These were a more mature business maturity level of WIPO compared to 2007, the need to better align them with the MTSP and the Program of Work and Budget, and to ensure that FRRs be more principle-based. This would enable WIPO to maintain the integrity of its risk management and internal controls, and to address new areas of activities and ways of working that emerged since the 2007 update. The Committee appreciated the concise presentation, including the proposed structural changes. It also advised on proposed chapters and on the need to continue internal consultations. It looked forward to receiving the final draft in April for further input, if any, in line with IAOC's ToR.

19. The second matter discussed was the draft Risk Appetite Statement. Management acknowledged the role played by the IAOC in encouraging an update to the Statement. Management described the consultative process in developing the Statement, following their guiding principles, namely, that WIPO foster a risk aware culture, recognizing the importance of calculated risk-taking, transparency and learning from success and failures; that WIPO recognizes the shared ownership of certain risks between Member States and the Secretariat; and that WIPO considers risks and risk appetite in pursuit of Expected Results. The Committee also asked specifically about consultation with IOD, which also just concluded their audit of ERM.

The Committee and Management had an in-depth discussion on the concepts of risk universe, capacity and appetites. The Committee gave feedback regarding the concepts used to define the WIPO Risk Appetite Statement. Overall, the Committee welcomed the linkage of the Risk Appetite Statement to the MTSP. It took particular note of the Organization's overall appetite set at "medium". It looked forward to the submission of the Risk Appetite Statement to the PBC. Management indicated that they will take on board the comments from the IAOC and integrate them in an updated version.

#### **AGENDA ITEM 8: STATUS OF OVERSIGHT APPOINTMENT (IAOC, IOD DIRECTOR AND EXTERNAL AUDITOR)**

20. The Committee was updated by Management about the status of recruitment of the replacement of Director, IOD, whose term is ending in January 2023. The post has already been advertised. The Committee had earlier provided its inputs in the Vacancy Announcement.

21. With regard to the External Auditor, the Committee noted that the term of the National Audit Office is expiring in 2024. The appointment is driven by Member States and the process has already commenced. Management reported that expression of interest has already been sought from the Member States.

22. With regard to the replacement of IAOC Members whose terms are expiring in January 2023, including the one who informally resigned in March 2021, the Committee is currently reviewing the *curriculum vitae* (CVs) of 70 applicants. These CVs were forwarded to the Committee, in order to rate how these applicants meet the selection criteria with the goal to submit this to the Selection Panel, which is made up of representatives of Member States. This process is being done in coordination with the Office of the Legal Counsel, who acts as the Secretary of the said Panel. The Committee noted that this process is time-consuming because of the challenges posed by conducting meetings in virtual mode.

#### **AGENDA ITEM 9: FINANCIAL REPORTING: PRESENTATION ON PRELIMINARY RESULTS**

23. The Committee discussed with the Director, Finance Division, the draft 2021 financial statements, consisting of the Statement of Financial Performance and the Statement of Financial Position. The Committee appreciated the clear and concise presentation. The Director highlighted the overall surplus for the year 2021, indicating increases and decreases in revenue items as well as expenditure items. Significant revenue increases were noted on the fees (PCT, Madrid, Lisbon systems). On expenses side, significant increases were noted on personnel expenditure, contractual services, and operating expenses. Being the second year of the biennium, the Director explained that the overall increase in expenditure compared to 2020 was to be expected.

24. With regard to the Financial Position, there were substantial increases in non-current investments and in non-current employee benefits. The components of the after-service health insurance (ASHI) were discussed in detail. The Committee also noted that the assumption on medical cost has been updated based on actual claims, resulting in a more accurate assumption, which will not likely change in 3-5 years, according to the Director. It also noted the sensitivity to the underlying assumptions and will follow-up this discussion with the External Auditor and the actuary.

#### **AGENDA ITEM 10: EXTERNAL AUDIT – UPDATE ON 2021 FINANCIAL AND PERFORMANCE AUDITS**

25. The Committee discussed the status of the 2021 financial and performance audits with the representative of the External Auditor, with Management in attendance. The timelines presented were noted by the Committee. The draft 2021 WIPO financial statements are expected to be

received on March 25, 2022 and their audit, which commenced on March 21, is estimated to be completed by April 15, 2022. By end of April 2022, the External Auditor's report is expected to be finalized and then signed by mid-May 2022.

26. As of meeting date, they have significantly completed the following audit areas: payroll and other staff cost, PCT income, Madrid income, Hague income, Cash and cash equivalents and property plant and equipment. The Committee took note of the emerging findings on both financial and performance audits. The Committee also discussed the after-service health insurance (ASHI) liability and the underlying assumptions. The External Auditor representative stated that they are aware of the significance of ASHI and that they are looking into the actuarial assumptions. The Committee also took note of their positive reaction to Management's draft Risk Appetite Statement, which they found clear and transparent. The External Auditor also briefed the Committee on the performance reviews selected by them, especially the internal controls. The Committee was assured about their continuing coordination with IOD, particularly on their work on internal controls.

#### **AGENDA ITEM 11: ETHICS – FINAL 2022 WORKPLAN AND IMPLEMENTATION UPDATE**

27. The Committee discussed with the Chief Ethics Officer the implementation of the 2022 workplan and advised that the implementation status be shown separately with sufficient details, including reason(s) for any delay. The Chief Ethics Officer highlighted the increasing trend in the number of cases since she was appointed in September 2021. The Committee noted the high number of cases relating to outside activity and advised that the reasons behind the increase be determined and analyzed. It further advised the Chief Ethics Officer to identify appropriate solution to address this emerging trend. She agreed that formulating a clear policy on outside activities in consultation with the Human Resources and Management Division may perhaps address this concern.

28. With regard to financial disclosure, the Chief Ethics Officer reported 100% compliance, with two exceptions. The Committee also asked whether the current financial disclosure form captures the information on cryptocurrency. The Chief Ethics Officer also updated the Committee about two policies (Protection against Retaliation and Financial Disclosure) that the Committee will also have to review in due course. Considering the 2022 work plan of the Ethics Office, the Committee followed up on her staff resources. Due to budget constraints, the Chief Ethics Officer would be sharing an agency worker with the Ombudsperson starting in April and will have an intern starting in May.

29. The Committee appreciated the Chief Ethics Officer's excellent presentation and candid responses, and the significant progress made by the Office.

#### **AGENDA ITEM 12: PROPOSED AMENDMENTS TO THE IAOC TERMS OF REFERENCE**

30. The Committee discussed the comments of WIPO Secretariat on the initial draft proposed amendments to the IAOC ToR. The Committee noted that the Member States had approved the recent amendments presented by the Secretariat regarding the ToR provisions on the selection of IAOC members last October 15, 2021.

31. The proposed amendments to the IAOC ToR aim at three objectives: (a) incorporating relevant recommendations of the Joint Inspection Unit resulting from its Review of Audit and Oversight Committees in the United Nations System (JIU/REP/2019/6); (b) taking into account issues raised during IAOC's self-assessment done at its 59<sup>th</sup> and 63<sup>rd</sup> sessions in December 2020 and December 2021, respectively; and (c) considering evolution in the practices among external oversight bodies in the United Nations system.

### **AGENDA ITEM 13: IAOC ANNUAL REPORT**

32. The Committee discussed its Annual Report that will be presented at the 34<sup>th</sup> PBC meeting. The IAOC Annual Report will cover the period from July 10, 2021 to May 20, 2022, specifically presenting the results of the 62<sup>nd</sup>, 63<sup>rd</sup>, 64<sup>th</sup> and 65<sup>th</sup> sessions, which were held in September 2021, December 2021, March 2022, and will be held in May 2022, respectively.

### **AGENDA ITEM 14: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

33. As provided in the IAOC 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 15: OTHER MATTERS**

#### *WIPO Investment Reports*

34. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for November 2021 to February 2022, prepared by the Investment Advisors and the Custodian, respectively.

35. 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*

36. The next session is scheduled to take place from May 16 to 20, 2022. Considering the personal circumstances and the sanitary situation in each country related to COVID-19 and the quarantine requirements of the Committee members, the meeting is expected to be in a hybrid format. The draft Agenda for the next session was discussed and prepared by the Committee, for adoption at the beginning of the next meeting:

- (1) Adoption of the Agenda
- (2) No Conflict of Interest Declaration
- (3) Matters arising from previous Session
- (4) Meeting with the Director General
- (5) Meeting with the Chairs of the WIPO General Assembly and of the Coordination Committee
- (6) Internal Oversight (including 2021 IOD Annual Report)
- (7) Follow-up on Oversight Recommendations, (including Joint Inspection Unit, External Auditor and IAOC Recommendations)
- (8) Update on Risk Management and Internal Controls
- (9) Update on Program and Budget Committee (PBC 34<sup>th</sup> session) Matters
- (10) Update on Human Resources Management
- (11) Financial Reporting: Annual Financial Report and Financial Statements 2021
- (12) External Audit: Report of the External Auditor
- (13) Ethics: 2021 Ethics Office Annual Report and Implementation of 2022 Workplan
- (14) Proposed Amendments to the IAOC Terms of Reference
- (15) IAOC 2021 Annual Report
- (16) Information Meeting with Member States' Representatives

(17) Other Matters

[Annexes follow]





---

**WO/IAOC/64/1**  
**ORIGINAL: ENGLISH**  
**DATE: MAY 12, 2022**

## **WIPO Independent Advisory Oversight Committee**

**Sixty-Fourth Session**  
**Geneva (Virtual), March 21 to 25, 2022**

### **DRAFT AGENDA**

*prepared by the WIPO Independent Advisory Oversight Committee*

1. Adoption of the Agenda
2. No Conflict of Interest Declaration
3. Matters arising from previous Session
4. Meeting with the Director General
5. Internal Oversight
6. Review of High-Priority Oversight Recommendations
7. Update on Program and Budget Committee Matters (Risk Appetite and FRR)
8. Status of Oversight Appointment (IAOC, IOD Director and External Auditor)
9. Financial Reporting: Presentation on Preliminary Results
10. External Audit: Update on 2021 Financial and Performance Audits
11. Ethics: Final 2022 Workplan and Implementation Update
12. Proposed Amendments to the IAOC Terms of Reference

13. IAOC Annual Report
14. Information Meeting with Member States' Representatives
15. Other Matters

[Annex II follows]



---

**WO/IAOC/64/INF/1**  
**ORIGINAL: ENGLISH**  
**DATE: MAY 12, 2022**

## WIPO Independent Advisory Oversight Committee

**Sixty-Fourth Session**  
**Geneva (Virtual), March 21 to 25, 2025**

### LIST OF DOCUMENTS

**ITEM 1: ADOPTION OF THE AGENDA**

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

**ITEM 2: NO CONFLICT OF INTEREST DECLARATION**

*No document:* Oral account.

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

*No document:* Oral account.

**ITEM 4: MEETING WITH THE DIRECTOR GENERAL**

*No document:* Oral account.

**ITEM 5: INTERNAL OVERSIGHT**

*Internal Oversight Division:*

- [04] IOD Activity Report – March 15, 2022 (Reference: IOD-IAOC-2022/01)
- [05] IOD Newsletter 2022 – March 1, 2022

*Audit:*

- [06] Audit Report: Audit of Enterprise Risk Management, March 8, 2022 (Reference: IA 2021-01)
- [07] Audit Report: Audit of the Hague Platform Project, January 19, 2021 (Reference: IA 2021-02)

*Evaluation:*

- [08] Evaluation Report: Evaluation of WIPO Standing Committees, February 16, 2022 (Reference: EVAL 2020-02)
- [09] Evaluation Report: Meta-Synthesis of Regional Divisions Evaluations, March 8, 2022 (Reference: EVAL 2021-04)

*Investigation:*

**ITEM 6: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS**

- [10] Open Oversight Recommendations – March 10, 2022

**ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE MATTERS (RISK APPETITE AND FRR)**

- [11] Presentation – Financial Regulations and Rules: Risk Appetite Statement, March 14, 2022
- [12] Advanced draft Risk Appetite Statement, April xx, 2022 (document WO/PBC/34/13)
- [13] Advanced draft Statement on Internal Control 2021
- [14] Annual Risk Management Progress Report 2021, March 1, 2022

**ITEM 8: STATUS OF OVERSIGHT APPOINTMENT (IAOC, IOD DIRECTOR, EXTERNAL AUDITOR)**

No document: Oral update by the Controller on Status, as at March 22, 2022

**ITEM 9: FINANCIAL REPORTING: PRESENTATION OF PRELIMINARY RESULTS**

- [15] Presentation: Financial Statements 2021, (March 22, 2022)

**ITEM 10: EXTERNAL AUDIT: UPDATE ON 2021 FINANCIAL AND PERFORMANCE AUDITS**

- [16] Presentation: Update on Audit Progress for 2021 Financial Statements, March 22, 2022

**ITEM 11: ETHICS: FINAL 2022 WORKPLAN AND IMPLEMENTATION UPDATE**

- [17] Final Ethics Office 2022 Workplan Update, March 14, 2022
- [18] Ethics Office – Putting ethics in focus (WIPO Townhall presentation), January 27, 2022
- [19] Presentation: Ethics Office Update, March 24, 2022

**ITEM 12: PROPOSED AMENDMENTS TO THE IAOC TERMS OF REFERENCE**

- [20] Draft Proposed Amendments to the IAOC Terms of Reference, December 2021, and Comments from the WIPO Secretariat, February 2022

**ITEM 13: IAOC ANNUAL REPORT**

- [21] Draft Report by the WIPO Independent Advisory Oversight Committee (IAOC), March 2022

**ITEM 14: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

No document: Oral account.

**ITEM 15: OTHER MATTERS**

- [22] Report – Sixty-Third Session (WO/IAOC/63/2)
- [23] IAOC Rolling Agenda, 64<sup>th</sup> to 67<sup>th</sup> Sessions

**Investment Reports:**

- [24] Credit Suisse – Investment Monitoring Reports for November and December 2021, and January and February 2022

[25] MBS Capital Advice – Investment Performance Reports for November and December 2021, and January and February 2022

[End of Annex II and of document]