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WIPO Independent Advisory Oversight Committee

**Twenty-Eighth Session
Geneva, March 25 to 28, 2013**

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

CONTENTS

Introduction	3
Agenda Item 1: Adoption of the Agenda	3
Agenda Item 2: Election of Chair and Vice Chair	3
Agenda Item 3: Meeting with the Director General	3
Agenda Item 4: New Construction Projects	3
Agenda Item 5: Internal Audit and Oversight	5
Agenda Item 6: Follow-up on Oversight Recommendations	6
Agenda Item 7: Financial Reporting	6
Agenda Item 8: WIPO Ombuds-Function	6
Agenda Item 9: Information Session for Member States	6
Agenda Item 10: Other Matters	7
A. Budget and Audit Session for Member States	7
B. Meeting with the Staff Council	7
C. Meeting with the Joint Inspection Unit	7
D. IAOC Selection Process	7
E. Assessment of the Work of the IAOC from 2011-2013	7
F. Dates and draft Agenda for 29 th Session	8

INTRODUCTION

1. The 28th session of the WIPO Independent Advisory Oversight Committee (hereinafter referred to as “the Committee” or “IAOC”) took place from March 25 to 28, 2013. Present were Messrs. Fernando Nikitin (Chair), Ms. Mary Ncube (Vice Chair), Messrs. Anol Chatterji, Kjell Larsson, Nikolay Lozinskiy, Ma Fang and Ms. Maria Beatriz Sanz Redrado.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

2. The Committee adopted the Agenda with a modification. The Agenda is attached as Annex I and the list of documents as Annex II.

AGENDA ITEM 2: ELECTION OF CHAIR AND VICE CHAIR

3. Following postponement from its previous session of the election of a Chair and Vice Chair, the Committee elected Mr. Fernando Nikitin as Chair and Ms. Mary Ncube as Vice Chair, in line with its Terms of Reference and Rules of Procedure. Appreciation was expressed by the members for the leadership of the former Chair, Mrs. Maria Beatriz Sanz Redrado and the former Vice Chair Mr. Fernando Nikitin.

AGENDA ITEM 3: MEETING WITH THE DIRECTOR GENERAL

4. The IAOC met with the Director General and discussed, among other issues, institutional priorities post-implementation of the Strategic Realignment Program.

AGENDA ITEM 4: NEW CONSTRUCTION PROJECTS

5. The IAOC met with the Chief Financial Officer (Controller) and the Director of the Premises Infrastructure Division to follow up on various matters relating to the New Construction Projects, namely the New Conference Hall Project and the New Administrative Building.

6. The IAOC took note of:

- (a) A “Quarterly Report on certain aspects of the New Conference Hall Project” (Annex I: Construction components description, amounts and variations versus initial amounts, payments made; Annex II: Approval cycle for certifying construction quality; Annex III: Approval cycle for authorizing and making *payments*; Annex IV: Project completion dates by area; and, Annex V: Chart illustrating the provisional construction phase timetable from the initial stages), prepared in response to the IAOC’s request at its previous session, *inter alia*, for a “more detailed reporting mechanism that disclosed planned versus actual expenses incurred by all sub-contractors together with information on the timeliness and quality of the expected deliverables.”
- (b) A “Progress report on the New Conference Hall Project and the New Construction Project.”
- (c) An updated Project Risk Register.
- (d) A cost table showing for the New Conference Hall Project the breakdown between the original amounts approved by Member States, the amounts becoming available

to WIPO due to the termination of the contact with the former general contractor, the status of payments and amounts still to be paid as well as uncommitted amounts to date.

- (e) Copies of presentations made at the Secretariat's monthly briefings to Member States in January and in February 2013 respectively.

A. New Conference Hall Project

7. The Secretariat orally informed IAOC that:

- (a) Since January 2013, the Construction Management and Coordination Committee had met two to three times a week on average as compared to meeting on an almost daily basis between August and December 2012.
- (b) In January 2013, the threshold for contracts requiring review by the Conference Hall Ad-hoc Contracts Committee had risen from CHF100,000 to CHF200,000, to further improve and streamline the review and processing of cases.
- (c) Reinforcement of several administrative units in the WIPO Administration and Management Sector and re-delegation of the mandate of the former general contractor to various WIPO professional contractors, including the Architect, the Pilot and the various Engineer Firms, had now been implemented.
- (d) As at February 28, 2013, some 32 contracts had been awarded for a total amount of 42.4 million Swiss francs (84.8% of the construction cost). It was expected that some 18 to 20 contracts were still to be awarded, for a total amount of 5 to 7 million Swiss francs (under 15% of the construction cost). The Committee was informed that the expected cost of the project was still within budget.
- (e) Worksite-driven modifications had amounted to some 600,000 Swiss francs. These modifications had not affected the Project plans.
- (f) The revised completion date of the Project is February 28, 2014.
- (g) The Conference Hall is expected to be operational by Summer 2014 after a number of real life tests have been carried out with a variety of meetings in order to be fully operational by September 2014.

8. Having considered the above-mentioned reports and the Secretariat's oral presentation, in-depth discussions followed on the need for an expanded view of all construction elements both within and outside of the formal scope of the Project and that are required to reach the stage at which the Conference Hall will become operational, within the expected timelines, budget and quality attributes.

9. Following this discussion, the Secretariat agreed to provide:

- (a) An expanded timetable showing a critical path leading up to the date at which the Hall is expected to be fully operational.
- (b) A progress report of actual versus planned completion of the physical acceptance of the components, complementing the actual expenses versus budgeting information provided in the detailed quarterly reports.
- (c) An updated risk register reflecting the points set out above, and to include emerging risks arising from re delegation of the mandate of the former general contractor.

10. Concerning follow-up on implementation of the PBC recommendation for “a more detailed explanation of the events that led to the termination of the contract for historical reference” (document WO/PBC/19/27), the Committee took note that a draft report “Review of the Construction of WIPO’s New Conference Facilities”, prepared by the Internal Audit and Oversight Division (IAOD), was under discussion with the Premises Infrastructure Division.

B. New Administrative Building

11. The IAOC was informed that the ongoing repair and replacement works were now expected to be finished at the end of 2013, with the cost of all outstanding works being covered through monies retained by WIPO from the balance owed to the general contractor.

AGENDA ITEM 5: INTERNAL AUDIT AND OVERSIGHT

12. The IAOC met with the Director of the Internal Audit and Oversight Division (IAOD) and the Heads of the Internal Audit Section, the Evaluation Section and the Investigation Section.

13. The Committee reviewed IAOD’s 2013 Work plan, prepared following input from the Director General, Management and Member States, and using a risk framework structure. The IAOC commented on the performance indicators in the plan and agreed with IAOD that minor refinements were needed. It subsequently reviewed the IAOD’s proposed indicators for the draft 2014/15 Program and Budget and noted a significant improvement, as well as the IAOD Director’s comment that the performance indicators are an area for continuous enhancement.

14. Regarding ICT auditing activities, in view of the high ICT-related risks and WIPO’s reliance on ICT security to protect its operations, the IAOC discussed with IAOD the need for inclusion of independent assessments of the effectiveness of system controls, in addition to the activities already contained in the plan regarding the design of ICT controls, such as ICT governance, policies and procedures. To this end, the IAOC recommended that independent ICT vulnerability assessments and system penetration testing should be included in the plan.

15. Another topic discussed in detail was exception reporting and the establishment of registers for recording exceptions to rules, notably within the context of ICT and Human Resources Management. Such registers would be in line with best practice and the IAOC plans to pursue this issue at its next session.

16. The IAOC took note of the status of the open investigation cases contained in a summary of open investigation cases, which is submitted to the IAOC at each of its quarterly sessions.

17. With respect to two specific cases, the IAOC wishes to report that, at its previous session in December 2012, the Director of IAOD had sought the advice of the Committee regarding a possible conflict of interest, in accordance with paragraph 5 of the Internal Oversight Charter, in respect of two complaints received by him. At that time, based on the information in its possession, the Committee had recommended that the Director of IAOD carry out preliminary evaluations of the complaints and discuss the matter further during the present session. Having proceeded as recommended, the Director of IAOD presented to the Committee two reports detailing the outcome of the preliminary evaluations. The Committee observed that the preliminary evaluations had been carried out reasonably, in accordance with the Internal Oversight Charter, and professional standards. It further advised the Director of IAOD to proceed in the matter in accordance with the proposed course of action outlined in the reports presented to the Committee.

18. As regards the draft Investigation Policy and revised Investigation Procedure Manual, the Committee was informed that the documents were in the process of being revised following

comments received in-house and from the IAOC. Once this has been completed, IAOD will then conduct a second round of consultations, which will include the IAOC again, in accordance with paragraph 13(c) of the Internal Oversight Charter. Subsequently, the documents will be shared with Member States pursuant to paragraph 13(b) of the Internal Oversight Charter.

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

19. The Committee welcomed the implementation of TeamCentral©, an Intranet system for monitoring the implementation of oversight recommendations, shortly to be deployed to Program Managers. The advantages of the system include ongoing dialogue on a web-based platform (rather than the current practice of biannual reporting using Excel spreadsheets), accumulation of project information and findings, and automated reporting. This should impact positively on the timeliness and accuracy of reporting, including in terms of the status of compensatory controls by management to mitigate residual risk.

20. In addition to a presentation on the system's functions, the IAOC received a summary report on the status of implementation of recommendations as of March 25, 2013.

AGENDA ITEM 7: FINANCIAL REPORTING

21. The IAOC met with the Chief Financial Officer (Controller) and the Director of Finance Services, Department of Finance and Budget, and discussed progress on preparation of the 2012 Financial Statements. The IAOC subsequently received, on March 28, an electronic copy of the Statements, which will be reviewed in detail at its next session in May. The Committee was further informed that the final external audit of the 2012 financial statements would commence in the first week of April 2013.

AGENDA ITEM 8: WIPO OMBUDS-FUNCTION

22. The IAOC met with the WIPO Ombuds-person who briefed the Committee on the 2012 caseload. The IAOC will meet again with the Ombuds-person again following issuance of the 2012 Annual report.

23. The Committee considers that the 2011 Annual Report of the Ombudsman and IAOD's internal audit report on Human Resources Management provide important input for the development of a WIPO Human Resources Strategy and other human resources policies and procedures. In this context, the IAOC wishes to meet with the Director of the Human Resources Management Department at its next session in May to follow up, *inter alia*, on management action plans prepared and/or implemented in line with the recommendations contained in the two reports.

AGENDA ITEM 9: INFORMATION SESSION FOR MEMBER STATES

24. An Information Session for Member States was held attended by representatives of 11 Member States. The IAOC briefed the representatives on matters contained in this report, following which additional information was requested and provided on: issues raised by the Staff Council (reference paragraph 26); the scope of the Joint Inspection Unit review (reference paragraph 27); and, management of emerging risks in the New Construction Projects (reference paragraph 9).

AGENDA ITEM 10: OTHER MATTERS

A. Budget and Audit Session for Member States

25. In response to an invitation from Member States, two IAOC members participated in a "Budget and Audit Session" held at WIPO on March 21, 2013. The Committee believes that the session was very well appreciated by those participating and that such sessions could benefit all Member States.

B. Meeting with the Staff Council

26. At the request of the WIPO Staff Council, the IAOC met with the Council representatives who briefed the Committee on matters of concern to the Council.

C. Meeting with the Joint Inspection Unit

27. At the request of the Joint Inspection Unit (JIU), the IAOC met with a JIU team conducting a Review of Management and Administration in WIPO. The meeting took place within the context of the data collection for the Review during which phase the team is meeting with various WIPO officials and other stakeholders. Discussions were based on an interview guide provided by the JIU prior to the meeting. The Committee appreciated the exchange of views and an invitation was extended to the IAOC for further discussions, if necessary, at future IAOC sessions.

D. IAOC Selection Process

28. The IAOC took note of an IAOC selection process roadmap adopted by the Member State Panel established by the Program and Budget Committee to make recommendations on selection of three new IAOC members to replace the members whose mandates will expire in January 2014.

29. In line with the roadmap and the provisions contained in document WO/GA/39/13, the IAOC will undertake, at its next session in May, a ranking-based assessment of all candidates judged by the Panel as eligible for assessment, and on the basis of an Evaluation Matrix finalized by the Panel. The IAOC's report will be transmitted to the Panel following that session.

30. In view of the concurrent scheduling of a meeting of the IAOC Selection Panel, an IAOC member met with the Panel to share the Committee's views on the impact of the three departing Committee members on the IAOC's collective skills.

E. Assessment of the Work of the IAOC from 2011-2013

31. In line with best practice, the Committee decided to undertake an assessment of the work of the IAOC from 2011-2013, with a view to issuing a report at the end of this year. The methodology for the assessment will be finalized at the Committee's next session.

F. Dates and draft Agenda for 29th Session

32. The next session is scheduled to take place from Monday, May 20 to Friday, May 24, 2013. The following draft Agenda is proposed:

- (a) Meeting with the Director General
- (b) Meeting with the Director of the Human Resources Management Department
- (c) New Construction Projects
- (d) Internal Audit and Oversight
- (e) Follow up on Oversight Recommendations
- (f) WIPO Financial Statements (1st reading)
- (g) Progress report on the preparation of the 2014/15 draft Program and Budget
- (h) IP Issues:
 - General Overview
 - WIPO's position in the IP Universe
- (i) IAOC Selection Process
- (j) Information Session for Member States
- (k) Other Matters

[Annex I follows]



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AGENDA

adopted by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Election of Chair and Vice Chair
3. Meeting with the Director General
4. New Construction Projects
5. Internal Audit and Oversight
6. Follow-up on Oversight Recommendations
7. Financial Reporting
8. WIPO Ombuds-function
9. Information Session for WIPO Member States
10. Other Matters

[Annex II follows]

LIST OF DOCUMENTS

AGENDA ITEM 1: ADOPTION OF THE AGENDA

WO/IAOC/28/1 Prov. Draft Agenda

AGENDA ITEM 4: NEW CONSTRUCTION PROJECTS

Progress Report on the New Conference Hall and New Construction Project, dated March 12, 2013

Quarterly Report on certain aspects of the New Conference Hall Project, dated March 15, 2013

Project Risk Register (top level risks)

Presentation on the New Conference Hall Project prepared for a Briefing to Member States on January 21, 2013

Presentation on the New Construction and New Conference Hall Projects prepared for a Briefing to Member States on February 25, 2013

AGENDA ITEM 5: INTERNAL AUDIT AND OVERSIGHT

“IAOD Oversight Work Plan 2013” dated January 16, 2013

“2013 Oversight Plan Status of Work – March 2013”, dated March 21, 2013

Internal Audit Report IA/04/2012 “Review of Payment Process”, dated March 21, 2013

Draft Investigation Policy

Draft Investigation Manual

Overview of pending cases in the Investigation Section as at March 22, 2013

AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

Status of implementation of oversight recommendations as at March 2013

AGENDA ITEM 7: FINANCIAL REPORTING

Annual Financial Report and Financial Statements Year to December 31, 2012 (unaudited)

AGENDA ITEM 10: OTHER MATTERS

Memorandum from the Staff Council to the IAOC Chair, dated March 14, 2013

Interview Guide for Meeting with the Joint Inspection Unit (JIU), prepared by the JIU

2013 IAOC Selection Process Roadmap: Summary and Timeline

Report on the Progress of the Strategic Realignment Program to the
WIPO Independent Advisory Oversight Committee (IAOC), March 2013

[End of Annex II and of document]