

Assemblies of the Member States of WIPO

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WIPO ACCOUNTABILITY FRAMEWORK

Document prepared by the Secretariat

1. The present document contains WIPO Accountability Framework (document WO/PBC/22/12), which is being submitted to the WIPO Program and Budget Committee (PBC) at its twenty-second session (September 1 to 5, 2014).
2. Any decisions of the PBC in respect of that document will appear in the List of Decisions Taken by the Program and Budget Committee at its Twenty-Second Session (September 1 to 5, 2014) (document A/54/5).

[Document WO/PBC/22/12 follows]

Program and Budget Committee

Twenty-Second Session
Geneva, September 1 to 5, 2014

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I. INTRODUCTION

1. The Joint Inspection Unit's (JIU) report Accountability Frameworks in the United Nations System (JIU/REP/2011/5) provided "a comparative analysis report on various accountability frameworks in the United Nations system" in response to the United Nations General Assembly resolution 64/259¹. In their report, the JIU recommended that "Executive heads of United Nations system organizations that have not yet developed stand-alone accountability frameworks should do so as a matter of priority inspired by the benchmarks contained in this report". It also urged the legislative bodies to follow up "evaluation on the implementation of the relevant accountability frameworks/systems for their consideration in 2015".

2. WIPO's Internal Audit and Oversight Division (IAOD), in its audit on Results-Based Management in 2013, also recommended that the "WIPO Secretariat should engage with the General Assembly to define and get approval for an accountability framework in line with key components as defined and recommended in the report by the Joint Inspection Unit (JIU/REP/2011/5)".

¹ General Assembly Resolution A/RES/64/259, paragraph 4.

II. ACCOUNTABILITY

3. The concept of accountability is defined in Resolution 64/259 as follows:

“Accountability is the obligation of the Secretariat and its staff members to be answerable for all decisions made and actions taken by them, and to be responsible for honoring their commitments, without qualification or exception.

“Accountability includes achieving objectives and high-quality results in a timely and cost-effective manner, in fully implementing and delivering on all mandates to the Secretariat approved by the United Nations intergovernmental bodies and other subsidiary organs established by them in compliance with all resolutions, regulations, rules and ethical standards; truthful, objective, accurate and timely reporting on performance results; responsible stewardship of funds and resources; all aspects of performance, including a clearly defined system of rewards and sanctions; and with due recognition to the important role of the oversight bodies and in full compliance with accepted recommendations.”²

4. The JIU report identifies the key components of a robust accountability framework as being (i) the political covenant with Member States; (ii) internal controls; and (iii) complaints and response mechanisms, and further concluded that “an accountability framework should be based on transparency and has to be supported by a strong culture of accountability”.

5. WIPO’s core values of “Accountability for results”, “Environmental, social and governance responsibility” and “Service orientation” address each the components identified by the JIU, and the Secretariat has undertaken extensive work over the past biennia to establish and strengthen its core values and the various elements of its accountability framework. This document serves to bind these elements together as WIPO’s accountability framework, and present it to Member States for their consideration and approval.

III. THE WIPO ACCOUNTABILITY FRAMEWORK

6. The WIPO accountability framework is based on three pillars, which are fully aligned with the key components of an accountability framework identified by the JIU, as illustrated below:

WIPO Accountability Framework

PILLAR 1 Covenant with Member States, Stakeholders and Users of WIPO’s Services	PILLAR 2 Risk Management and Internal controls	PILLAR 3 Complaints and response mechanisms
<ul style="list-style-type: none"> • Agreements and Treaties • WIPO Results Framework 	<ul style="list-style-type: none"> • Control Environment • Risk Assessment • Control Activities • Information and Communication Monitoring 	<ul style="list-style-type: none"> • Users of WIPO Services • Procurement Activities • WIPO Staff

² A/RES/64/259

7. Together, these pillars contribute to a culture of accountability and transparency through clear agreements, strategic organizational performance and risk management, as well as complaints and response mechanisms. The sections below provide an overview of each of these pillars. WIPO's approach to the implementation of the accountability framework emphasizes the need for it to serve as a guide in the day-to-day work of managers and staff.

IV. PILLAR 1 - COVENANT WITH MEMBER STATES, STAKEHOLDERS AND USERS OF WIPO'S SERVICES

8. The first pillar of WIPO's accountability framework is its covenant with its Member States, stakeholders and the users of its services. This covenant is enshrined in the following *Agreements and Treaties*:

- (i) The WIPO Convention and its amendment(s), which provide the Organization's core mandate;
- (ii) In addition, WIPO administers 25 further treaties, which form the legal basis for the services provided in the areas of IP Protection, Global Protection Systems and Classification;
- (iii) Other agreements with international organizations, such as the United Nations (UN) and the World Trade Organization (WTO) further define the Organization's mandate.

WIPO Results Framework

9. The biennial Program and Budget is approved by Member States and sets out the organizational expected results (organized by the prevailing strategic goals) to be achieved in a given biennium. The expected results are measured by a well-defined set of performance metrics (performance indicators, baselines and targets).

10. Annual results-based workplans at the organizational unit level and aligned individual staff objectives are instrumental for the implementation of the biennial Program and Budget, for which unit managers and staff are respectively accountable.

11. WIPO publishes Performance Reports on the achievement of expected results as set out under the biennial Program and Budget, and as monitored and assessed by Programs for Member States' consideration and approval. The Member State driven performance dialog, facilitated by the Secretariat's reports, creates the opportunity to distill lessons from implementation in a given period and to improve the planning and implementation in subsequent periods, thereby fostering a culture of continuous performance improvement and learning. Financial statements are prepared annually, in compliance with the Organization's Financial Regulations and Rules, and International Public Sector Accounting Standards.

12. WIPO's IAOD is mandated to objectively validate Programs' contribution to the expected results, to confirm self-assessed performance and provide recommendations for improvement of future planning and performance monitoring. The IAOD therefore strengthens accountability for the achieved results, their impact and sustainability.

V. PILLAR 2 – RISK MANAGEMENT AND INTERNAL CONTROLS

13. The second pillar of WIPO's accountability framework is the risk management and internal controls system, developed to ensure that results are achieved in line with the Organization's policies, rules and regulations, as well as ethical and integrity standards. This system is defined in the WIPO Policy on Risk Management.

14. The internal controls system is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework³, as it is applied within the International Organization of Supreme Audit Institutions' (INTOSAI) guidelines for internal control standards for the public sector. The internal control system is comprised of five components: (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring.

15. In order to articulate the roles and responsibilities relating to risk management and internal controls, WIPO's accountability framework uses the "three lines of defense model (TLOD)⁴". This model addresses the need to effectively manage risks and controls with a cohesive and coordinated approach, in a manner that ensures clear definition of roles and responsibilities in respect of risk management and controls. For this purpose, operational managers are defined as the "first line" of defense – those who own and manage risks. The "second line" of defense consists of various risk management and compliance functions, such as those represented by the Program Planning and Finance Department, established by the management of the Organization to strengthen and monitor the first line of defense controls. Independent assurance, such as the IAOD and the Ethics Office are the "third line" of defense.

Control environment

16. The control environment includes the standards applicable to the Organization's activities, including ethical conduct, standards of integrity, organizational structure, assignment of authority and responsibility, and human resources policies and practices. These standards provide the legal basis for controls representing the second line of defense in the TLOD model.

17. WIPO Staff Regulations and Rules (SRR, revised and approved by Member States in 2011, 2012 and 2013) embody the fundamental agreements between staff and the Organization and define the principles of human resource management. Office Instructions supplement the SRR, and the Financial Regulations and Rules (FRR) govern the implementation of activities and the financial management of WIPO. The FRR provides for delegation of authority that allows the Organization to achieve its expected results in an effective and orderly manner.

18. The conduct and actions of WIPO staff must always adhere to the highest ethical standards, as set out in the WIPO Code of Ethics. Ethics training is provided to all staff.

19. The International Civil Service Commission's (ICSC) Standards of Conduct provide a foundation on which the WIPO Code of Ethics builds, stating the expectation for staff to observe the highest ethical standards of conduct, consistent with the principles of loyalty, integrity, impartiality, discretion, personal accountability and respect for others, and to disclose and manage any actual, apparent or potential conflicts of interest. WIPO has issued a Statement on Harassment at Work, clearly establishing a zero tolerance policy for any form of discrimination or harassment, including gender or sexual harassment, as well as physical or verbal abuse at the workplace or in connection with work.

20. A Whistleblower Protection Policy, to provide protection against retaliation for reporting wrong-doing, was put in place in 2012, and a policy on preventing and deterring corruption, fraud, collusion, coercion, money laundering and the financing of terrorism was issued in 2013.

21. An Ethics function has been in place since 2010, and WIPO has issued policies in respect of the acceptance of gifts and favors, as well as a Code of Conduct for Managing Supplier Relationships. WIPO has put in place a process for the declaration of interest as the first step

³ Committee of Sponsoring Organizations of the Treadway Commission *Internal Control - Integrated Framework* (Jersey City, NJ : American Institute of Certified Public Accountants, 2013)

⁴ 2014 The Institute of Internal Auditors *The Three Lines of Defense in Effective Risk Management and Control*, IIA Position Paper

towards the development of a full financial disclosure program, which is nearing completion. The policy in place stipulates that all staff members at the level of D-1 and above, as well as other designated categories, are required to file a declaration of interest for themselves, their spouses and family members.

22. A key requirement for holding staff accountable for their work is the availability of up-to-date job descriptions. WIPO's SRR require that all posts have accurate and up-to-date job descriptions; to this end, HRMD has launched an initiative to update all job descriptions. Recruitment policies and post-employment restrictions are established on the basis of the SRR and UN system common practice.

23. A Performance Management and Staff Development System (PMSDS) has been in place since 2009, setting work objectives that contribute to the organizational expected results for every staff member. The WIPO rewards and recognition program was launched in 2014 to recognize outstanding performance and the achievement of exceptional results.

Risk assessment

24. Program Managers and their designees are the first line of defense, and risk assessments are performed by all staff at appropriate levels of the Organization to identify the risk events and estimate their likelihood of occurrence and potential impact on expected results, if they were to take place. This establishes the basis for developing the appropriate risk responses, either through one-off mitigation measures or recurring internal controls. Risk assessment is performed within the context of WIPO's biennial as well as annual planning processes, with quarterly risk reviews undertaken.

25. Risks are coordinated centrally to provide consistency across the Organization, to seek approval as required, and moreover, to act as the second line of defense. To better assess and manage the risks that could endanger the achievement of WIPO's strategic goals and expected results, the guiding principles of Enterprise Risk Management (ERM) activities have been codified in WIPO's Risk Management Policy. The related manuals also provide the procedures to identify, prioritize and manage the risks and mitigation measures related to the Organization's expected results, and define key roles and responsibilities for all stakeholders in ERM activities.

26. The Secretariat has prepared a proposal for Member States' approval in respect of the Organization's Risk Appetite, which is defined as the amount of risk, on a broad level, that the Organization is willing to accept in pursuit of its strategic goals and expected results.

Control activities

27. Control activities are performed at various levels of the Organization and are established to ensure reasonable assurance regarding the reliability of reporting, the effectiveness and efficiency of operations, compliance with applicable policies, regulations and rules, and the safeguarding of resources. Control activities take various forms, such as the Regulations and Rules, office instructions and controls in information technology systems. Controls are documented together with the risk that they mitigate.

28. When considering the responsibility for control activities, Program Managers and their designees are responsible to act as the first line of defense for ensuring the application of the Regulations and Rules, office instructions and controls in IT systems. Administration and Management generally act as the second line of defense, putting in place processes that enable unit managers to have visibility on their Programs, to oversee risk and ensure compliance.

29. The definition of accountability and authority is clearly integrated into existing Enterprise Resource Planning (ERP) systems. Program Managers sign a representation letter annually to confirm compliance with internal controls within their delegated authority.

Information and communication

30. This sub-component describes the systems in place to document and report on operational, financial and non-financial, as well as compliance-related information. The form and timeframe within which such information is provided is critical to ensuring that staff can carry out their responsibilities.

31. An ERP system has been in place since 2004 for finance and procurement, and has been expanded, within the context of a comprehensive ERP project approved for implementation by Member States between 2010 and 2015, to include various elements to support comprehensive and integrated Results-Based Management in WIPO. Business intelligence from the ERP system will increasingly provide real-time management data to management to enable timely and transparent decision-making.

32. Communication to external parties is broad and comprehensive, going well beyond provision of statutory reports to Member States. WIPO provides extensive information to its Member States, stakeholders, and the users of its services through its internet site as well as through various other channels. The Organization has established classifications for different types of documents and data, together with guidelines for the handling of these.

Monitoring

33. This sub-component generally represents the third line of defense of the TLOD model and involves the continued review of the Organization's activities and transactions over time to assess performance and compliance with a view to determining the effectiveness of controls.

34. The Independent Advisory Oversight Committee (IAOC) reports to the Member States and provides impartial advice and direction regarding internal controls and risk management.

35. The IAOD is the independent internal oversight body which carries out objective, systematic and independent oversight of program implementation and operations. The IAOD tracks and reports recommendations made by the external auditor and the IAOD, and reports on the implementation of these to Member States. Where recommendations are not accepted by management, clear justification is provided.

36. The JIU is the independent external oversight body of the United Nations system mandated to conduct system-wide evaluations, inspections and investigations. The JIU also tracks the status of recommendations made by it to executive heads and legislative bodies. Reporting on the implementation of these is done by the Organization to its Member States.

37. WIPO's performance management and staff development system provides targets and feedback for all staff members, including the senior management team.

38. The WIPO External Auditor provides an opinion on WIPO's financial statements and on compliance with the regulatory framework of the Organization.

VI. PILLAR 3 – COMPLAINTS AND RESPONSE MECHANISMS

39. The third pillar of WIPO's accountability framework rests on well-established and functioning complaints and response mechanisms. According to the JIU, this is "the mechanism through which stakeholders can hold an organization to account by querying a decision, action or policy and receiving an adequate response to their grievance. Complaints and response mechanisms should be seen as a means of last resort for stakeholders to hold the organization

to account and for organizations to become aware of an issue that requires a response.”⁵
These mechanisms should ensure that complaints and concerns are addressed by established channels and within appropriate timelines.

40. WIPO continues to improve responsiveness to all its stakeholders including Member States, users of WIPO services and the general public. WIPO’s strategies include the establishment of well-trained, dedicated customer service teams that can provide targeted responses to general and specific queries, and extended working hours and language coverage through the use of WIPO external offices.

41. Disputes arising out of procurement activities are settled in accordance with the General Terms and Conditions for the procurement of goods and services, which provide that the parties shall deploy their best efforts to settle amicably any dispute, controversy or claims arising out of the contract or the breach, termination or invalidity of a contract. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the United Nations Commission of International Trade Law, UNCITRAL Conciliation Rules, or according to such other procedure as may be agreed upon between the parties.

42. For WIPO staff, a number of complaint mechanisms are available:

(a) A channel of informal conflict resolution, including: (i) The Office of the Ombudsperson; (ii) HRMD or a higher level supervisor; and (iii) the Staff Association.

(b) The Ethics Office, which fulfills an independent function within the Office of the Director General. The Chief Ethics Officer provides advice and guidance on ethical issues and has special responsibilities concerning retaliation against whistleblowers.

(c) The SRR sets out formal mechanisms for the review of administrative decisions. The WIPO Appeal Board is an administrative body with staff participation, established to advise the Director General whenever a staff member, a former staff member or a duly qualified beneficiary to the rights of a deceased staff member, appeals against a decision. After having exhausted all means available to him or her under Regulation 11.5 of the §SRR, a staff member shall have the right to appeal to the Administrative Tribunal of the International Labor Organization (“Tribunal”) in accordance with the conditions set forth in the Statute of that Tribunal.

⁵ JIU/REP/2011/5, p.38

43. The following decision paragraph is proposed.

44. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to:

(a) endorse the consolidation of the key accountability components in accordance with the three pillars of: (i) covenant with Member States, stakeholders and users of WIPO's services; (ii) risk management and internal controls; and (iii) complaints and response mechanisms presented in document WO/PBC/22/12, as "WIPO's Accountability Framework"; and

(b) take note of the implementation of the recommendations of the IAOD and the JIU to define and obtain approval for an accountability framework for WIPO.

[Annex follows]

PROGRESS TOWARDS IMPLEMENTATION OF THE BENCHMARKS CONTAINED IN THE
JIU'S REPORT ON ACCOUNTABILITY FRAMEWORKS IN THE UNITED NATIONS SYSTEM
(JIU/REP/2011/5)

	IN PROGRESS	IMPLEMENTED
PILLAR 1 - COVENANT WITH MEMBER STATES, STAKEHOLDERS AND USERS OF WIPO'S SERVICES		
<u>Benchmark 1</u> of the JIU relates to the existence of a clear framework of accountability, including a definition, and clarity of responsibility for its implementation. It highlights the importance of making the framework accessible and available publicly. Accordingly, this document, if approved by Member States, will be made available on WIPO's website, as well as on its intranet site for the public as well as its staff to access.	<p>✓</p> <p>will be implemented with the approval of this document</p>	
<u>Benchmarks 2-4</u> address this pillar, highlighting that (i) RBM should be operational and coherent with organizational mandates and objectives, and should cascade down into unit and personal work plans; (ii) organizations should conduct credible, utilization-focused evaluations and communicate the findings, conclusions and recommendations to stakeholders; and (iii) organizations should have an effectively implemented established information disclosure policy, with annual financial reports, program results, evaluation and audit results disclosed.	<p>✓</p> <p>Benchmark 4 (formal information disclosure policy)</p>	<p>✓</p> <p>Benchmarks 2 (RBM) and 3 (evaluation)</p>
PILLAR 2 – RISK MANAGEMENT AND INTERNAL CONTROLS		
Control environment <u>Benchmarks 5-8</u> address this sub-component of the second pillar, highlighting that (i) ethical conduct, standards of integrity, anti-corruption and anti-fraud policies should be in place and enforced; (ii) consequences and sanction for non-compliance with policies and regulations are clear, proportional and implemented at all levels, and outstanding performance is acknowledged; (iii) staff are held accountable for their work on the basis of up-to-date job descriptions; and (iv) policies on selection, recruitment and post-employment are in place.	<p>✓</p> <p>Benchmark 7 (up to date written job descriptions for all staff)</p>	<p>✓</p> <p>Benchmarks 5 (ethical conduct etc), 6 (policy on sanctions and rewards), and 8 (policies on selection, recruitment etc.)</p>
Risk assessment <u>Benchmark 9</u> addresses this sub-component of the second pillar, requiring that an Organization has a formal policy on ERM to be implemented with a coherent methodology.		<p>✓</p>
Control activities <u>Benchmarks 10-12</u> address this sub-component of the second pillar, highlighting that (i) chain of command and delegation of authority should be aligned, clear, coherent, and integrated into existing ERP systems; (ii) the FRR of the organization should include anti-fraud and financial misconduct policies, and be implemented practically; and (iii) manager should attest to compliance with internal controls within the framework of their delegation of authority.		<p>✓</p>
Information and communication <u>Benchmark 13</u> addresses this sub-component of the second pillar, highlighting that staff should have access to relevant, reliable information to support decision-making in line with their delegated authorities, and that the organization should have an internal and external communication system in place.	<p>✓</p> <p>Benchmark (formal information disclosure policy)</p>	

<p>Assurance <u>Benchmarks 14-15</u> address this sub-component of the second pillar, highlighting that (i) the performance of executive heads, senior managers and staff members should be monitored and corrective action taken as necessary; and (ii) recommendation of internal and external oversight bodies are tracked, implemented, and if not, clear justification is provided.</p>	<p style="text-align: center;">√ Benchmark 15 (formal information disclosure policy)</p>	<p style="text-align: center;">√ Benchmark 14 (performance)</p>
<p>PILLAR 3 – COMPLAINTS AND RESPONSE MECHANISMS</p>		
<p><u>Benchmarks 16-17</u> address this third pillar, highlighting that (i) staff members should have recourse to non-formal complaints mechanisms; and (ii) staff members, non-staff, stakeholders/beneficiaries and vendors should have recourse to formal complaints mechanisms, and the organization has to respond to such complaints.</p>		<p style="text-align: center;">√</p>

[End of Annex and of document]