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Geneva, September 30 to October 9, 2019**

**ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION
(IOD)**

prepared by the Secretariat

1. The present document contains the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/30/5), submitted to the WIPO Program and Budget Committee (PBC) at its Thirtieth Session (July 8 to 12, 2019).
2. Any decisions of the PBC in respect of that document will appear in the “List of Decisions adopted by the Program and Budget Committee” (document A/59/7).

[Document WO/PBC/30/5 follows]

Program and Budget Committee

Thirtieth Session
Geneva, July 8 to 12, 2019

ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)

prepared by the Secretariat

1. In accordance with paragraph 47 of the Internal Oversight Charter (IOC), the Director, Internal Oversight Division (IOD), shall submit, on an annual basis, a summary report to the WIPO General Assembly, through the Program and Budget Committee (PBC). The report shall give an overview on the internal oversight activities conducted during the reporting period July 1, 2018 to June 30, 2019.

2. The following decision paragraph is proposed.

3. *The Program and Budget Committee (PBC) took note of the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/30/5).*

[Annual Report by Director, IOD follows]

ANNUAL REPORT BY THE DIRECTOR OF INTERNAL OVERSIGHT DIVISION

July 1, 2018 to June 30, 2019

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ANNEX

ANNEX I – List of IOD reports

LIST OF ACRONYMS

| | |
|---------------|-----------------------------------------------------------|
| AI | Artificial Intelligence |
| AIMS | Administrative and Information Management Systems |
| ASPAC | Asia and the Pacific |
| BI | Business Intelligence |
| CDIP | Committee on Development and Intellectual Property |
| CII | Conference of International Investigators |
| CMS | Case Management System |
| DLP | Data Leakage Prevention |
| EFT | Electronic File Transfer |
| ERP | Enterprise Resource Planning |
| FIT | Funds-in-Trust |
| HRMD | Human Resources Management Department |
| IA | Internal Audit |
| IAOC | Independent Advisory Oversight Committee |
| IIA | Institute of Internal Auditors |
| IOC | Internal Oversight Charter |
| IOD | Internal Oversight Division |
| IP | Intellectual Property |
| IP | Information Technology |
| JIU | Joint Inspection Unit |
| MIR | Management Implication Report |
| ODG | Office of the Director General |
| PBC | Program and Budget Committee |
| PCT | Patent Cooperation Treaty |
| RBM | Results-Based Management |
| RBLAC | Regional Bureau for Latin America and the Caribbean |
| SIAD | Security and Information Assurance Division |
| UN | United Nations |
| UNEG | United Nations Evaluation Group |
| UNRIAS | United Nations Representatives of Internal Audit Services |
| UNRIS | United Nations Representatives of Investigation Services |
| WIPO | World Intellectual Property Organization |

BACKGROUND

1. The purpose of WIPO's Internal Oversight Division (IOD) is to provide independent and effective internal oversight for WIPO, in line with the provisions of the Internal Oversight Charter (IOC).
2. The IOC requires¹ the Director, IOD to submit, on an annual basis, a summary report to the WIPO General Assembly, through the Program and Budget Committee (PBC). The Annual Report shall give an overview of the internal oversight activities conducted during the reporting period, including the scope and objectives of such activities, the schedule of work undertaken and progress on the implementation of internal oversight recommendations.
3. In accordance with the IOC, a draft version of the Annual Report has been provided to the Director General and the Independent Advisory Oversight Committee (IAOC) for their comments; comments received have been taken into account in finalizing the report.

SOME HIGHLIGHTS OF THE PERIOD

4. IOD continues to support WIPO in strengthening controls, accountability, transparency and learning, by introducing innovative and fit-for-purpose tools and practices, that will help move WIPO towards highest standards in risk management and program delivery among others.
5. The Oversight Charter was modified in 2018, to include among others, specific information on the conditions under which advisory and consultancy services can be provided. This clarification helps ensure that independence, and no conflict of interest remain fundamental precepts in the work of IOD.
6. Technology is being integrated in IOD's toolbox, with continued use of Audit Management Systems, to encourage a paperless environment, and integrated workflows; the use of Business Intelligence (BI) dashboards, to better inform on recommendation management; expansion of data analytics tools to support internal controls and risk management; and the use of infographics to streamline evaluation reports. IOD collaborated with Information and Communication Technology Department and Procurement and Travel Division to procure and organize training for a new data visualization tool – Tableau® that would benefit data analytics work in all three Programs.
7. A computerized Case Management System (CMS) has been developed in house and implemented in IOD's Investigation Section in early 2019. The CMS is intended as a repository for all investigative records and documentation. As such, it allows for the tracking of investigative activities and facilitates access to documents and evidence for each investigation case. The CMS also features embedded controls towards timeliness of investigative activities and procedural compliance, as well as an activity-reporting module.
8. IOD set a path to encourage organizational learning by developing an online module to learn how to use evaluations as part of the management cycle. The Division is broadening its role in fighting against fraud and abuse through proactive and preventive activities, including participation in a fraud risk-assessment exercise, and the design of a fraud awareness-training module, together with the Office of the Controller.
9. IOD has initiated joint exercises between Audit and Evaluation Sections to, among others, leverage on the potential synergies, avoid duplicated efforts, and add more value. The ongoing joint audit and evaluation of the WIPO Policy Gender Equality serves as a pilot.
10. As part of ensuring the quality assurance of the Evaluation function, an External Quality Assessment (EQA) is currently taking place. The assessment focuses on measuring the

¹ Refer to IOC paragraphs 47 and 48.

Evaluation Section's activities and products against the United Nations Evaluation Group standards for evaluation. The Internal Audit and Investigations functions will undergo an EQA in 2020.

PLANNING PRINCIPLES

11. In developing its oversight work plan, IOD considered a number of factors including risk ratings, relevance, country impact, oversight cycle, and feedback received from WIPO Management, Member States, and available resources. Prior to its finalization, the draft Oversight Work Plan was also submitted to the IAOC, for its review and advice as per IOC paragraph 28(a).

12. In order to provide effective oversight coverage with the efficient use of limited resources, while avoiding potential overlaps, IOD also considered the work done by the External Auditor and other oversight bodies such as the Joint Inspection Unit (JIU) and evaluations commissioned by the Committee on Development and Intellectual Property (CDIP).

13. The 2019 Oversight Plan was issued to all Program Managers and shared with WIPO staff on WIPO's Intranet. The 2018 Oversight Plan was completed on time and within budget.

PROFESSIONAL STANDARDS

14. For its audit activities, IOD adheres to the International Professional Practices Framework promulgated by the Institute of Internal Auditors (IIA). Similarly, IOD's investigative work is conducted in line with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators (CII). For evaluation activities, IOD follows the International Standards in Evaluation Practice as set out by the United Nations Evaluation Group (UNEG).

SIGNIFICANT ISSUES AND HIGH PRIORITY OVERSIGHT RECOMMENDATIONS

15. This section contains information on key findings and recommendations, addressing high-priority risks, included in internal oversight reports: Audits, Evaluations and Management Implication Reports (MIRs), issued during the reporting period.

16. The key findings and recommendations are related to the following reports issued during the reporting period²:

- (a) Audit of Physical access security systems;
- (b) Audit of Enterprise Resource Planning (ERP) Portfolio;
- (c) Audit of Funds-in-Trusts (FITs) Managed by WIPO;
- (d) Audit of Implementation of WIPO Information Assurance Strategy;
- (e) Audit of PCT Netting Pilot;
- (f) Evaluation of the Pilot Program on Professional and Career Development (Phase 2);
- (g) Meta-Evaluation Synthesis Report of WIPO Evaluation Products;
- (h) Evaluation of the Regional Bureau for Asia and the Pacific;
- (i) MIR on *ex officio* corrections to the Madrid Registry; and
- (j) MIR on customer query management systems (draft issued for comments).

² The list of reports features in the Annex.

17. IOD has continued its dialogue with Management to regularly review and update the status of implementation of open recommendations. All recommendations are addressed by Management through an action plan with suggested activities, responsible staff and a deadline for implementation. Oversight recommendations are managed in the TeamCentral³ system, which is accessible by IOD, WIPO Management and External Auditors.

AUDIT OF PHYSICAL ACCESS SECURITY SYSTEMS

18. The audit found that management and staff provided evidence of their commitment to the establishment, maintenance and improvement of sound physical access security systems management processes supported by fit-for-purpose policies, procedures, and practices.

19. Processes exist to protect physical access security systems and related data, as well as to manage access rights. The tests conducted showed that access logs provide accurate information that can be reconciled with other physical access tools such as video surveillance.

20. While some recommendations focused mainly on further documenting existing processes and practices, in order to better frame internal controls, and governance; the Security and Information Assurance Division should also take appropriate measure to further:

(a) Enhance timely analyses and alerting on malicious connections among others, by requesting that the network management supplier enable checkpoints, switches and server logs on a central Security Information and Event Management System;

(b) Protect information assets by maintaining and regularly updating a nominative inventory of physical access security systems, to further enhance existing inventory mechanisms;

(c) Enhance risk management and in particular third party risks related to the implementation of the WIPO Service Provider Policy; and

(d) Support effective monitoring, accountability, and visibility by enhancing existing reporting templates.

AUDIT OF ENTERPRISE RESOURCE PLANNING (ERP) PORTFOLIO

21. The Audit found that although the timelines for completion of the ERP Portfolio have been revised more than once from the scheduled date of 2015 to its formal closure in July 2018, WIPO delivered the projects within the overall budget of 25 million Swiss francs that was approved by the Member States in 2010.

22. The Benefit realization plan of the ERP Portfolio set 132 expected benefits, 82 per cent of which have been achieved. However, there are opportunities to extract further benefits from the ERP by developing a collaborative mechanism to support business areas in deriving more value from the ERP business solutions and related processes.

23. In addition, as the Organization prepares to move to the Cloud, the AIMS Portfolio Board should take a leading role in reviewing the potential impact of the move on both the ERP System, and related organizational policies, regulations, rules, and practices, in order to ensure adaptability, alignment and safeguard operational continuity, among others.

24. Further, the management of major ICT projects in WIPO would benefit from establishing an internal process whereby, service delivery agreements and related service request accounts are created with the United Nations International Computing Centre at the onset. This would

³ TeamCentral© is a module of TeamMate, which is a specialized software for audit assignments and which includes various modules, such as electronic working papers, follow-up of recommendations, risk assessment and time scheduling.

capture the related costs better and avoid reconciliation issues as was experienced during the implementation of the ERP Portfolio.

25. Among the opportunities identified for improving project management, include, developing a common nomenclature for classifying, filing and archiving relevant project documentation within the Enterprise Content Management system; in order to enhance accuracy, completeness and efficient accessibility and sharing of project documentation.

26. Finally, a number of issues raised on the effective and efficient management of the projects in the ERP Portfolio, were also identified and highlighted as systemic issues in IOD's audit of Project Management at WIPO⁴ (IA 2016-04) issued in 2016. Implementing the pending recommendations from the Project Management report would help address these issues.

AUDIT OF FUNDS-IN-TRUSTS (FITS) MANAGED BY WIPO

27. The Audit found a number of positive developments on the management and administration of FITs. For instance, there is generally a high level of adherence to, WIPO's Financial Regulations and Rules, provisions in respective Memoranda of Understanding, and other internal controls related to administrative activities.

28. However, IOD notes that there are opportunities for the Organization to strengthen the management of FITs. Among them, relevant internal stakeholders need to work collaboratively with donors with a view to gradually align existing support costs for a number of FITs with the rate set out in the WIPO Policy on the Management of Voluntary Contributions. This will ensure that the Organization complies with its policies.

29. Further, the risk management process of the FITs can be further strengthened through collaborative work among stakeholders with the support of the Office of the Controller, to ensure that risks are timely identified, and appropriate mitigation strategies devised.

30. IOD notes that the Organization should take timely and appropriate actions to address the current condition of one FIT, which has not had any financial or programmatic activities for almost a decade. Addressing this condition, by way of seeking renewal or closure, will ensure that WIPO complies with its policies.

31. In addition, WIPO needs to assess the need for, and value of, conducting Evaluations following completion and closure of FITs, including aligning the related provisions of the Policy on the Management of Voluntary Contributions with the current practice.

32. Finally, to further support the Organization's gender mainstreaming efforts, FITs work plan, implementation and reporting should incorporate gender aspects and perspectives where applicable.

AUDIT OF IMPLEMENTATION OF WIPO INFORMATION ASSURANCE STRATEGY

33. IOD notes that stakeholders interviewed during the audit are of the view that the various projects identified within the Information Assurance strategy are fit-for-purpose. Although the Organization had not decided on moving its IT infrastructure, platforms, and software to the Cloud, during the development of the Information Assurance strategy in 2015, IOD notes that the strategy has been designed to cater for changes in technology and related data protection measures, such as the use of Cloud.

34. Aligning the Information Assurance Strategy with the future Data Protection Policy once finalized, would further enhance the inclusiveness of the Information Assurance strategy,

⁴ https://www.wipo.int/export/sites/www/about-wipo/en/oversight/iaod/audit/pdf/project_management.pdf

regarding the management of information assurance incidents and related obligations towards WIPO clients.

35. The Information Assurance Maturity Scale developed by the Security and Information Assurance Division (SIAD) can be further enhanced by refining the definitions of the components of the scale, and further defining related criteria and metrics.

36. The WIPO Information Assurance Strategy has identified the potential for unauthorized disclosure of sensitive information as a key technology trend and risk; and SIAD has assisted the PCT in identifying and designing elements of Data Leakage Prevention (DLP) in the PCT Resilience and Secure Platform project. Going forward, WIPO would benefit from assessing other areas where a DLP solution may be needed, commensurate with risk and information security classification, and identifying tools to help prevent and detect data leakage through various means.

37. WIPO has started utilizing Artificial Intelligence (AI) based tools for end protection, threat intelligence and response, and should continue to consider the impact of technological trends/changes such as AI in the future evolution of the Information Assurance Strategy.

38. Finally, SIAD will deploy a new Information Security Governance, Risk, and Compliance solution to better capture, monitor and control information assurance and related risks, including capabilities to document threats and vulnerabilities.

AUDIT OF PCT NETTING PILOT

39. The audit found that the workflow for PCT search fees has been streamlined with the International Bureau experiencing an evident reduction in the workload relating to claims of foreign exchange losses and gains that arise as per PCT Rule 16.1(e)⁵. Going forward, the process would be further streamlined and more efficient by automating a number of manual tasks undertaken in netting operations.

40. Introducing a netting calendar has improved cash planning and management in the International Bureau by combining multiple payments into a single payment flow to reduce transactional fees, and setting an agreed date for payments and receipts of netted amounts.

41. Implementing the netting process resulted in the average notional amount of cash at the bank (Euro currency) for PCT search fees dropping by 69 per cent. This reduction enabled the International Bureau to avoid finance costs related to the prevailing negative interest rates.

42. In addition, IOD noted a nominal monetary decrease in the bank charges related to Electronic File Transfer (EFT) charges, which correlated, with the reduction in the volume of EFT transactions (57 per cent) – payments and receipts, and the reduction in the number of claims for reimbursements (46 per cent) from the participating International Searching Authorities.

43. Going forward, the International Bureau should review the resources required for the netting process, considering current and future participation to the netting process; and propose an amendment of the PCT regulations and related Administrative Instructions to, *inter alia*, reflect and align with current netting procedures and work practices.

⁵ Where, in respect of the payment of the search fee in a currency prescribed by the RO (“the prescribed currency”), other than the currency fixed by the ISA (“the fixed currency”), the amount actually received under paragraph (d)(i) of this Rule by the International Searching Authority in the prescribed currency is, when converted by it into the fixed currency, less than that fixed by it, the difference will be paid to the International Searching Authority by the IB, whereas, if the amount actually received is more, the difference will belong to the IB.

EVALUATION OF THE PILOT PROGRAM ON PROFESSIONAL AND CAREER DEVELOPMENT (PHASE 2)

44. This evaluation strived to assess:

- (a) The Pilot Program's current strategy and results and its contribution towards addressing career support issues in WIPO;
- (b) Whether conditions and mechanisms for career support are appropriate for scaling it up and a well-functioning career support program.
- (c) Intended and actual effects, as well as risks and mitigation strategies that a future career support program could have on potential beneficiaries.

45. The major results and recommendations include:

- (a) The Pilot Program, on a small scale, has proved to be relevant to address organizational and individual staff needs, as indicated by more than 65 per cent of survey respondents. It has generated positive motivational and behavioral changes among all beneficiaries.
- (b) The Pilot Program has reached the necessary maturity to address existing Organizational challenges such as, staff aging structure, retention of talents, and gender-related ones among others, in a more holistic and consolidated manner.
- (c) Specific mobility services, such as developmental assignments and on-the-job training outside the organization could help align individual needs and aspirations with the organizational needs.

46. The implementation strategy proved to be efficient. However, WIPO's structure and resources for career development services at this stage are insufficient considering the existing and future organizational needs and challenges. In its current form, the Pilot Program is not sustainable.

47. Staff highlighted the need for career development services to be more transparent and accessible. Therefore, any future career development support service should be inclusive allowing access to all staff in a demand-driven approach.

48. While the general assessment of the Pilot Program was positive, the evaluation also identified aspects that could be strengthened. To that end, three recommendations have been made:

- (a) The HRMD should consider developing a full-fledged career support framework and supporting architecture that clearly states the problems and issues to tackle, the internal and external assumptions and contextual factors as well as the expected results and goals.
- (b) The HRMD should ensure the engagement of managers and direct supervisors when providing career support services and transparently informing all staff about the process of having access to the career support services and talent identification.
- (c) WIPO should consider taking into account existing experience and learning from the pilot on career development by institutionalizing career support as a distinct unit to substantially address existing organizational challenges.

META-EVALUATION SYNTHESIS REPORT OF WIPO EVALUATION PRODUCTS

49. The main objectives of this meta-evaluation synthesis were to:
- (a) Analyze and synthesize findings and recommendations of evaluations undertaken from 2011 to 2017;
 - (b) Contribute to close the evidence feedback loop for planners and managers of the organization, by identifying the knowledge translation potential of evaluative evidence into strategic, substantive, thematic and crosscutting recommendations; and
 - (c) Visualize the evidence-gaps and consolidate information for easy access and use by clients of the meta-evaluation synthesis.
50. The major conclusions of the report include:
- (a) The programmatic and geographic coverage of the evaluation portfolio is adequate and continues to expand to the Programs and geographic areas not yet evaluated;
 - (b) Two crosscutting evaluations have been completed, one in 2014 on Knowledge Management and a second on Capacity Development in 2018. Both have been relevant from the standpoint of measuring the ability of the Organization to work together. The future crosscutting topics selected for evaluation could benefit for a systematic, strategic and participatory map of priorities across the Organization;
 - (c) Improvements in gender equality continues to be one of the key elements present in all of the five evaluation criteria synthesized either as finding or as a recommendation; and
 - (d) Evidence on long-term substantive IP effects of Programs is quite limited in the current portfolio of evaluations and does not provide sufficient information at impact level.
51. Based on the conclusions, the Meta-Evaluation Synthesis Report recommended:
- (a) IOD Evaluation Section should prioritize wherever possible coverage of WIPO Programs, strategic goals and sectors not yet evaluated. This approach should include geographic coverage as one of the elements to make such a decision. Crosscutting evaluations should be carefully selected; ensuring topics are relevant organization-wide;
 - (b) IOD Evaluation Section should improve the number and quality of substantive findings and conclusions on IP in relation to long-term effect and impact of programs; and
 - (c) IOD Evaluation Section should reinforce its measures to improve and introduce gender sensitive elements in a manner consistent with WIPO gender policies and the UNSAWP.

EVALUATION OF THE REGIONAL BUREAU FOR ASIA AND THE PACIFIC

52. The main objectives of the Evaluation of the Regional Bureau for Asia and the Pacific (ASPAC) were to:
- (a) Assess the relevance of the ASPAC Bureau Program to targeted counterparts, its added value to the region and the support provided by its counterparts;
 - (b) Assess ASPAC Bureau contributions to make IP work for sustainable development and the strategic contribution of the regional program to the broader goals of regional integration according to the Global Innovation Index Conceptual Framework;

(c) Analysis of the tools, mechanisms, and methodologies⁶ that the ASPAC Bureau implements. Moreover, identify lessons learned and good practices that have contributed to the performance of the RBASPAC; and

(d) Identify factors that can be replicated by other Regional Bureaus in order to increase their relevance, efficiency and effectiveness – including in the field of gender equality.

53. The major conclusions of the report include:

(a) The approach and work of the ASPAC Bureau have been developed within a structured framework of delivery. This structured approach is critical to the ASPAC Bureau's approach and contributes strongly to the effectiveness of the ASPAC Bureau's work. Strong indications from stakeholders of the importance of the various projects encourage confidence that the structured approach is of value to Member States in the development of IP frameworks and systems;

(b) It is likely that the impact of the ASPAC Bureau's contribution to WIPO's strategic goals will continue to grow, and be more visible, as more Member States move along a development path and have more time for the implementation of their National Intellectual Property Strategy. It will be critical in the coming years for the project-focused approach to be carefully monitored and revised according to: (i) the needs of Member States; and (ii) reflections on the effectiveness of the content and structure of the projects;

(c) There are gains to be made from ensuring a close correlation of approach and collaboration between substantive sectors and the ASPAC Bureau, given the ASPAC Bureau's knowledge of national IP office strategies, details of their diagnostics and understanding of their priorities. This knowledge can add significantly to the planning and delivery of the work of the substantive sectors;

(d) Improvements are needed in reporting on the ASPAC Bureau's projects, with a specific focus on project-focused/project-specific reporting and the provision of statistics on specific activities within a project context. Reports should also describe contribution to planned activities and outputs and should analyze contribution to WIPO's strategic priorities

54. Based on the conclusions, the Evaluation of the Regional Bureau for Asia and the Pacific report recommended:

(a) ASPAC Bureau should build on existing project monitoring framework strengths by factoring in results based budgeting, gender elements and reporting against results based indicators.

(b) The ASPAC Bureau should not increase the number of projects beyond the already existing 10 projects. Focus should continue to be on quality rather than on quantity.

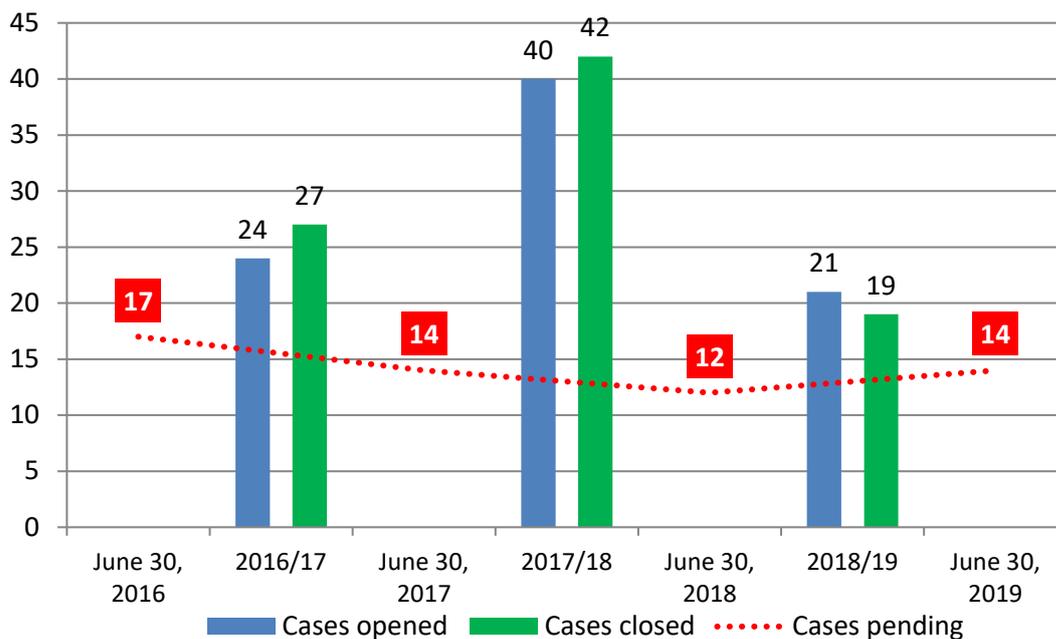
⁶ Conferences, meetings, trainings, missions, etc.

INVESTIGATIVE ACTIVITIES

CASELOAD OVERVIEW

55. During the reporting period, 21 new cases were registered (which constitutes a 47 per cent decrease over the previous reporting period) and 19 were closed. As of June 30, 2019, 14 cases are pending, including four at the preliminary evaluation stage, eight at the full investigation stage and two on hold because of the prolonged absence of a concerned staff member, or pending action by another entity. Of the pending cases, six were opened in 2019, six in 2018, one in 2017 and one in 2016. As of July 1, 2019, the average length of time it takes for cases to be processed is 5.5 months.

Chart 1 – Comparative Analysis of Investigative caseload June 30, 2016 to June 30, 2019



56. Among the 21 cases opened during the reporting period, three were referred to the IAOC for its advice in accordance with relevant provisions of the IOC⁷.

OUTCOME OF INVESTIGATIVE ACTIVITIES

57. According to the IOC, the Annual Report shall include a description of those investigative cases found to be substantiated and their disposition. In five of the cases investigated, IOD found that the allegations were substantiated and recommended initiation of disciplinary proceedings against the staff member. Out of these five cases:

- (a) One case pertained to misrepresentation by a staff member of time spent at work;
- (b) Two cases pertained to harassment and/or abuse of position by a staff member;
- (c) One case pertained to internal theft in the workplace; and
- (d) One case pertained to unauthorized outside professional activities by a staff member.

⁷ IOC paragraphs 18, 19, 21, 22 and 23.

58. Following issuance of recommendations for initiation of disciplinary proceedings:

- (a) In one case, the staff member was dismissed from the Organization;
- (b) In one case, the staff member was demoted to a lower grade;
- (c) In one case, disciplinary proceedings were not possible as the staff member concerned had left the Organization; and
- (d) In two cases, a final decision by Management is still pending as of June 30, 2019.

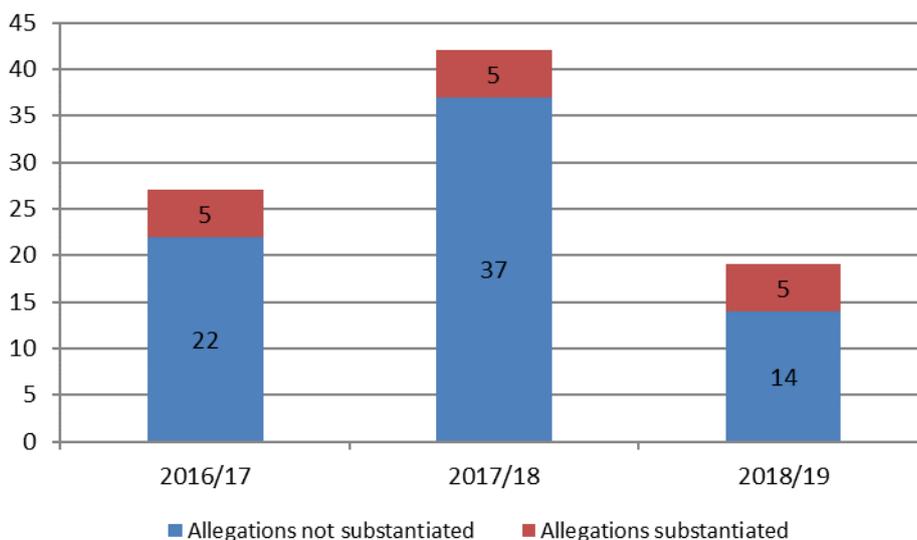
59. In addition, the investigative activities conducted during the reporting period allowed IOD to draw some lessons. In particular, one MIR issued, provided a recommendation on *ex officio* corrections to the Madrid Registry. A second MIR issued as draft for comments addresses customer query management systems.

60. A comparative analysis of cases registered for the period July 1, 2015 to June 30, 2018 is given in the table below:

Table 1 – Analysis of complaints received July 1, 2016 to June 30, 2019

| Category | 2016/17 | 2017/18 | 2018/19 |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|
| Abuse of position or status | 0 | 3 | 1 |
| Abuse of work time | 3 | 5 | 2 |
| Benefits and Entitlements Fraud or Abuse | 2 | 0 | 0 |
| Breach of confidentiality | 2 | 2 | 1 |
| Conflict of interest | 0 | 1 | 0 |
| Harassment (non-sexual), Discrimination | 2 | 2 | 2 |
| Insubordination and other inappropriate behavior | 5 | 8 | 3 |
| Misuse of WIPO funds or assets | 0 | 3 | 0 |
| Negligence at work, obstruction to WIPO operations | 1 | 1 | 3 |
| Other failure to meet the standards of conduct for international civil servants | 2 | 4 | 0 |
| Procurement irregularities | 1 | 1 | 1 |
| Recruitment irregularities | 0 | 1 | 4 |
| Retaliation | 0 | 3 | 0 |
| Sexual harassment | 0 | 3 | 0 |
| Sexual abuse or exploitation | 0 | 0 | 0 |
| Unauthorized outside activities | 3 | 3 | 2 |
| Unauthorized statements or pronouncements | 1 | 0 | 0 |
| Wrongdoing by recruitment candidate | 0 | 0 | 1 |
| Wrongdoing by vendor or other external party | 2 | 0 | 1 |
| Grand Total | 24 | 40 | 21 |

Chart 2 – Cases Closed from July 1, 2016 to June 30, 2019



INSTANCES WHERE INFORMATION OR ASSISTANCE WAS REFUSED

61. In accordance with paragraph 48(g) of the IOC, the Director, IOD should report on any instances where IOD's access to records, personnel and premises was restricted during the reporting period.

62. IOD reports that no staff member refused to provide information or assist in an ongoing oversight process during the reporting period.

STATUS OF IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS

63. The Director General is responsible for ensuring that all recommendations made by the Director, IOD and other oversight entities are responded to promptly, indicating actions taken regarding specific report findings and recommendations⁸. The Director General discharges this responsibility through Program Managers responsible for specific operational areas within the Organization⁹. The implementation of all oversight recommendations by WIPO Program Managers is subject to regular follow-up by IOD¹⁰.

64. IOD continues to manage and report on recommendations using the TeamCentral© system, which enables interactive dialogue with Program Managers and their delegates for an effective follow-up of implementation of open recommendations.

⁸ IOC paragraph 45.

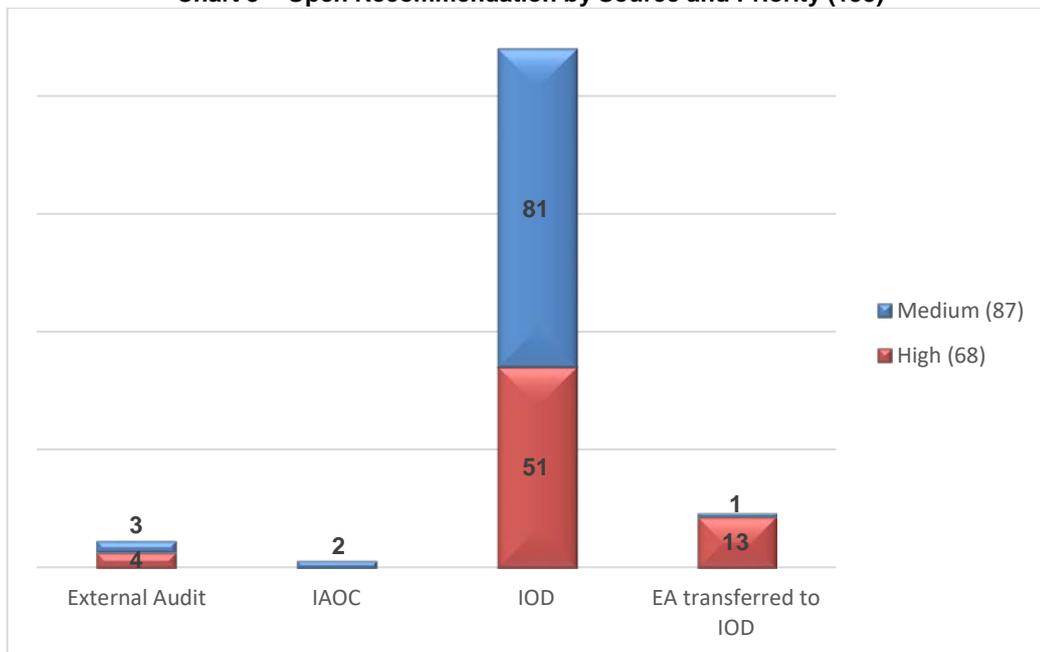
⁹ OI 16/2010, paragraph 7.

¹⁰ OI 16/2010 paragraph 8.

65. IOD is finalizing the Business Intelligence (BI) Project, which consists of enabling the follow-up of recommendations in the organizational BI dashboards. By linking recommendations data from the TeamCentral© system to the organizational BI dashboards, and providing defined access rights, management would have a more enhanced and day-to-day view of the evolution of recommendations, as well as reporting capabilities.

66. At the date of the present report, there are 155 open recommendations including 68 of high and 87 of medium priorities. IOD recommendations constitute 85 per cent of all open oversight recommendations.

Chart 3 – Open Recommendation by Source and Priority (155)



67. During this reporting period, 16 recommendations were added from the 2017/2018 report of the External Auditors¹¹. Twenty-four recommendations from IOD result from five audit reports, two evaluation reports, and one MIR. The IAOC made two recommendations following its review of targeted timelines in the reporting and investigation processes (WO/PBC/30/14).

68. No IOD recommendations were closed without implementation during the reporting period. The External Auditors closed four recommendations from a Compliance Audit of Travel and Fellowship undertaken in 2015/2016, on the basis that management accepted the related risks.

69. Following the appointment of the Comptroller and Auditor General of the United Kingdom (UK) as the external auditor of WIPO from January 1, 2018, the UK National Audit Office (NAO) reviewed the pending recommendations made by the previous external auditors. The NAO reviewed 19 recommendations out of the 62 pending recommendations, closed 12, and considered seven recommendations as pending. These seven recommendations will be monitored by the NAO.

¹¹ WO/PBC/28/4

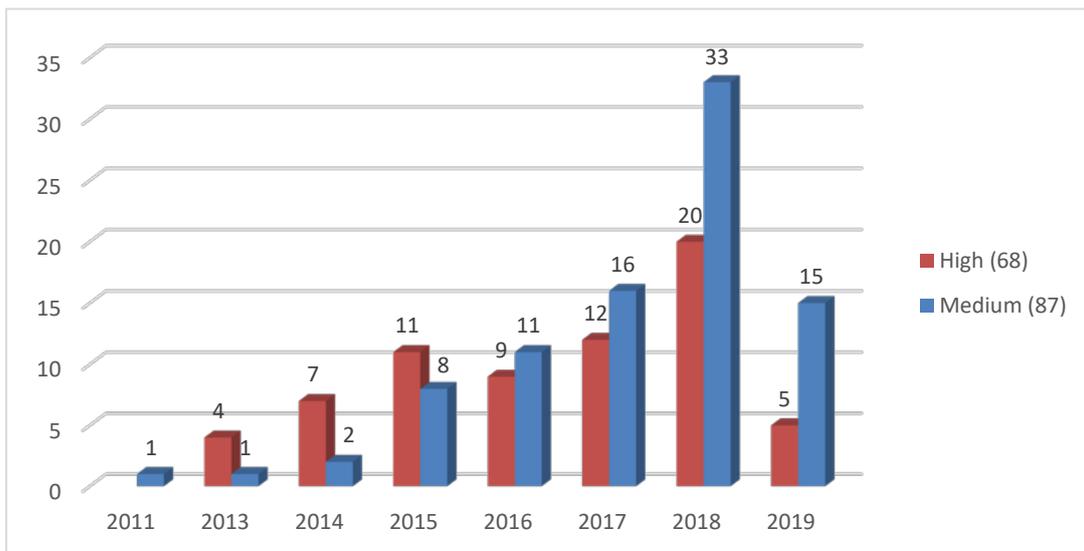
70. IOD further reviewed the 43 remaining past external audit recommendations not reviewed by the NAO, and closed 29 recommendations. IOD will monitor the implementation of the remaining 14 open recommendations from this group of past external audit recommendations (labeled, EA Recommendations Transferred to IOD, in Table 2 below). Table 2 shows the movement of recommendations by source, between July 1, 2018 and June 30, 2019.

Table 2 – Movement of Recommendations between July 1, 2018 and June 30, 2019

| Source | Open as at July 1, 2018 | Added During the Year | Closed During the Year | Transferred during the Year | Open as at June 30, 2019 |
|----------------------------------------------|-------------------------|-----------------------|------------------------|-----------------------------|--------------------------|
| IOD | 134 | 24 | 26 | - | 132 |
| External Auditor (EA) | 46 | 16 | 41 | -14 | 7 |
| IAOC | - | 2 | - | - | 2 |
| EA Recommendations Transferred to IOD | - | - | - | 14 | 14 |
| Total | 180 | 42 | 67 | - | 155 |

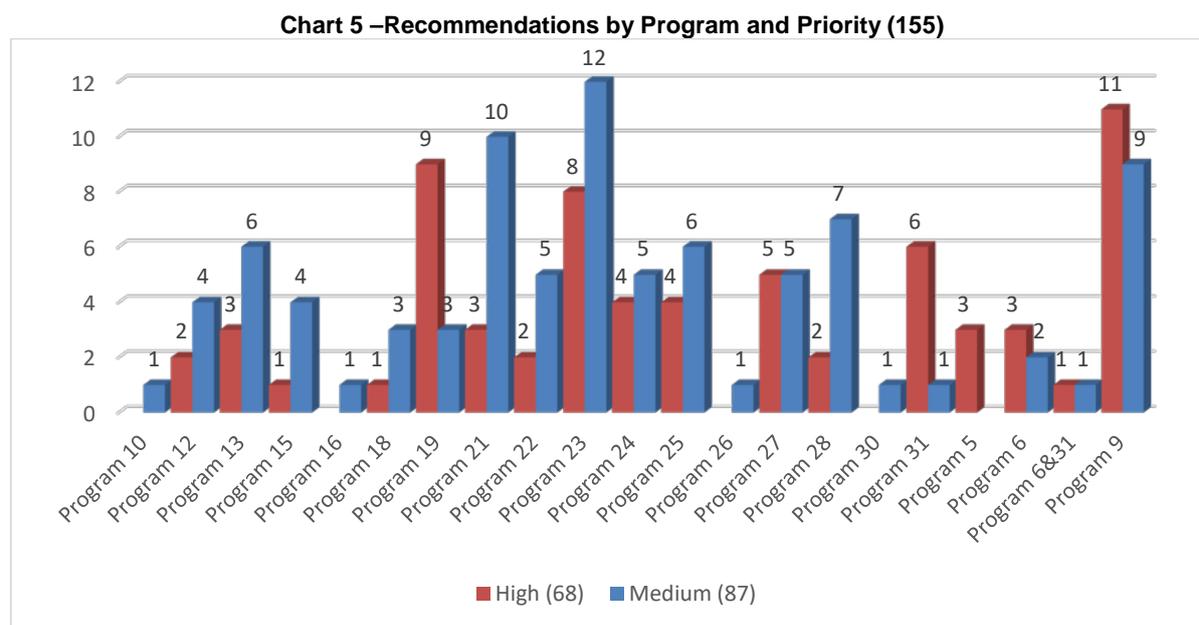
71. The chart below summarizes the aging of open recommendations as at June 30, 2019.

Chart 4 – Aging of Open Oversight Recommendations by Priority (155)



72. One high priority recommendation has been open since 2011, and a total of 34 recommendations made between 2011 and 2015 are still pending to date.

73. As at June 30, 2019, the number of open recommendation by WIPO Programs¹² and by priority are depicted below:



74. Four programs make up 50 per cent of the 68 high priority recommendations, and the highest numbers of high priority open recommendations are owned by Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, and Least Developed Countries (Program 9), Human Resources Management and Development (Program 23), Communications (Program 19), and The Hague System (Program 31)

CONSULTATIVE AND ADVISORY OVERSIGHT WORK

75. In addition to its planned oversight work, IOD continued to provide professional advice on organizational policy and procedures, risk management and internal controls.

76. IOD has also participated, in conjunction with the Office of the Controller within the Department of Program Planning and Finance, in fraud risk prevention activities. In particular:

(a) An online training on “Avoiding Fraud and Abuse in WIPO” has been developed and will be offered to WIPO staff in the second semester of 2018; and

(b) A fraud risk assessment exercise has been initiated, for which a specialized consultancy firm has been engaged, and fieldwork activities are to be conducted during the second semester of 2018.

¹² **Program 1** – Patent Law; **Program 2** – Trademarks, Industrial Designs and Geographical Indications; **Program 3** - Copyright and Related Rights; **Program 4** – Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources; **Program 5** – The PCT system; **Program 6** – Madrid System; **Program 7** – WIPO Arbitration and Mediation Center; **Program 8** – Development Agenda Coordination; **Program 9** – Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries; **Program 10** – Transition and Developed Countries; **Program 11** – The WIPO Academy; **Program 12** – International Classifications and Standards; **Program 13** – Global Databases; **Program 14** – Services for Access to Information and Knowledge; **Program 15** – Business Solutions for IP Offices; **Program 16** – Economics and Statistics; **Program 17** – Building Respect for IP; **Program 18** – IP and Global Challenges; **Program 19** – Communications; **Program 20** – External Relations, Partnerships and External Offices; **Program 21** – Executive Management; **Program 22** – Program and Resource Management; **Program 23** – Human Resources Management and Development; **Program 24** – General Support Services; **Program 25** – Information and Communication Technology; **Program 26** – Internal Oversight Division; **Program 27** – Conference and Language Services; **Program 28** – Information Assurance, Safety and Security; **Program 30** – Small and Medium-Sized Enterprises (SMEs) and Entrepreneurship Support; **Program 31** – The Hague System; **Program 32** – The Lisbon System.

- (c) IOD continues to work with Management on identifying and setting a common definition of, and process for managing, *ex-post facto* transactions, with a view to designing reports which provide management with the list of such transactions to enable more efficient monitoring and management of these transactions.

COOPERATION WITH EXTERNAL OVERSIGHT BODIES

THE INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

77. IOD has regularly attended the sessions of the IAOC, reporting on the implementation of the internal oversight plan, discussing oversight results and other aspects concerning the work and functioning of the Division, and seeking the IAOC's advice. In the period covered by this report the Forty-Ninth through Fifty-third Sessions of the IAOC took place.

THE EXTERNAL AUDITOR

78. IOD maintained good working relations with the External Auditor by having regular meetings on audit, internal control and risk management issues. The External Auditor and IOD shared strategies, annual plans and individual reports with a view to ensuring efficient oversight coverage while avoiding potential duplication and oversight fatigue.

79. IOD met with the External Auditor from the United Kingdom National Audit Office several times during the reporting period, and shared the Annual Work Plan. IOD engaged actively with the External Auditors during their 2018 audits and provided necessary inputs where required.

COOPERATION WITH THE OMBUDSPERSON AND THE ETHICS OFFICE

80. During the reporting period, the Director, IOD met regularly with the Ombudsperson and with the Chief Ethics Officer to ensure good coordination and complementary support.

OTHER OVERSIGHT WORK

OUTREACH ACTIVITIES IN THE ORGANIZATION

81. As part of its ongoing effort to better explain and advocate for the internal oversight function, IOD continued to reach out to colleagues within WIPO through presentations given to new staff in the induction training, the IOD Newsletter, the IOD Dashboard and presentations to Directors and Senior Managers as and when required.

SATISFACTION SURVEY

82. IOD continued to seek feedback from colleagues of audited/evaluated WIPO Units through client satisfaction surveys after each assignment. This aims to effectively receive and analyze feedback from colleagues on oversight work. The consolidated analysis of survey results indicates a satisfaction rate of 85 per cent.

83. The results of surveys conducted a year after assignments which are used to assess the impact of oversight work indicated an average satisfaction rate of 77 per cent. IOD will strive to further improve the impact of its oversight work based on the feedback received from colleagues.

84. The additional comments sent by the audited/evaluated units through the surveys helped IOD identify shortcomings and take corrective actions.

NETWORKING WITH OTHER OVERSIGHT FUNCTIONS

85. The IOC includes specific provisions¹³ on liaising and cooperating with the internal oversight services of other organizations of the UN system and of Multilateral Financial Institutions. IOD recognizes the value and importance of developing relationships with its

¹³ IOC paragraph 28 (g).

peers. During the reporting period, IOD continued its active and useful collaboration and networking with other UN system Organizations and entities. In particular IOD actively participated in:

- (a) The Annual Meeting of UN Representatives of Internal Audit Services (UN RIAS) of the UN, held between September 9 to 15, 2018 in Addis Ababa, Ethiopia;
- (b) The Annual Meeting of UN Representatives of Investigative Services (UN RIS) held in Songdo, Republic of Korea, from October 8 to 12, 2018;
- (c) WIPO attended the UNEG evaluation week, held between May 13 and 17, 2019, in Nairobi, Kenya; and
- (d) The Annual meeting of Heads of Internal Audit in International Organizations in Europe in Rome, Italy, held between May 22 and 24, 2019.

OPERATIONAL INDEPENDENCE OF IOD

86. The IOC requires¹⁴ the Director, IOD to confirm his/her operational independence and to comment on the scope of its activities and the adequacy of resources allocated to the internal oversight function.

87. During the reporting period, no instance/activity occurred that could be considered as jeopardizing the operational independence of IOD. The scope of oversight activities has been decided by the IOD based on risk assessment, receiving comments and feedback from WIPO Management, IAOC and Member States as appropriate.

OVERSIGHT RESOURCES

BUDGET AND STAFF

88. To discharge its mandate, IOD has been provided with a biennial budget of 5.072 million Swiss francs, which represents 0.73 per cent¹⁵ of WIPO's budget for the 2018/2019 biennium. Overall, the level of current human and financial resources has been adequate for IOD to effectively cover the high priority areas as identified in its work plans. Exchange of Oversight Plans and continuous coordination of oversight activities with the External Auditor as well as effective use of IT tools have also helped achieve more efficiency and effective coverage of risk areas.

Table 3 - 2018/2019 IOD Budget and expenditures¹⁶

| | 2018/19 Approved Budget | 208/19 Budget after Transfers | 2018 Expenditure* | Utilization rate (%) |
|-------------------------|-------------------------------|-------------------------------------|----------------------|-------------------------|
| Personnel Resources | 4,849 | 4,085 | 1,797 | 44% |
| Non-personnel Resources | 700 | 987 | 544 | 55% |
| Total | 5,550 | 5,072 | 2,341 | 46% |

89. The recruitment of the Head of the Internal Audit Section was finalized, and the selected incumbent took up office in August 2018.

90. The recruitment of a Senior Audit Officer has been finalized, and the incumbent will join on August 1, 2019.

¹⁴ IOC paragraph 48 (i).

¹⁵ This percentage is based on the budget after transfers for IOD.

¹⁶ Figures in thousands of Swiss francs.

91. The recruitment for the position of Senior Investigator at P4 level was finalized and the selected incumbent joined in January 2019.

92. The recruitment process for a temporary Evaluation Officer at P3 was finalized and the selected incumbent joined in January 2019.

93. A newly recruited intern has joined IOD from May 15, 2019.

94. The recruitment for the post of a Secretary at G4 level is currently ongoing.

TRAINING

95. As is essential for the continued professional development of its staff, and in accordance with WIPO training policy, IOD staff attended various training activities to acquire new knowledge, technical skills and other competencies to increase IOD's operational effectiveness and efficiency in undertaking oversight assignments.

96. On average, each IOD staff members attended 10 days of training including: fraud prevention and detection, investigative research techniques, data analytics, Tableau™ visualization application, digital data capturing, cyber security, conflict management, evaluation of science and innovation policies, and TeamMate.

[Annex follows]

**List of IOD Reports
July 1, 2018 to June 30, 2019**

| | |
|-------------------------------------------------------------------------------------|--------------|
| Audit of Physical Access Security Systems | IA 2018-04 |
| Audit of Enterprise Resource Planning (ERP) Portfolio | IA 2018-03 |
| Audit of Funds-in-Trust Managed by WIPO | IA 2018-05 |
| Audit of Implementation of WIPO Information Assurance Strategy | IA 2018-06 |
| Audit of PCT Netting Pilot | IA 2019-06 |
| Evaluation of the Pilot Program on Professional and Career Development (Phase 2) | EVAL 2018-01 |
| Meta-Evaluation Synthesis Report of WIPO Evaluation Products | EVAL 2018-03 |
| Evaluation of the Regional Bureau for Asia and the Pacific | EVAL 2018-02 |
| MIR on <i>ex officio</i> corrections to the Madrid Registry | MIR 2018-15 |
| MIR on customer query management systems (Draft issued for comments) | MIR 2019-03 |

[End of Annex and of document]