

WIPO Independent Advisory Oversight Committee

Sixty-First Session
Geneva (Virtual), July 5 to 9, 2021

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. With the COVID-19 pandemic still ongoing, the 61st session of the WIPO Independent Advisory Oversight Committee (IAOC) took place virtually from July 5 to 9, 2021. Present were Ms. Tatiana Vasileva (Chair), Mr. Bert Keuppens (Vice-Chair), Ms. Maria Vicien-Milburn, Messrs. Mukesh Arya and Zhang Long. Mr. Igors Ludboržs was unable to participate and sent apologies for his absence. Mr. Othman Sharif informed the Committee by email on March 5, 2021 that he had been appointed First Vice-President of Zanzibar, effective March 1, 2021. Mr. Sharif's official resignation from the Committee has, however, not yet been received.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

./.
./.
2. The Committee adopted its Agenda, which is attached to this report as Annex I. A list of session documents is attached as Annex II.

AGENDA ITEM 2: CONFLICT OF INTEREST DECLARATION

3. Members present were asked to disclose any actual or potential conflict of interest. No conflict of interest was reported.

AGENDA ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

4. The Committee took stock of the actions carried out following the decisions taken at its 60th session. One pending item was the revision of the Terms of Reference (ToR) of the WIPO IAOC. It was decided to postpone the discussion of revisions to a later date. The Committee's decision also took into account the time required for consultations with the Member States and the Office of the Legal Counsel.

AGENDA ITEM 4: MEETING WITH THE DIRECTOR GENERAL

5. The Director General met the Committee and provided update on the Medium-Term Strategic Plan (MTSP) for 2022 to 2026 and the corresponding program of work and budget, as well as the cooperation with the World Trade Organization (WTO) and World Health Organization (WHO) to tackle the COVID-19 pandemic. The Committee expressed appreciation for the engaging and candid conversation with the Director General.

AGENDA ITEM 5: BRIEFING FROM THE ASSISTANT DIRECTOR GENERAL FOR ADMINISTRATION, FINANCE AND MANAGEMENT SECTOR

6. The Assistant Director General for the Administration, Finance and Management Sector briefed the Committee on the ongoing work in the Sector, including preparations for the upcoming Program and Budget Committee (PBC) session. The Committee was thankful for the briefing by the Assistant Director General.

AGENDA ITEM 6: INTERNAL OVERSIGHT (INCLUDING REVIEW OF INTERNAL OVERSIGHT CHARTER)

Internal Oversight Division (IOD) Activity Report

7. The Committee reviewed with the Director, IOD and his line managers, the quarterly Activity Report as of June 24, 2021. The Committee noted that since the last quarterly report dated March 12, 2021 (reporting on the status as of February 28, 2021), two reports were issued, namely the Audit of Cybersecurity Management at WIPO and the Evaluation of the Division for Arab Countries.

8. The Committee took interest in the evaluation approach being developed by IOD, using the latest research methods in behavioral science. IOD offered to give a presentation on this to the Committee in future meetings.

9. The Committee raised possibilities of streamlining periodic reporting of IOD to the Committee. IOD was open to suggestions in this regard.

Internal Audit Engagements

10. The Committee, together with the Director, IOD and his team, as well as the Assistant Director General for the Administration, Finance and Management Sector, and the Director of Security and Information Assurance Division reviewed the Report on Cybersecurity Management at WIPO, issued on May 5, 2021. The Committee took particular note of the result of the security penetration testing conducted by an independent third party, indicating that the overall security level of WIPO's external network was still considered "perfectible".¹ At the same time, the Committee acknowledged the five recommendations, of which three were ranked high priority.

11. The Committee was assured by IOD of the technical competence of the audit team. The Security and Information Assurance Division also assured the Committee of the regular conduct of various phishing campaigns and security awareness trainings for staff, considering that people are often the weakest link in the system. The Division also gave its assurance about its capability to detect and respond quickly in case of any cyber-attack or breach.

Evaluations

12. The Committee, together with the Director, IOD and his team, as well as the Deputy Director General, Regional and National Development Sector and the Director, Division of Arab Countries, reviewed two evaluation reports.

13. The first was the Report on Evaluation of WIPO Match, issued on June 17, 2021. The Committee noted that the evaluation was formative and was focused on finding learning opportunities and program improvements. There were three recommendations, with one ranked high priority, aimed to strengthen governance. The Committee had a useful exchange of views on how to better use WIPO Match as a tool to facilitate South-South Cooperation and other cooperation activities.

14. The second was the Report on Evaluation of the WIPO Division for Arab Countries, issued on June 11, 2021. The Committee was pleased to note that the Division's support to the Arab Region was fully relevant to the national priorities and was aligned with country needs. The Committee focused on the strategic risks and inquired as to how the recommendations would address these risks. The Committee was informed that cooperation has already been initiated with a number of sub-regional, regional and international organizations. The Committee suggested that holding information sessions with delegations and interested parties could be useful in disseminating the results of this important evaluation.

Investigations

15. The Committee was updated on the status of investigation cases. Since its last session, ten new cases were opened and eight were closed, of which six were after a preliminary evaluation and two after a full investigation. As of June 15, 2021, there were 13 pending investigation cases, of which one was under preliminary evaluation, eight under full

¹ This means that the maturity is quite high and that fixing the identified vulnerabilities should not require major architecture changes but only specific corrective actions on the specific scope impacted by the vulnerabilities.

investigation, and four cases on hold. The Committee noted that of the 13 pending cases, one was registered in 2016, two in 2019, three in 2020 and seven in 2021. There were two cases where allegations of misconduct were substantiated, and a recommendation for disciplinary action was made for a staff member in one case and a recommendation was referred to the Vendor Sanctions Committee, as per the procedure outlined in the Internal Oversight Charter, for the other case.

16. One Management Implication Report was issued regarding compliance with the WIPO Personal Data and Privacy Policy.

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

WIPO Internal Oversight Charter

18. Prior to the 61st session, the Committee reviewed via e-mail and had no objections to the proposed changes to the WIPO Internal Oversight Charter.

Draft 2020 Annual Report of the Director, IOD

19. The Committee reviewed and provided comments on the draft Annual Report of the Director, IOD for the year 2020. This was also completed via e-mail prior to the 61st session.

AGENDA ITEM 7: REVIEW OF OVERSIGHT RECOMMENDATIONS

20. The Committee, together with the Director, IOD and Management, reviewed the status of implementation of oversight recommendations as of June 17, 2021. The Committee noted that 27 (or 25 per cent) of 106 outstanding recommendations were of high priority. Since the last IAOC meeting, there were 18 new recommendations, whereas 19 were closed.

21. The Committee inquired into any material weaknesses in the systems, as the nature of outstanding recommendations appeared to have no implications that would materially affect the Financial Statements. IOD agreed with the Committee's assessment that there were no significant risks on governance and internal controls, but there were areas with gaps that needed improvement. The priority ranking was more for emphasizing the urgency for actions to implement recommendations. The Committee encouraged IOD to reassess whether it was focusing its audits on the high risk areas.

AGENDA ITEM 8: FINANCIAL REPORTING – ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2020

22. The Committee reviewed with Management the Annual Financial Report and Financial Statements for 2020. The Director of the Finance Division explained that, while there were no changes to the numbers in the draft Financial Statements discussed at the 60th session, there were changes in the Accompanying Notes to the Financial Statements, mostly pertaining to the After Service Health Insurance (ASHI).

23. The Committee questioned the estimations for post-retirement employee benefits, which are mainly comprised of ASHI. These estimations are prepared by an independent actuary. The actuarial assumptions include, *inter alia*, the discount rate, the medical cost trend rate, age-grading for medical claims, retirement rates and mortality rates. The sensitivity of the overall liability to the assumptions is very high, for instance, increases in the expected trend in medical costs or in the discount rate could impact significantly on the overall liability. The change in some aspects of the valuation methods and the underlying assumptions for ASHI resulted in an increase in the liability of 139.1 million Swiss francs. While appropriate disclosures have been

included in the Notes, in the Committee's view, this change in the valuation of ASHI is very significant. The Committee was also concerned about the different approaches for calculating ASHI in the different agencies within the United Nations system.

AGENDA ITEM 9: EXTERNAL AUDIT – REPORT OF THE EXTERNAL AUDITOR

24. The Committee discussed with the representatives of the External Auditor, and with Management in attendance, the External Auditor's Report on the 2020 WIPO Financial Statements. The Committee was pleased to note that WIPO received an unqualified opinion, without modification to the Financial Statements for the year 2020. The Committee noted the External Auditor's conclusion that WIPO's Financial Statements remain of high quality and were supported by sound systems of internal controls and reporting. The Committee also noted the additional statement in the audit certificate relating to the opinion on regularity.

25. The Committee expressed considerable concern over how ASHI liabilities were accounted for and why this matter was not emphasized in the External Auditor's audit opinion, since the liability increased by 139.1 million Swiss Francs. It was noted that the increase was mainly due to a change in estimating the impact of future medical costs. The representative of the External Auditor explained that the threshold for deciding on the "emphasis of matter" is quite high and that this was not met in the case of WIPO, in their view.

AGENDA ITEM 10: UPDATE ON RISKS AND MITIGATING CONTROLS

26. The Committee was provided a comprehensive update on Risks and Mitigating Controls by the Management Team. They presented the biennial planning risks for 2022/23, the improvements to the 2020 Statement on Internal Control, the business continuity management challenges and lessons learned, and the relevant conclusions from the External Auditor's Report with regard to risk management, internal controls, the 2020 Statement on Internal Control, and business continuity.

27. The Committee appreciated the effectiveness of the Business Continuity Management as implemented during the COVID-19 pandemic. On the same subject, the Committee would like to see how the plans on "Return-to-Office" would be implemented.

28. The Committee again suggested that the Risk Appetite Statement be reviewed, and the Management stated that it planned to update the Organization's Risk Appetite Statement in light of the new Medium-Term Strategic Plan (MTSP) and present it to the 34th session of the Program and Budget Committee in September 2022. The Committee further suggested that controls be put in place to mitigate the risks relating to retirement benefits, which represent a significant liability in the Financial Statements.

29. In view of the presentation on update of risks, the Committee suggested, for its upcoming sessions, to review a mapping of risks aligned with the strategic goals, programs, expected results, performance indicators and programs. The Committee would appreciate the assurance that significant risks would not be lost or left unattended in their updated risk matrix.

AGENDA ITEM 11: UPDATE ON HUMAN RESOURCES MANAGEMENT

30. The Committee met with the Acting Director, Human Resources Management Department, who provided an update on major human resources policies, on other important activities and initiatives, on the staff situation during this COVID-19 pandemic, and on sexual exploitation and sexual abuse as well as on sexual harassment. The Committee took note of the new major policies on flexible working arrangements, parental leave, gender equality and the one relating to the UN Disability Inclusion Strategy.

31. The Committee suggested that concerns of the Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) community be considered in the formulation of WIPO human resources policies. With regard to the policies on sexual exploitation and abuse and also on sexual harassment, the Committee suggested that it should be made very clear to staff and complainants or potential victims where in the Organization to turn to and who the first and subsequent contact points are. A channel of informal consultation and support for staff should be considered before a formal complaint is formally lodged with IOD. In some UN organizations, this function is entrusted to the Chief Ethics Officer

AGENDA ITEM 12: ETHICS

32. The Committee met with Mr. David Mitchels, the interim Chief Ethics Officer, who was on board on April 1, 2021, upon the retirement of the former incumbent. His contract is until September 30, 2021, by which time the new Chief Ethics Officer would have been recruited. The Committee acknowledged, with thanks, the 2020 draft Annual Report by the Ethics Office and the PowerPoint presentation used for Induction Program for newcomers. The interim Chief Ethics Officer also informed the Committee of what has been accomplished so far, such as the review of the Financial Disclosure and Declaration of Interest statements and the online training activities. The Committee wished him good luck with the remaining months and looked forward to the new Chief Ethics Officer taking up his/her duties.

AGENDA ITEM 13: IAOC ANNUAL REPORT

33. The Committee discussed its draft annual report which covers the Committee's activities from April 24, 2020 up to July 9, 2021, comprising five sessions from the 57th up to the current 61st session.

AGENDA ITEM 14: REVIEW OF IAOC'S TERMS OF REFERENCE (INCLUDING SELECTION PROCEDURE

34. At its 61st session, the Committee met with the former Secretary of the Selection Panel who assisted two previous Selection Panels with the process of selecting new members of the IAOC. The former Secretary presented a proposed stand-alone and self-contained document describing the "Selection Procedures for the Members of WIPO Independent Advisory Oversight Committee" to be attached to the Financial Regulations and Rules as a new Annex IV. The specific provisions were discussed and a consensus was reached on the proposed changes.

35. The former Secretary noted that, if approved by the Member States, this document would supersede document WO/GA/39/13, which was considered outdated and no longer fit for purpose.

AGENDA ITEM 15: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

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

AGENDA ITEM 16: OTHER MATTERS

WIPO Investment Reports

37. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for March, April and May 2021, prepared by the Investment Advisors and the Custodian, respectively.

38. The Committee reviewed the documents received and confirmed that the information provided showed that during the period reviewed, and based on the investment market benchmark, all the vehicles in WIPO's investment portfolio delivered the expected results and were managed in accordance with the stated investment strategy. In addition, the Committee confirmed that the Custodian did not report any breaches, active or passive, or justified exceptions.

Next Session

39. The next session is scheduled to take place from September 22 to 23, 2021. It will most likely be in a virtual format due to the continuing COVID-19 pandemic. The draft Agenda for that session is as follows:

- (1) Adoption of the Agenda
- (2) Conflict of Interest Declaration
- (3) Matters arising from previous Session
- (4) Meeting with the Director General
- (5) Internal Oversight
- (6) Joint Inspection Unit (JIU) Recommendations
- (7) Ombudsperson: Activity Report for 2020
- (8) Review of IAOC's Terms of Reference
- (9) Other Matters

[Annexes follow]



WO/IAOC/61/1
ORIGINAL: ENGLISH
DATE: AUGUST 13, 2021

WIPO Independent Advisory Oversight Committee

Sixty-First Session
Geneva (Virtual), July 5 to 9, 2021

DRAFT AGENDA

prepared by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Conflict of Interest Declaration
3. Matters Arising from previous Sessions
4. Meeting with the Director General
5. Briefing from the Assistant Director General for Administration, Finance and Management Sector
6. Internal Oversight (including Review of Internal Oversight Charter)
7. Follow-up on High-Priority Oversight Recommendations
8. Financial Reporting: Annual Financial Report and Financial Statements 2020
9. External Audit: Report of the External Auditor
10. Update on Risks and Mitigating Controls
11. Update on Human Resources Management
12. Ethics: 2021 Workplan, Implementation Update, 2020 Annual Report

/...

13. Review of IAOC's Terms of Reference (including Selection Procedure)
14. IAOC 2020 Annual Report
15. Information Meeting with Member States' Representatives
16. Other Matters

[Annex II follows]



WO/IAOC/61/INF/1
ORIGINAL: ENGLISH
DATE: AUGUST 13, 2021

WIPO Independent Advisory Oversight Committee

Sixty-First Session
Geneva (Virtual), July 5 to 9, 2021

LIST OF DOCUMENTS

ITEM 1: ADOPTION OF THE AGENDA

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

ITEM 2: STATEMENT OF DISCLOSURE OF INTEREST AND TECHNICAL MATTERS

No document: Oral account.

ITEM 3: MATTERS ARISING FROM PREVIOUS SESSIONS

No document: Oral account.

ITEM 4: MEETING WITH THE DIRECTOR GENERAL

No document: Oral account.

**ITEM 5: BRIEFING FROM THE ASSISTANT DIRECTOR GENERAL FOR ADMINISTRATION,
FINANCE AND MANAGEMENT SECTOR**

No document: Oral account.

**ITEM 6: INTERNAL OVERSIGHT (INCLUDING 2020 IOD ANNUAL REPORT AND REVIEW
OF INTERNAL OVERSIGHT CHARTER)**

Internal Oversight Division:

- [04] IOD Activity Report – June 24, 2021 (Reference: IOD-IAOC-2021/02)
- [05] Draft Proposed Revisions to the WIPO Internal Oversight Charter (IOC) – June 1, 2021
- [06] Draft Annual Report by the Director of the Internal Oversight Division (IOD)

Audit:

- [07] Audit Report – Cybersecurity Management at WIPO, May 5, 2021
(Reference: IA 2020-04)

Evaluation:

- [08] Evaluation of the WIPO Division for Arab Countries, June 11, 2021
(Reference: IA 2020-01)
[09] Evaluation of WIPO Match, June 17, 2021 (Reference: IA 2020-05)

Investigation:

- [10] Management Implementation Report, June 1, 2021
(Reference: IOD-INV-2020-17)

ITEM 7: FOLLOW-UP ON HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

- [11] Open Oversight Recommendations – June 25, 2021

ITEM 8: FINANCIAL REPORTING – ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2020

- [12] Annual Financial Report and Financial Statements 2020
[13] Letter of Representation of WIPO Director General dated June 18, 2021

ITEM 9: EXTERNAL AUDIT: REPORT OF THE EXTERNAL AUDITOR

- [14] External Auditor’s Report on the 2020 WIPO Financial Statements
(June 21, 2021)

ITEM 10: UPDATE ON RISKS AND MITIGATING CONTROLS

- [15] Update on Risk and Mitigating Controls, July 2021 (PowerPoint presentation)

ITEM 11: UPDATE ON HUMAN RESOURCES MANAGEMENT

- [16] Update on HR Management, July 2021 (PowerPoint presentation)

ITEM 12: ETHICS: 2021 WORKPLAN, IMPLEMENTATION UPDATE, 2020 ANNUAL REPORT

- [17] Draft Annual Report 2020 by the Ethics Office
[18] Ethics Office: Induction Program for Newcomers (PowerPoint presentation)

ITEM 13: REVIEW OF IAOC’S TERMS OF REFERENCE (INCLUDING SELECTION PROCEDURE)

- [19] Draft “Selection Procedure for the Members of the WIPO Independent Advisory Oversight Committee”, Annex IV, and “Proposed Revisions to the Terms of Reference”, Annex III, of the WIPO Financial Regulations and Rules) July 8, 2021

ITEM 14: IAOC 2020 ANNUAL REPORT

- [20] Draft Report by the WIPO Independent Advisory Oversight Committee (IAOC)
(WO/PBC/33/2)

ITEM 15: INFORMATION MEETING WITH MEMBER STATES’ REPRESENTATIVES

- No document:* Oral account.

ITEM 16: OTHER MATTERS

- [21] Report – Sixtieth Session (WO/IAOC/60/2)
- [22] IAOC Rolling Agenda, 60th to 63rd Sessions (Updated July 2021)

Investment Reports:

- [23] Credit Suisse – Investment Monitoring Reports for March, April and May 2021
- [24] MBS Capital Advice – Investment Performance Reports for March, April and May 2021

[End of Annex II and of document]