

**WIPO Independent Advisory Oversight Committee**

**Sixty-Fifth Session**  
**Geneva (Virtual), May 18 to 20, 2022**

REPORT

*adopted by the WIPO Independent Advisory Oversight Committee*

## **INTRODUCTION**

1. With the COVID-19 pandemic still ongoing, the 65<sup>th</sup> session of the WIPO Independent Advisory Oversight Committee (IAOC) took place virtually from May 18 to 20, 2022. Present were Mr. Bert Keuppens (Chair), Mr. Igors Ludboržs (Vice-Chair), Ms. Tatiana Vasileva, and Mr. Mukesh Arya. Ms. Maria Vicien-Milburn and Mr. Zhang Long were unable to participate and sent apologies for their absence. The Committee regrets that Mr. Othman Sharif has not participated in meetings after he had informally reported his resignation from the Committee in March 2021, and that he has not been replaced by another member representing the African Group.

2. The Chair reiterated the Committee's concern about the lacunae in the existing procedures, including the difficulty in getting the replacement of a resigning member, as well as the difficulty in getting a quorum.

## **AGENDA ITEM 1: ADOPTION OF THE AGENDA**

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3. 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: DECLARATION OF NO CONFLICT OF INTEREST**

4. 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**

5. The Committee took stock of the actions carried out following the decisions taken at its 64<sup>th</sup> Session. For the benefit of the Selection Panel, the Committee provided a consolidated evaluation and ranking of all the candidates meeting the selection criteria to become a member of the IAOC. The ranking took place without knowledge of the candidates' names and nationalities.

6. The matrix relating to the selection of new External Auditor was received after the 64<sup>th</sup> Session. The Committee took note of the matrix and has no comment.

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

7. The Director General briefed the Committee on the current developments in WIPO and on the progress in the implementation of his Medium Term Strategic Plan. He also discussed the geopolitical situation affecting multilateral organizations. The Committee welcomed the apparent change in staff morale and the openness in the management style, which has a positive impact on the staff. The Committee raised with the Director General some operational difficulties of the Committee, which led to the proposed revisions to the IAOC Terms of Reference (ToR) to be presented by the Committee to the Program and Budget Committee (PBC).

## **AGENDA ITEM 5: INTERNAL OVERSIGHT (INCLUDING 2021 IOD ANNUAL REPORT)**

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

8. The Director, IOD presented to the Committee the quarterly Activity Report dated May 9, 2022. There were two reports (one audit and one validation) that were issued since the 64<sup>th</sup> Session. These were reviewed in detail by the Committee in this current session, with

Management in attendance. The Committee took note of the 2021 Annual Report of the Director, IOD.

9. In response to the Committee's follow-up, the Director, IOD apprised the Committee of the successful results of the external quality assurance for audit and investigation functions both concluded in 2020 and for evaluation function concluded in 2018. While the external quality assessments are required every five years, IOD conducts an internal quality assessment, particularly for the audit function, every two years; an internal audit quality assessment is due this year 2022. Director, IOD added that they are getting ready to be able to issue an overall audit opinion by 2024, in accordance with their audit strategy roadmap. The evaluation function is due for an external assessment in 2023-24.

#### *Internal Audit Engagements*

10. The first report reviewed by the Committee pertained to the audit on Management of Assets, Supplies and Materials, which was aimed at reviewing the governance, risk management and internal controls in managing certain categories of assets, supplies and materials. The Committee inquired into the policy for depreciation, on the system of tracking vehicles, and the controls when an accountable staff leaves. The Committee suggested that a policy be developed for regulating the use of official vehicles. Management also mentioned the plan to move away from purchasing vehicles and lease vehicles instead.

11. The second report reviewed pertained to the validation of After Service Health Insurance (ASHI) claims data. The Committee noted that this was conducted by IOD in response to the request of the External Auditor. IOD explained that the validation exercise was not an audit but a specific test of a number of sample medical claims for accuracy and authenticity of beneficiaries and claims. IOD reported that it did not find any significant anomaly that would question the existence, accuracy, occurrence, and cut-off of claimed expenses and reimbursements recorded in the 2020 and 2021 sampled data and supporting documents provided by CIGNA. The Committee noted that both the Controller and the Director, Human Resources Management Division (HRMD) were thankful to IOD for the validation report.

#### *Investigations*

12. The Committee received the update on the status of investigation cases. Since the last report as of March 8, 2022, five new cases were opened and two were closed, both after a preliminary evaluation. There was no case where allegations of misconduct were substantiated. As of May 4, 2022, there were 19 pending investigation cases, seven of which were under preliminary evaluation, seven under full investigation and five cases on hold. Of the 19 pending cases, one was registered in 2020, eight in 2021 and 10 in 2022. There was one case handled by IAOC and was closed after a preliminary evaluation.

#### **AGENDA ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS (INCLUDING JOINT INSPECTION UNIT (JIU), EXTERNAL AUDITOR, AND IAOC RECOMMENDATIONS)**

13. The Director, IOD presented to the Committee the status of implementation of oversight recommendations as of May 9, 2022. Of the total 112 outstanding recommendations, there were 29 (or 26 per cent) of high priority. Since the last update as of March 10, 2022, the number of aged pending recommendations has decreased from 17 to 13. These 13 recommendations were issued in 2015 (three), 2016 (one), 2017 (one) and 2018 (eight). IOD recommendations represent 89 per cent of the 112 recommendations, External Auditor recommendations represent 10 per cent and IAOC recommendations one per cent.

14. The Committee encouraged the Secretariat to monitor the implementation of those recommendations which have been outstanding for a long period of time.

15. With regard to JIU recommendations, the Committee encouraged a systematic follow up and inclusion in the statistics of outstanding recommendations, similar to the recommendations of IOD, IAOC and the External Auditor.

**AGENDA ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE MATTERS (PREPARATIONS FOR PBC 34<sup>TH</sup> SESSION) AND INTERNAL CONTROL FRAMEWORK (FINANCIAL REGULATIONS AND RULES)**

16. Further to the discussion with the Committee during its 64<sup>th</sup> Session, the Secretariat presented a detailed update on two matters for presentation to the upcoming 34<sup>th</sup> meeting of the PBC, specifically the revisions to the Financial Regulations and Rules (FRR), as well as the Risk Appetite Statement.

17. The Committee took note of the wide consultation by the Secretariat with various stakeholders, including comparison with other organizations in the UN system. The Committee inquired into the environmental, social standards and governance as part of the FRR. It was also agreed that the Secretariat will continue to monitor developments relating to sustainability reporting for inclusion into the FRR at the appropriate time.

18. In response to the Committee's questions on operationalization of the FRR and delegation of authority, the Controller explained that the Director General is ultimately accountable for all authorities delegated to the Controller/High Level Officer in charge of Procurement (HLOP). The Controller/HLOP are in turn accountable for all delegations from them to other officers. The Controller assured the Committee that the internal control system is well in place and a strong delegation of authority system integrated with the ERP system is maintained by the Office of the Controller. The Director General delegates authority to Sector Leads who are responsible for planning and managing the effective and efficient utilization of resources as approved by the Member States. The Sector Leads may in turn sub-delegate authority to Directors / other officers as appropriate. She added that delegation of authority could be revoked at any time should this be found to be not working properly. The Controller explained that all regulations and changes to these are approved by the Member States. In response to the question from the IAOC, the Controller affirmed that Member States could propose changes to the FRR.

**AGENDA ITEM 8: FINANCIAL REPORTING – ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2021**

19. The Committee reviewed the Financial Statements, which were found to be comprehensive and detailed, with adequate disclosures in the accompanying notes. There were no changes noted in accounting policies. However, there was an important change in the methodology to determine the medical claims cost, with significant impact on the ASHI liability, which increased by CHF 121 million. The Committee advised the Secretariat to closely monitor the assumptions used to determine this liability, especially in view of the overwhelming financial impact. The Committee inquired about the figures related to medical claims cost, the highest in the ASHI liability calculation, and whether the amount represented was net of claims reimbursed to the beneficiaries or the gross figure. The Secretariat assured the Committee that the amount shown was net of claims reimbursed.

20. The Committee also queried on the related-party disclosures and advised the Secretariat to review this for completeness.

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

21. The Committee reviewed with the representatives of the External Auditor, with Management in attendance, the Audit Completion Report on the 2021 WIPO Financial Statements Audit and the long form Audit Report. The Committee took note of the unqualified audit opinion that the audit engagement team anticipate recommending to the Comptroller and Auditor General (National Audit Office, United Kingdom). The Committee also took note of the comment that the continued low level of audit adjustment continues to reflect good internal control and sound financial reporting processes and practices within WIPO.

22. The Committee reiterated its views on having two separate audit opinions: one on the financial statements and one on regularity. The Committee discussed various matters with the external auditors, such as the medical claims cost, the closing criteria for their three audit recommendations, benchmarking on risk management practices, revenue forecasting, ASHI liability and its impact on the financial statements, and methodology used by the actuary. The Committee appreciated the cooperation between the External Auditor and IOD.

## **AGENDA ITEM 10: UPDATE ON HUMAN RESOURCES MANAGEMENT**

23. The Acting Director, Human Resources Management Division (HRMD), updated the Committee on the new policy on flexible working arrangements and the amended policy on workplace-related conflicts and grievances. The Committee noted that the issuance of the revised policy on gender equality was postponed and this was because the Director General wanted to further strengthen and align the revised policy with the strategy on intellectual property and gender that still needs to be developed. The Acting Director, HRMD, further briefed the Committee on other important activities and initiatives, as well as on the status of implementation of 34 outstanding audit recommendations. Out of 34 open audit recommendations (29 from IOD and five from the External Auditor), all five from the External Auditor have been closed and 12 from IOD have been closed (some dating back from 2018). Out of the recent eight open IOD recommendations emanating from the review of the PMSDS, one has already been closed. The Committee was also informed of the status of recruitment of Director, IOD, noting the low proportion of female candidates despite the targeted outreach.

24. The Committee expressed appreciation to the Acting Director, HRMD, who will be retiring in August 2022, for her contribution to the enhancement of human resources management in WIPO. The Committee took note of the insights shared by the Acting Director, which reflected the changed environment in WIPO and the renewed trust in the new administration.

## **AGENDA ITEM 11: ETHICS – 2021 ETHICS OFFICE ANNUAL REPORT AND IMPLEMENTATION OF 2022 WORKPLAN**

25. The Committee discussed with the Chief Ethics Officer the Ethics Office Annual Report for the period from January to December 2021, noting that she was on board for the last three months of the year. The Chief Ethics Officer also presented her draft revised Policy to Protect Against Retaliation, whereby the Committee noted the replacement of UNOPS with the UN Ethics Office (UNEO) as the second level reviewer. The Chief Ethics Officer also informed the Committee that WIPO is in very good shape vis-à-vis the four recommendations resulting from the JIU's "Review of the Ethics Function in the United Nations System" (JIU/REP/2021/5).

26. The Committee expressed support for the initiatives of the Chief Ethics Officer to develop a software to make the review of financial disclosure statements more cost efficient and not paper-based. The Committee also appreciated her initiatives to enhance the Ethics and Integrity Online Training, which will be mandatory for all WIPO personnel starting in September 2022. The Committee regretted the delay in the implementation of this mandatory training.

From her summarized caseload from 1 January to 13 May 2022, the Committee again noted the highest number of cases pertaining to outside activities and conflict of interest. With regard to sexual harassment cases, the Committee discussed the advantages and disadvantages of centralizing the point of contact on Ethics Office. On the overall, the Committee is satisfied with the progress made and congratulated the Chief Ethics Officer for the effective changes made so far.

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

27. The Committee discussed the proposed changes to the ToR of the IAOC to reflect the recommendations by the JIU, the evolving practices within the UN system, and IAOC's own experience. Specific items were discussed with the Secretariat and it was agreed that the modalities and ToR of the IAOC are to be presented, discussed and agreed with the Member States. The draft ToR were agreed among the members of the IAOC present during this meeting. It was further agreed that the draft ToR will be circulated shortly to the Member States through the Regional Groups for their views and comments.

#### **AGENDA ITEM 13: IAOC 2021 ANNUAL REPORT**

28. The Committee discussed the outline and content of the IAOC Annual Report to be presented at the 34<sup>th</sup> meeting of the PBC. The report will cover four IAOC Sessions (62<sup>nd</sup> to 65<sup>th</sup>) during the period from July 10, 2021 to May 20, 2022.

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

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

#### **AGENDA ITEM 15: OTHER MATTERS**

##### *WIPO Investment Reports*

30. Management submitted to the Committee the Investment Performance Report and the Investment Monitoring Report for March 2022, prepared by the Investment Advisors and the Custodian, respectively.

31. 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*

32. The next session is scheduled to take place from September 19 to 23, 2022. It is expected to be a face-to-face meeting. The draft Agenda for the next session was discussed and prepared by the Committee, for adoption at the beginning of the next meeting:

- (1) Adoption of the Agenda
- (2) Declaration of No Conflict of Interest

- (3) Matters arising from previous Session
- (4) Matters arising from the PBC 34<sup>th</sup> Session, WIPO General Assembly and Coordination Committee Session
- (5) Meeting with the Director General
- (6) Meeting with the Chairs of the WIPO General Assembly and of the Coordination Committee
- (7) Internal Oversight
- (8) Review of Pending High-Priority Audit Recommendations
- (9) Update on Risk Management and Internal Controls: 2021 Annual Risk Management Report
- (10) Update on Security and Information Assurance
- (11) Update on Procurement
- (12) External Audit: Audit Planning Report
- (13) Ethics: Implementation Update
- (14) Ombudsperson: Activity Report for 2021
- (15) Information Meeting with Member States' Representatives
- (16) Other Matters

[Annexes follow]



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**WO/IAOC/65/1**  
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**Sixty-Fifth Session**  
**Geneva (Virtual), May 18 to 20, 2022**

### **DRAFT AGENDA**

*prepared by the WIPO Independent Advisory Oversight Committee*

1. Adoption of the Agenda
2. Declaration of No Conflict of Interest
3. Matters arising from previous Session
4. Meeting with the Director General
5. Internal Oversight (including 2021 IOD Annual Report)
6. Follow-up on Oversight Recommendations (including Joint Inspection Unit (JIU), External Auditor, and IAOC Recommendations)
7. Update on Program and Budget Committee Matters (Preparations for PBC 34<sup>th</sup> session) and Internal Control Framework (Financial Regulations and Rules)
8. Financial Reporting: Annual Financial Report and Financial Statements 2021
9. External Audit: Report of the External Auditor

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10. Update on Human Resources Management
11. Ethics: 2021 Ethics Office Annual Report and Implementation of 2022 Workplan
12. Proposed Amendments to the IAOC Terms of Reference
13. IAOC 2021 Annual Report
14. Information Meeting with Member States' Representatives
15. Other Matters

[Annex II follows]



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**WO/IAOC/65/INF/1**  
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## WIPO Independent Advisory Oversight Committee

**Sixty-Fifth Session**  
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### LIST OF DOCUMENTS

**ITEM 1: ADOPTION OF THE AGENDA**

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

**ITEM 2: DECLARATION OF NO CONFLICT OF INTEREST AND TECHNICAL MATTERS**

*No document:* Oral account.

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

*No document:* Oral account.

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

*No document:* Oral account.

**ITEM 5: INTERNAL OVERSIGHT (INCLUDING 2021 IOD ANNUAL REPORT)**

*Internal Oversight Division:*

- [04] IOD Activity Report – May 9, 2022 (Reference: IOD-IAOC-2022/02)
- [05] Annual Report by the Director of the Internal Oversight Division (IOD) – document WO/PBC/34/5, April 19, 2022

*Audit:*

- [06] Audit Report – Audit of the Management of Assets, Supplies and Materials, March 31, 2022 (Reference: IA 2021-04)

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*Validation:*

- [07] Validation of After Service Health Insurance (ASHI) Claims Data, May 11, 2022  
(Reference: IA 2021-06)

*Investigation:*

- ITEM 6: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS (INCLUDING JOINT INSPECTION UNIT (JIU), EXTERNAL AUDITOR, AND IAOC RECOMMENDATIONS)**  
[08] Open Oversight Recommendations – May 10, 2022  
[09] Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations, document WO/PBC/34/6, May 2, 2022
- ITEM 7: UPDATE ON PROGRAM AND BUDGET COMMITTEE MATTERS (PREPARATIONS FOR PBC 34<sup>TH</sup> SESSION) AND INTERNAL CONTROL FRAMEWORK (FINANCIAL REGULATIONS AND RULES)**  
[10] Early draft FRR, Proposal for the PBC 34<sup>th</sup> Format, Chapters 1 – 7 (for IAOC Review), May 2, 2022  
[11] Risk Appetite Statement, document WO/PBC/34/13, May 2, 2022
- ITEM 8: FINANCIAL REPORTING: ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS 2020**  
[12] Annual Financial Report and Financial Statements, Year to December 31, 2021, by the National Audit Office, United Kingdom, May 19, 2022
- ITEM 9: EXTERNAL AUDIT: REPORT OF THE EXTERNAL AUDITOR**  
[13] Audit Completion Report on the 2021 WIPO Financial Statements Audit, May 2022  
[14] External Auditor's Long Form Report on the 2021 WIPO Financial Statements, May 2022
- ITEM 10: UPDATE ON HUMAN RESOURCES MANAGEMENT**  
[15] Update on HR Management, May 17, 2022 (PowerPoint presentation)
- ITEM 11: ETHICS: 2021 ETHICS OFFICE ANNUAL REPORT AND IMPLEMENTATION OF 2022 WORKPLAN**  
[16] Ethics Office Update – May 18, 2022  
[17] Draft of Office Instruction, "Policy to Protect against Retaliation for Reporting Misconduct and for Cooperating with duly authorized Audits or Investigations"  
[18] PowerPoint presentation: "Ethics and Integrity at WIPO" course, May 2022  
[19] "Annual Report by the Ethics Office", document WO/CC/81/INF/2, May 13, 2022
- ITEM 12: PROPOSED AMENDMENTS TO THE IAOC TERMS OF REFERENCE**  
[20] Committee's response to Comments from the Secretariat, and Draft "Proposed Amendments to the IAOC Terms of Reference", March 2022
- ITEM 13: IAOC 2021 ANNUAL REPORT**  
[21] Draft Report by the WIPO Independent Advisory Oversight Committee (IAOC) (WO/PBC/33/2), version May 17, 2022
- ITEM 14: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**  
*No document:* Oral account.
- ITEM 15: OTHER MATTERS**  
[22] Report – Sixty-Fourth Session (WO/IAOC/64/2)  
[23] IAOC Rolling Agenda, 64<sup>th</sup> to 67<sup>th</sup> Sessions

**Investment Reports:**

- [24] Credit Suisse – Investment Monitoring Report for March 2022
- [25] MBS Capital Advice – Investment Performance Reports for March 2022

[End of Annex II and of document]