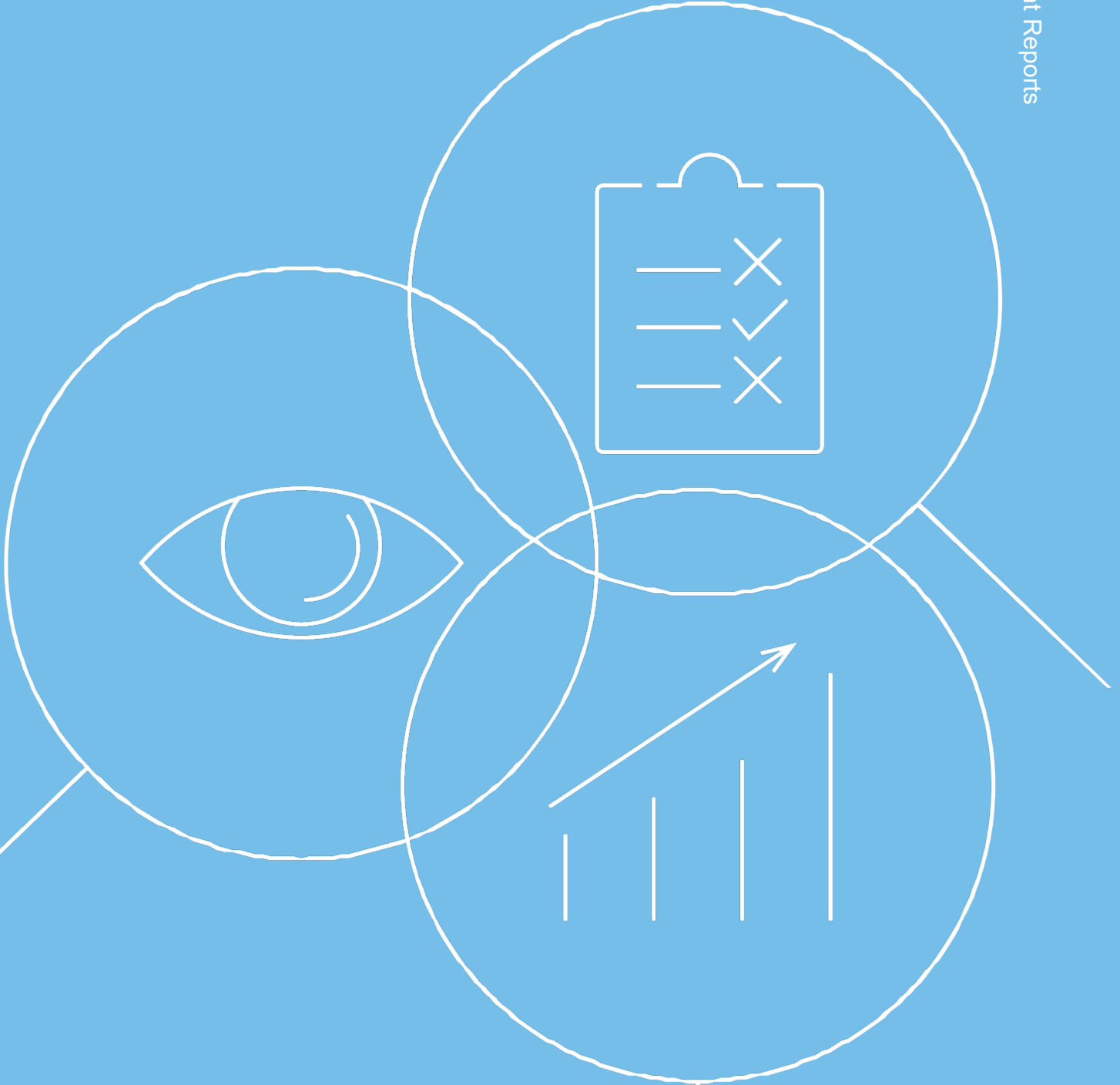


Review of the WIPO Japan Office

Internal Oversight Reports



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Internal Audit Section



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LIST OF ACRONYMS

ADG	Assistant Director General
AIMS	Administrative Integrated Management System
APPI	Japan Act on the Protection of Personal Information
BCC	Business Continuity Coordinator
BCP	Business Continuity Plan
COVID-19	Coronavirus Disease 2019
ERP	Enterprise Resource Planning
FIT	Funds-In-Trust
FWA	Flexible Working Arrangements
HQ	Headquarters
ICS	Individual Contractor Services
ICTD	Information and Communication Technology Department
IOD	Internal Oversight Division
IP	Intellectual Property
JPO	Japan Patent Office
OI	Office Instruction
SOP	Standard Operating Procedure
WIPO	World Intellectual Property Organization
WJO	WIPO Japan Office

EXECUTIVE SUMMARY

1. The World Intellectual Property Organization (WIPO) Japan Office (WJO) was established in 2006 to, among others, promote WIPO's global Intellectual Property (IP) services for patents, trademarks and industrial designs, as well as its global databases, IP advantage and multi-stakeholder initiatives, to Japanese users. The primary budget of WJO is made up of the Japan Industrial Property Global Funds-in-Trust (FIT), in addition to a regular budget.

2. The Internal Oversight Division (IOD) did not find any critical issues during the review of WJO. However, IOD highlighted a number of opportunities to further enhance risk management, effectiveness of internal controls processes, information and resource management, and compliance. These include, among others, updating the business continuity plan, developing relevant internal guidelines, reviewing compliance with local data protection regulations, completing mandatory trainings, complying with relevant Office Instructions (OI), and enhancing segregation of duties in cash management.

3. IOD found that while formal Host Country Agreements exist for the other WIPO External Offices, WJO was established by means of two "Notes Verbales" issued by the Government of Japan to WIPO. For clarity, completeness, and consistency, it would be relevant that the organizational template be used for establishing all Offices.

4. Overall, the Office has been able to fulfill its mandate with its current structure. However, IOD is of the view that the current human resource approach may not be sustainable. The human resource approach is less than optimal due to among others, the inherent turnover of staff in the Office. For instance, between 2012 and 2022, around 29 staff members including Agency workers and Individual Contractor Services (ICS) have worked in WJO filling-in nine roles of which five are fixed term, two ICS, and two agency worker positions. IOD found that the Office could benefit from new contract types to stabilize human resources and reinforce delivery and institutional memory, among others. Further, WJO has been using consultants to implement regular and recurrent tasks instead of for tasks limited in time, intermittent or irregular as prescribed in the Policy on the use of ICS. This suggests that a reassessment of the type of resources required would be beneficial.

5. There are opportunities to further enhance the current less than optimal flow of information and communication between WJO and Headquarters (HQ), which can be partly attributed to the large turnover among other things. For instance by designating an information management focal point, who will ensure that key information and changes in processes and tools are fully captured, integrated and timely operationalized by the Office, as well as support any measures to heighten institutional memory and consistency.

6. WJO prepares a FIT work plan in collaboration with the relevant stakeholders including the Japan Patent Office, which subsequently approves the plan. IOD positively notes that the work plan activities are detailed, and include estimated costs, linkage to WIPO Results Framework, and relevant performance indicators. However, the process could be further strengthened by systematically setting targets as currently, only a small number of performance indicators have a target. Further, the Office does not systematically and timely analyze surveys results following activities, and hence does not benefit from the early warning and learning opportunities provided by the feedback mechanism. Finally, the Office would benefit from further strengthening the integration of risk management in the development of the FIT work plan.

7. IOD makes 10 recommendations covering governance, program and resource management, internal control processes, and risk and information management. WJO will be addressing these recommendations during the course of 2023.

1. BACKGROUND

8. WJO was established in 2006 following exchanges of “notes verbales” between WIPO and the Government of Japan. WJO promotes WIPO’s global IP services for patents, trademarks and industrial designs, as well as its global databases, IP Advantage and multi-stakeholder initiatives, to Japanese users. This is achieved through the website, seminars, training, publications, and local customer service as well as other activities in conjunction with Japan FIT and the Japanese government.

9. In addition to WIPO’s main IP systems, WJO takes part in the promotion of IP and innovation through various webinars, symposiums and other relevant activities. Further, WJO also focuses on advancement of green technology transfers, sharing knowledge and taking advantage of IP. Activities of WJO generally aim to, among others:

- (a) Promote the importance of IP to a wide range of targets in Japan, including especially those outside the traditional IP field;
- (b) Promote the use of WIPO’s services at local events and provide assistance to new and existing users;
- (c) Provide helpful and timely customer service to local and where relevant , international clients;
- (d) Cooperate with the government of Japan under FIT in supporting global industrial property development in the Asia-Pacific region, Africa and others;
- (e) Promote creativity and innovation via access to WIPO databases and the use of IP information; and
- (f) Promote the use of Patent Cooperation Treaty, Madrid and Hague Systems, and provide assistance for the short-term fellowship and training sessions under Japan FIT in addition to continuing customer service.

10. In 2019, FIT Japan Industrial Property Global was established to expand the supporting area. FIT Japan IP Global contributes to energizing IP ecosystems in the whole world through supporting WIPO’s activities with a view to: (i) establishing a world in which innovations originated in developing and least developed countries are properly protected as IP and commercialized, through establishing self-sustaining IP ecosystems in respective countries; (ii) Forming the Global IP network through connecting systems, people and information around IP of respective countries; (iii) broadening the roles of IP for economic growth and social vibrancy through fostering deepened understanding of IP among experts in other fields and also the general public; and (iv) contributing to the achievement of Sustainable Development Goals through promoting the diffusion of innovative technologies around the globe and implementing activities to solve global issues by using IP.

11. WJO is made up of nine personnel including the Director of the Office, two Counsellors, and an Associate Research Officer, an Assistant, two Agency workers, two consultants under ICS contracts, and an Intern.

12. The primary budget of WJO is made up of FIT Industrial Property Global in addition to a regular budget. The Director, two Counsellors posts and one of the ICS are WIPO regular budget, and the other ICS is financed through the Brands and Designs Sector budget. The other personnel are financed through the FIT budget. FIT reporting is aligned with the reporting period of the government of Japan set at March 31th, while the regular budget is aligned with WIPO closing at December 31st.

13. The Office undertakes a number of activities including conducting research, lectures and participating in seminars as well as developing relevant documents. For FIT activities that have budgets allocation, IOD notes that the execution rate for 2021-2022 (as at March 31st, 2022) stands at 33 per cent as shown in the table below. From a regular budget perspective, the execution rate was 68 per cent for the year 2021.

Table 1. Execution Rates of FIT and Regular budget for Activities

Funds	Budgeted Activities (Sfr.)	Actual Expenditures (Sfr.)	Execution Rate
FIT (2021-2022; as at March 31st, 2022)	440,000	143,692	33%
Regular Budget 2021 (as at December 31, 2021)	233,359	157,608	68%
Total	673,359	301,300	

Source: WJO

14. The execution rates illustrate the challenges faced, due to the strict Coronavirus Disease 2019 related restrictions put in place by the Government during 2021 and 2022. These challenges were further confirmed in IOD's discussions with JPO, which shared the same difficulties in implementing various activities. All parties agreed that face-to-face meetings are perceived to have more value than virtual meetings, but also acknowledged the benefits of a hybrid system.

2. ENGAGEMENT OBJECTIVES

15. The objectives of this engagement were to:

- (a) Review Governance, effectiveness of Compliance, Risk Management and Internal Controls surrounding the operations of External Offices;
- (b) Verify whether the structure and resources are fit-for purpose; and
- (c) Assess the adequacy of tools and systems to support operations, including effective information flow with HQ.

16. The engagement primarily sought to assess risk management, compliance, and internal controls in the WIPO External Office, with particular emphasis on the effective flow of information between the Office and the WIPO HQ. This review is not an evaluation of WIPO External Offices, and does not seek to assess validity of the existence, relevance, or further expansion of the External Office's network.

3. SCOPE AND METHODS

17. The scope of this engagement covered the period of 2021-2022. However, for analytical review, corroborative purposes and gaining specific insights, the period covered may in some instances extend beyond the stated scope. The methods included interviews with stakeholders, document reviews walkthroughs, sample and substantive tests.

18. The fieldwork began from HQ and IOD undertook an on-site visit of WJO between September 26 and October 2, 2022.

19. The engagement was performed in accordance with the International Standards for the Professional Practice of Internal Auditing (the Standards) issued by the Institute of Internal Auditors.

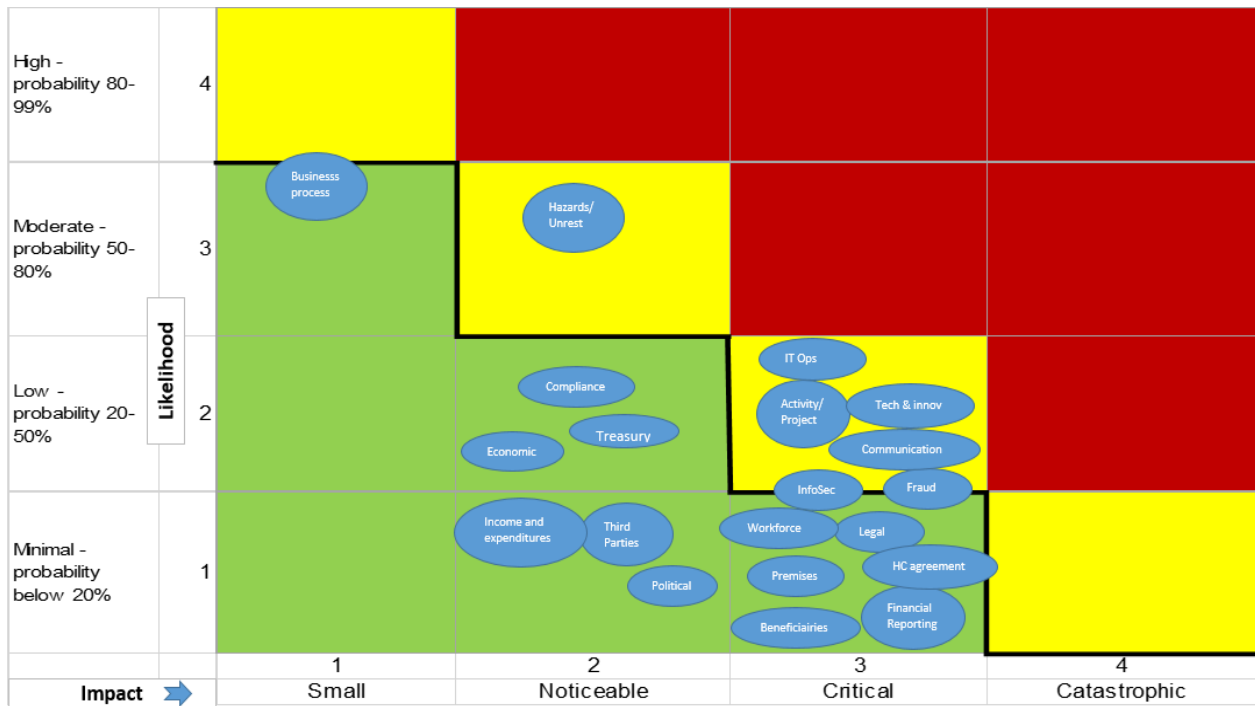
4. ENGAGEMENT RESULTS – OUTCOME(S)

20. The objectives and outcomes of the Engagement are summarized below.

S/n	Objective(s)	Outcome(s)
(a)	Review Governance, effectiveness of Compliance, Risk Management and Internal Controls surrounding the operations of External Offices	While no critical issues were identified under this objective, IOD however highlighted a number of opportunities to further enhance risk management, effectiveness of processes and internal controls and compliance with relevant regulations, rules, and OIs. These include, among others, updating the business continuity plan, develop relevant internal guidelines, reviewing compliance with local data protection regulations, and enhancing segregation of duties.
(b)	Verify whether the structure and resources are fit-for purpose	Overall, the Office has been able to fulfill its mandate with its current structure. However, IOD highlighted opportunities to further stabilize the inherent staff turnover of the Office, and further mitigate its potential impact on effective information flow between WJO and WIPO HQ.
(c)	Assess the adequacy of tools and systems to support operations, including effective information flow with HQ	IOD highlighted opportunities to further enhance information and communication between WJO and HQ, including the need to designate a focal point in WJO, who will ensure that key information and changes in processes and tools are fully captured, integrated and timely operationalized by the Office, as well as support any measures to enhance institutional memory and consistency.

5. ENGAGEMENT RESULTS - OBSERVATIONS AND RECOMMENDATIONS

21. As part of the objectives of this review, IOD discussed risk management and internal controls with the personnel of WJO to among others, gain insight on their understanding of their risk environment and efficiency and effectiveness of controls that are in place to mitigate relevant risks. Two existing critical risks escalated to the WIPO entity level are: (i) Natural disaster - Japan is prone to natural disasters such as earthquakes and typhoons; and (ii) COVID-19 pandemic – the effects of restrictions put in place by the Government of Japan, on the activities of WJO. The heat map below illustrates the WJO’s perception of the likelihood and impact of key risks, under three categories – Strategic, Operational, and Financial - as per the Organization’s Risk and Internal Controls Management Manual.



22. The heat map shows overall that risks perceived by WJO are within tolerable areas with some exceptions. However, these exceptions are mostly manageable, and mitigations have been identified to help shift these risks within the tolerable areas. IOD also notes that strategic risks such as the economic and political landscapes were rated at low probability and impact based on the stable situation in Japan. However, IOD would caution that a conjuncture of political, social and economic events at the global level, could affect the Organization, including WJO, hence these risks should continue to be closely monitored.

23. While noting that the execution rates as at March 31, 2021 were quite low due to, among others, the COVID-19 restrictions, IOD however concurs with the classification of Hazard risks (in particular the effects of the pandemic), as a risk with noticeable potential impact. The impact is not set at critical mainly due to the evolution of the viral load of COVID-19, and mitigating measures with respect to medical solutions, teleworking, virtual platforms, and agile planning, among others, which have evolved and proven to be effective in mitigating the impact of the pandemic related risks. With the loosening of restrictions in Japan, it is expected going forward that many suspended activities will resume. It is nevertheless critical to continue to monitor the evolution of this risk and its interconnectivity and capacity to influence the likelihood and/or impact of other risks. Other relevant risk areas include: (i) IT operations; (ii) Implementation of activities/projects; (iii) Communications; (iv) Technology and Innovation; (v) Information Security; and (vi) Fraud.

24. IOD conducted a separate risk assessment and considered the Impact (inherent risk) of a control breakdown and the Vulnerability (residual risk) of controls. The combined results of the WJO and IOD assessments contributed to the identification of areas for review and testing. The key areas identified were, among others:

- (a) Governance, Risk and Compliance;
- (b) Program and Activity Management;
- (c) Treasury, Procurement and Asset Management;
- (d) Information Assurance;

- (e) Human Resources and Capacity Building; and
- (f) Physical Security, Business Continuity and Disaster recovery.

25. The resulting observations and recommendations that follow serve to further enhance the Governance, risk management and internal controls in WJO.

(A) GOVERNANCE AND COMPLIANCE

(i) Host Country Agreement

26. The purpose of a Host Country Agreement for establishing a WIPO Office is to among others, regulate the status of the Office and its personnel, and to facilitate its cooperation activities with the Government. These include (i) the status of the Organization and its staff; (ii) the application of international agreements relating to privileges and immunities; (iii) security matters; (iv) the planning and design of the physical conditions for the Office; (v) and joint activities in the relevant fields.

27. Usually, a Host Country Agreement is a single document signed by both parties, which outlines relevant articles covering purpose, responsibilities, financial arrangements, application of relevant conventions, privileges and immunities, organizational structure, status, officials, waiver of immunities, personnel recruitments and related terms, settlement of disputes, compliance with laws, and terms of terminations, among others.

28. IOD notes that while formal Host Country Agreements exist for the other WIPO External Offices that more or less fit the above outline, IOD observed that two “Notes Verbales” issued by the Government of Japan to WIPO, constitute the basis for the establishment of the WIPO External Office in Japan in 2006¹. Further, the content of agreements vary, with some having more (or less) articles/provisions. While acknowledging that specificities exist, it would nevertheless be relevant for clarity, completeness, and consistency that the Organization ensures that all External Offices have a common and consistent Host Country Agreement, with justified exceptions where required.

(ii) Enhance Human Resource Management and use of Consultants

29. An effective human resource strategy is critical in achieving the expected results and FIT mandate of WJO. IOD notes that human resource management is less than optimal due to, among others, the inherent turnover of staff in the Office. For instance, between 2012 and 2022, around 29 staff members including Agency workers and ICS have worked in WJO filling-in nine roles, of which five are fixed term, two ICS, and two agency worker positions. WJO also recognizes the less than optimal number of staff and type of contracts, and has been making efforts to appropriately allocate staff to maximize output. The Office also highlighted the risk linked to the current conditions, on its ability to deliver on its extensive mandate.

30. IOD is of the view that the current condition may not remain fit-for-purpose and sustainable over time. Further, while acknowledging the inherent nature of turnover in WJO, opportunities exist to further stabilize the human resource practices of the Office. For instance by discussing with JPO the replacement of the current three years nonrenewable fixed term post financed through the FIT, with WIPO’s fixed term five years limited term post. Furthermore, IOD notes the following regarding the use of ICS in WJO.

31. According to the Policy on ICS², Individual Contractors are hired for tasks requiring a high level of expertise and/or specialized skills that are not normally performed by staff, and where:

¹ The Convention on the Privileges and Immunities of the Specialized Agencies, Annex XV, concerning WIPO, entered into effect in August 2005 in Japan.

² Office Instruction No. 31/2019 Rev.2 Policy on Individual Contractor Services (ICS).

such expertise or skills cannot be delivered in-house, as the level of resources is insufficient (for example, due to parental leave, extended sick leave or special leave, or the vacancy of a position pending recruitment). Further, these tasks could either be for a limited period of time, or be intermittent tasks that occur irregularly and/or fluctuate in volume.

32. WJO recruits an ICS every year or two, to implement regular tasks that are recurrent in their Workplan. This practice suggests that it would be beneficial to reassess the type of resource required for this task as it currently does not entirely fit the above ICS definition as per the Policy.

(iii) Complete Trainings

33. Capacity building is a core component to enhance the employees' performance by improving, among others, knowledge, skills, understanding, values, attitude, motivation, and capability necessary to deliver effectively. IOD noted the following conditions regarding training of the WJO personnel.

34. **Risk Management** - The IOD 2021 Audit of Enterprise Risk Management recommended that the Office of the Controller in coordination with the Internal Training Program of the WIPO Academy, further raise risk management and internal controls awareness by introducing updated training offerings to address the needs of staff members at different levels and relationships and responsibilities towards Risk Management and Internal Controls. The updated training on risk management can be offered to the WJO personnel for their benefit.

35. **Information Security** - Information security is centrally managed at WIPO HQ, within the framework of the WIPO Information Assurance Strategy. As such, WJO is included in awareness raising initiatives and penetration testing. However, more can be done to ensure that the staff members of WJO are up-to-date with Information security guidance of the Organization. For instance, the WJO staff members are not made aware of the mandatory training on cybersecurity and consequently have not completed this training to date.

36. **Training of ICS** - ICS are critical non-staff resources who support the achievement of the Organization's area of strategic focus. For instance, the recent Audit Report on ICS and Temporary employment agencies recommended that ICS complete the Ethics training course. Within the same spirit, and given the critical role of ICS in WJO, IOD is of the opinion that WJO's ICS should be included in the various training and awareness raising initiatives on accountability, security and integrity. These include mandatory trainings on Ethics, Information Security, and Fraud awareness. The WIPO Ethics Office is currently working with the WIPO Academy and other relevant stakeholders to open the Ethics training to ICS contractors.

(iv) Use Administrative Integrated Management System (AIMS) for Recording Flexible Working Arrangements

37. The Office Instruction (OI. 19/2021) - Policy on Working Hours and Flexible Working Arrangements (FWA), establishes the Organization's policy on working hours and FWAs. It applies to all staff members and is consistent with Staff Regulation 1.3 ("Working Hours") and the related Staff Rules. Further, the OI requests that the AIMS self-service system be used for the approval and recording of FWAs. Teleworking can either be scheduled on a regular basis (i.e., on designated day(s) of the week, up to a maximum of three days per week), or occasionally (i.e., on an ad hoc basis).

38. IOD noted that the WJO personnel worked at the office at least 40 per cent of the working days, while maintaining the weekly working hours of 40 hours, but did not use the AIMS self-service system to record days for teleworking - work performed from a location outside WIPO premises. This was mainly due to a misunderstanding about the FWA tool, which has been clarified following a meeting organized with the Enterprise Resource Planning (ERP) team, in collaboration with the Human Resources Management Department.

39. Further discussions with the ERP team indicate that work is currently being done to align the absence management self-service for all External Offices. Going forward, and in compliance with the relevant OI, teleworking requests should be recorded through the AIMS self-service system.

Recommendations

1. WJO and the Office of the Assistant Director General (ADG) Infrastructure and Platforms Sector should consult both internal and external stakeholders to review and discuss the possibility of benefiting from existing WIPO contract types that better fit their needs. For instance, engage with the Government of Japan through JPO under the FIT framework, to propose the use of the WIPO five year limited term contract in lieu of the current three years contract to help further stabilize resources.

(Priority: Medium)

2. WJO should liaise with the Administration, Finance and Management Sector, and the WIPO Academy's Internal Training Program to organize relevant and mandatory trainings (e.g. Risk management, Information Security, and Ethics) for personnel (including ICS).

(Priority: High)

3. WJO should use the AIMS self-service system to request for, and record teleworking arrangements, in accordance to the measures outlined in the Office Instruction (OI. 19/2021) - Policy on Working Hours and Flexible Working Arrangements.

(Priority: High)

(B) PROGRAM MANAGEMENT

(i) Set Targets in the FIT Approved Workplan

40. WJO prepares a FIT Workplan in collaboration with the relevant stakeholders including JPO, which is subsequently approved by the latter prior to implementation. IOD positively notes that the Workplan activities are detailed, and include estimated costs, linkage to the WIPO Results Framework, performance indicators, as well as potential substitute activities in case of increased restrictions due to COVID-19.

41. While various indicators seek to measure outputs and outcomes through, among others, surveys and other questionnaires; however, only a small number of indicators set a target. IOD is of the view that targets better support the measurement of intended performance by setting specific, planned level of a result to be achieved within an explicit timeframe with the given level of resources, and in accordance with the nature of WJO's core activities.

(ii) Report on Performance and Timely Analyze Feedback

42. WJO also prepares a monthly Situation Report on its activities, including implementation of the approved FIT Workplan. While the report provides relevant information on, among others, the mandated events as per FIT, and in some cases the number of participants to events, it, however, does not provide early information on relevant performance indicators assigned in the activities of the approved plan.

43. Further, IOD also notes that the Office does not systematically analyze survey results following activities undertaken. During the IOD's visit to the Office, the results of 2022 surveys

were not yet fully analyzed. One of the key purposes of these feedback mechanisms is to capture lessons learned that could be applied to subsequent activities and practices. WJO is not taking advantage of the potential benefits from the early warning and learning opportunities offered by timely analyses of survey responses.

(iii) Integrate Risk Management in FIT

44. OI on WIPO Policy on the Management of Voluntary Contributions (OI/37/2015 Rev) stipulates that the FIT Manager shall establish work plans and manage risks related to the FIT activities in compliance with the Organization's processes as set out in the WIPO's Results Based Management Framework and Risk Management Policy and relevant guidelines and manuals.

45. Given the geographical spread and nature of the FITs activities, their susceptibility to changes in the external environment, WJO needs to continuously update the Risk registers with relevant risks and mitigation strategies through proactive identification and regular reviews of risks.

46. Going forward, it would be beneficial to the Office, to strengthen the integration of FITs work plans with the management of risks as envisaged by the Policy, while ensuring alignment with the risk appetite levels set for the WJO's expected results.

Recommendations

4. WJO should:

- a. Work with relevant stakeholders during the planning and review of the FIT Work plan, to set where applicable, targets that would better support and measure performance. These targets should be included in the work plan document for approval; and
- b. Further integrate risks in the FIT Work plan as outlined in the WIPO Policy on the Management of Voluntary Contributions (OI/37/2015 Rev), and aligned with the risk appetite set for the WJO's expected results;

(Priority: Medium)

5. WJO should analyze surveys timely and report on the results in the monthly Situation Reports, to, among others, enhance opportunities for learning, and better inform on the status of performance against desired targets.

(Priority: Medium)

(C) TREASURY AND ASSET MANAGEMENT

(i) Enhance Cash Management and Segregation of Duties

47. IOD observed the cash count and reviewed the monthly financial reports submitted to the WIPO HQ. IOD highlights the following conditions that need to be addressed in order to align with best practices and comply with the Office Instruction (OI. 45/2014) on Cash Management and Financial Guidelines for WIPO's External Offices:

- (a) Although the total amount is provided, denomination of bank notes and coins are not provided on the monthly cash count report;
- (b) There is no practice of random cash count by another person, as advised in the Office Instruction (OI. 45/2014);

- (c) While the maximum cash held is fixed at 500 Swiss francs according to the OI.45/2014, IOD notes two instances at month-end (April and May 2022), where the cash balances were just slightly above the equivalent of 500 Swiss francs;
- (d) While acknowledging the efforts made to avoid the use of cash for payments, by using bank transfers where possible, the use of a corporate credit card would further support this practice;
- (e) WJO uses metro cards for official travel within Tokyo; however, it is not clear if this practice is formally authorized and reflected in relevant rules and procedures;
- (f) At the time of this engagement, the financial report for the month of August to be submitted no later than the 15th of the following month (Section IV para 19 of OI.45/2014), was delayed; and
- (g) Segregation of duties can be further improved; currently, the same staff operates the bank and the petty cash, performs reconciliations, and in some instances places orders, receives orders and makes payments.

(ii) Update and Align Cash Management Procedures and Guidelines

48. IOD notes that the current process consists of using word documents and scanning supporting documents to be sent by email to WIPO HQ. Going forward, it would be relevant to consider integrating a cash management module in AIMS to enhance efficiency. Further, the Office Instruction on Cash Management and Financial Guidelines for WIPO's External Offices Scope and Purpose, dates back to 2014. As part of the review of the internal regulatory framework of the Organization, OIs and other relevant documents of the framework are being reviewed.

49. IOD considers that OI on cash management needs to be assessed against the definitions outlined in the new internal regulatory framework, and reviewed and updated accordingly in alignment with the evolution of practices and digital banking.

(iii) Enhance Asset Management

50. The current policies on asset management only apply to asset value that are over 5,000 Swiss francs, now revised to 10,000 Swiss francs. Further, a record for devices such as laptops is maintained in the Cherwell™ system, but as pointed out in the IOD's recent report on Asset Management³, improvements are needed on the proper trail of the equipment being distributed (there is a pending recommendation for the Information and Communication Technology Department (ICTD) on reconfiguring the system). While procurement of IT equipment of WJO is done in collaboration with ICTD, IOD found differences between information in Cherwell™ at HQ, and information following an inventory of laptops at WJO. Records at HQ show 11 laptops and two desktops, while WJO shows 13 Laptops and one desktop. Further, the inventory was last conducted in 2020.

51. Subsequent to the IOD's request for information, the Desktop Management Section requested that WJO perform an inventory to update the records in Cherwell™. IOD notes that the discrepancies have been lifted and 13 laptops and one desktop are listed on both records. However, there is still a discrepancy on the number of screens with HQ updated records showing 11 PC screens against 15 PC screens counted during the IOD's visit on site. Further, there is no information on the initial difference of one desktop between the HQ information and the WJO physical count.

³ Audit of the Management of Assets, supplies and Materials, IA 2021-04.

52. From a control perspective, it remains relevant to ensure that any record kept of IT devices should be up-to-date, and differences investigated, in particular given potential information security risks related to data held in computers. IOD strongly advises that WJO liaise with the Desktop Management Section of the IT Technical Division to finalize the reconciliation of desktops and PC screens.

Recommendations

6. WJO should work with the Office of the Controller and the Finance Division to:
 - a. Find workable solutions to ensure proper segregation of duties for cash management and procurement. For instance, the staff member dealing with bank and cash should not receive deliveries; and reconciliations should be reviewed by another staff member; and
 - b. Consider the possibility of a corporate credit card for the Office.

(Priority: High)

7. WJO should:
 - a. Clearly list the denomination of bank notes and coins on the cash inventory sheet during the monthly cash count; and
 - b. Establish the practice of a random cash count by the Director of the Office or another designated staff member, as advised in the Office Instruction (OI. 45/2014) on Cash Management and Financial Guidelines for WIPO's External Offices.

(Priority: High)

(D) INFORMATION MANAGEMENT AND ASSURANCE

(i) Take Measures to Improve the Flow of Information

53. Seamless and effective information flow is relevant in ensuring that External Offices are kept up-to-date with evolving practices and strategies of the Organization. More could be done to enhance the flow of information. IOD found that a possible root cause of the current conditions stems from the inherent turnover of the office, which also affects institutional memory. As indicated earlier, between 2012 and 2022, around 29 staff members including Agency workers and ICS have worked in WJO filling-in nine roles.

54. Specifically, since 2020, three out of the five fixed term staff members have been changed. While there is a handover process, it does not seem to be always effective. For instance, a number of recommendations from a physical security audit conducted in 2018, remained open either due to inadequate flow of information between HQ and WJO, or lack of relevant information concerning these recommendations during the handover between incoming and outgoing staff. For information, the Safety and Security Coordination Service will be conducting a follow up physical security audit of WJO.

55. Furthermore, observations made concerning the lack of information on the need to, for instance, complete the mandatory training on information security, can also be explained by, among others, the turnover of staff, and the less than optimal internal mechanisms to ensure an effective knowledge and information transfer and dissemination to support institutional memory. Currently, except for the Director of WJO (recruited in 2019), all other staff and personnel were recruited or contracted in 2020, 2021 and 2022.

56. Going forward, there are opportunities to enhance the flow of information through a number of initiatives, including the possibilities for internal mobility, which combined with other initiatives would further enhance information and knowledge, while enriching the organizational culture and diversity. A number of recommendations in this report support enhancing information, communication and knowledge.

(ii) Establish Standard Operating Procedures

57. A Standard Operating Procedure (SOP) is a set of steps or instructions compiled to help justify, guide practices, and carry out operations. SOPs aim to achieve efficiency, quality output and uniformity, consistency and continuity, while reducing miscommunication, ineffective flow of information, and failure to comply with internal rules and policies.

58. The WJO would benefit from establishing SOPs for processes and practices to, among others, enhance efficiency, clarity and traceability of practices, which will also help reduce the potential impact of the high turnover of the Office on the consistency of operations and knowledge management.

59. The review identified areas that would benefit from an SOP such as: (i) cash management aligned with the OI. 45/2014 on Cash Management and Financial Guidelines for WIPO's External Offices; (ii) handover procedures and templates for various practices and roles; and (iii) internal travel within Tokyo, with reference to the use of office metro cards.

(iii) Ensure Alignment with Local Data Protection Regulation

60. Japan's data protection law, the Act on the Protection of Personal Information (APPI), was adopted in 2003. It received a major overhaul in September 2015, with the amended APPI coming into force on May 30, 2017. APPI was further reviewed in 2020, expanding the scope of Japanese data subjects' rights, making data breach notifications mandatory, and limiting the range of personal information that can be provided to third parties.

61. WJO has drafted and displayed a statement on data protection and privacy on the website, in compliance with the related APPI requirements. However, IOD notes that WJO collects data outside the website, and during events, training, and other activities. Hence, IOD considers that a statement on the website may not be sufficient and applicable to instances where personal data is collected during events. Going forward, it would be relevant to seek the support of the Legal Counsel and local expertise to determine actions where applicable, that need to be taken to ensure that relevant disclosures are made during all instances where WJO collects data from participants to events.

(iv) Review Business Continuity Plan

62. The Business Continuity Plan (BCP) is prepared by the Business Continuity Coordinator (BCC), with the active participation of the management and other resources of the relevant External Office. Maintenance of the plan is the responsibility of the External Office that may request the support of BCC.

63. BCC will follow up with the Head of the External Office at least once a year to receive an updated plan, or to provide support in updating it if requested to by the External Office. Further, the plan is to be maintained on a regular basis throughout the year, and a more structured review of the plan is done once a year.

64. IOD notes that BCP of WJO was last endorsed by BCC in 2020, and changes made between 2020 and 2022 correspond to updating the names of staff members to reflect outgoing and incoming personnel. Given the current environment and continuously evolving conditions, it would be relevant to perform a review and update of the WJO's BCP.

Recommendations

8. WJO should designate an information management focal point who will be responsible for:
 - a. Liaising with WIPO HQ to, among others, ensure the WJO personnel is up-to-date with relevant requirements, practices, tools, and information concerning WIPO;
 - b. Working with other WJO personnel and relevant HQ stakeholders if required, to establish short Standard Operating Procedures on relevant operational practices (cash management, travel within Tokyo, segregation of duties, handover, etc.) to support, among others, effectiveness, consistency, and institutional knowledge; and
 - c. Raising and monitoring resolution of relevant issues and requests for information.

(Priority: Medium)
9. WJO should consult with the Office of the Legal counsel, the WIPO Data Protection Officer, and local expertise to review current practices, and assess compliance with the Japan Act on the Protection of Personal Information.

(Priority: Medium)
10. WJO should work with the WIPO Business Continuity Coordinator to review and update as necessary the Business Continuity Plan of the Office.

(Priority: Medium)

ACKNOWLEDGMENT

IOD wishes to thank all relevant colleagues for their assistance, cooperation and interest during this assignment.

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Reviewed and Approved by: Rajesh Singh, Director IOD

TABLE OF RECOMMENDATIONS

No	Recommendations	Priority	Person(s) Responsible	Other Relevant Stakeholder	Management Action Plan	Deadline
1.	WJO and the Office of the ADG Infrastructure and Platforms Sector should consult both internal and external stakeholders to review and discuss the possibility of benefiting from existing WIPO contract types that better fit their needs. For instance, engage with the Government of Japan through JPO under the FIT framework, to propose the use of the WIPO five year limited term contract in lieu of the current three years contact to help further stabilize resources.	Medium	Director WJO Counsellor WJO	Office of the ADG Infrastructure and Platforms Sector	With regard to Associate Research Office (P1) and Assistant (G4) posts under Funds-in-Trust Japan Industrial Property Global (FIT Japan IP Global) in the WJO, discussion will be held between the WJO, the relevant departments within WIPO, and the Japan Patent Office (JPO), the FIT donor, on the appropriate form of these posts from the perspective of improving stability of WJO's work.	End of 2023
2.	WJO should liaise with the Administration, Finance and Management Sector, and the WIPO Academy's Internal Training Program to organize relevant and mandatory trainings (e.g. Risk management, Information Security, and Ethics) for personnel (including ICS).	High	Director WJO Counsellor WJO	Administration, Finance and Management Sector, WIPO Academy	In cooperation with the person in charge of the internal training at WIPO headquarters, WJO will survey the status of all staff (including ICS) and ensure that they have completed the mandatory training courses. In addition, WJO will encourage their staff to take training courses beneficial to their work.	Q1 of 2023
3.	WJO should use the AIMS self-service system to request for, and record teleworking arrangements, in accordance to the measures outlined in the Office Instruction (OI. 19/2021) - Policy on Working Hours and Flexible Working Arrangements.	High	Director WJO Counsellor WJO	HR Service Desk	Upon recommendation on site, WJO staff have already requested their teleworking arrangements in the AIMS self-service system and will continue to use it to request/record teleworking.	End of 2022

No	Recommendations	Priority	Person(s) Responsible	Other Relevant Stakeholder	Management Action Plan	Deadline
4.	<p>WJO should:</p> <p>a. Work with relevant stakeholders during the planning and review of the FIT Workplan, to set where applicable, targets that would better support and measure performance. These targets should be included in the work plan document for approval; and</p> <p>b. Further integrate risks in the FIT Workplan as outlined in the WIPO Policy on the Management of Voluntary Contributions (OI/37/2015 Rev), and aligned with the risk appetite set for the WJO's expected results;</p>	Medium	Director WJO Counsellor WJO	Cooperation Support Section (CSS)	With regard to FIT-based activities, in collaboration with Cooperation Support Section (CSS) and the Japan Patent Office (JPO), WJO will propose optimal PIs for the development and implementation of the FIT workplan, and will use these PIs for evaluation and improvement of these activities. In addition, WJO will consider WIPO's risk appetite in workplanning process of FIT activities.	Q1 of 2023
5.	WJO should analyze surveys timely and report on the results in the monthly Situation Reports, to, among others, enhance opportunities for learning, and better inform on the status of performance against desired targets.	Medium	Director WJO Counsellor WJO	EO Coordination Unit	WJO will report not only the overview of activities during the target period, but also the evaluation analysis of these activities such as based on the performance indicators in the quarterly report of the external office to WIPO Headquarters, which will lead to timely improvement of activities.	Q1 of 2023

No	Recommendations	Priority	Person(s) Responsible	Other Relevant Stakeholder	Management Action Plan	Deadline
6.	<p>WJO should work with the Office of the Controller and the Finance Division to:</p> <p>a. Find workable solutions to ensure proper segregation of duties for cash management and procurement. For instance, the staff member dealing with bank and cash should not receive deliveries; and reconciliations should be reviewed by another staff member; and</p> <p>b. Consider the possibility of a corporate credit card for the Office.</p>	High	Director WJO Counsellor WJO	Office of the Controller, the Finance Division	<p>WJO will review the procedures related to finance and procurement management in the WJO, and reassign the tasks to achieve multi-person oversight.</p> <p>WJO will work with the Office Of the Controller and the Finance Division on the possibility of having a WJO credit card, which will improve transparency in purchase history.</p>	Q2 of 2023
7.	<p>WJO should:</p> <p>Clearly list the denomination of bank notes and coins on the cash inventory sheet during the monthly cash count; and</p> <p>Establish the practice of a random cash count by the Director of the Office or another designated staff member, as advised in the Office Instruction (OI. 45/2014) on Cash Management and Financial Guidelines for WIPO's External Offices. (Priority: High)</p>	High	Director WJO Counsellor WJO		<p>WJO will review WJO's cash flow and establish new practices, including recording the denominations of bills and coins, and implement cash management accordingly.</p>	End of 2022

No	Recommendations	Priority	Person(s) Responsible	Other Relevant Stakeholder	Management Action Plan	Deadline
8.	<p>WJO should designate an information management focal point who will be responsible for:</p> <p>a. Liaising with WIPO HQ to, among others, ensure the WJO personnel is up-to-date with relevant requirements, practices, tools, and information concerning WIPO;</p> <p>b. Working with other WJO personnel and relevant HQ stakeholders if required, to establish short Standard Operating Procedures on relevant operational practices (cash management, travel within Tokyo, segregation of duties, handover, etc.) to support among others, effectiveness, consistency, and institutional knowledge; and</p> <p>c. Raising and monitoring resolution of relevant issues and requests for information.</p>	Medium	Director WJO Counsellor WJO		<p>WJO will designate its counsellor as an information management focal point, and establish a flow to share the latest information from WIPO Headquarters with each WJO staff member through the focal point, and coordinate with relevant Headquarters departments such as the EO Coordination Unit and Office of the ADG (IPS) to ensure that the information from HQ be reached to the focal point.</p> <p>In order to clarify some unstated working practices, WJO will develop relevant Standard Operating Procedures (SOPs) and share them with WIPO Headquarters as necessary.</p>	Q2 of 2023
9.	<p>WJO should consult with the Office of the Legal counsel, the WIPO Data Protection Officer, and local expertise to review current practices, and assess compliance with the Japan Act on the Protection of Personal Information.</p>	Medium	Director WJO Counsellor WJO	Office of the Legal counsel WIPO Data Protection Officer	<p>In coordination with the Japanese government and the Office of Legal Counsel, and the WIPO Data Protection Officer at WIPO Headquarters, WJO will examine the relationship between the activities by WJO (one of the UN organizations) and Japan Act on the Protection of Personal Information (APPI), and if necessary, review the operation of the WJO's acquisition and use of personal information acquired by external parties.</p>	End of 2023

No	Recommendations	Priority	Person(s) Responsible	Other Relevant Stakeholder	Management Action Plan	Deadline
10.	WJO should work with the WIPO Business Continuity Coordinator to review and update as necessary the Business Continuity Plan of the Office.	Medium	Director WJO Counsellor WJO	WIPO Business Continuity Coordinator	WJO will review WJO's Business Continuity Plan in consultation with the WIPO Business Continuity Coordinator.	Q2 of 2023

ANNEX

RISK RATING AND PRIORITY OF RECOMMENDATIONS

The risk ratings in the tables below are driven by the combination of likelihood of occurrence of events and the financial impact or harm to the Organization’s reputation, which may result if the risks materialize. The ratings for recommendations are based on the control environment assessed during the engagement.

Table I.1: Effectiveness of Risks/ Controls and Residual Risk Rating

		Compound Risk Rating (Likelihood x Impact)		
		Low	Medium	High
Control Effectiveness	Low	Low	Medium	High
	Medium	Low	Medium	High
	High	Low	Low	Medium

Table I.2: Priority of Recommendations

Priority of Recommendations	Residual Risk Rating
Requires Urgent Management Attention	High
Requires Management Attention	Medium
Routine in Nature	Low

[End of Annex and of Document]

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