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**WO/IAOC/66/2**  
**ORIGINAL: ENGLISH**  
**DATE: OCTOBER 25, 2022**

**WIPO Independent Advisory Oversight Committee**

**Sixty-Sixth Session**  
**Geneva (hybrid), September 20 to 23, 2022**

REPORT

*adopted by the WIPO Independent Advisory Oversight Committee*

## **INTRODUCTION**

1. For the first time since the COVID-19 pandemic, the 66<sup>th</sup> Session of the WIPO Independent Advisory Oversight Committee (IAOC) was conducted in hybrid format from September 20 to 23, 2022. Physically present were Mr. Bert Keuppens (Chair), Mr. Igors Ludboržs (Vice-Chair) and Ms. Tatiana Vasileva. Mr. Mukesh Arya participated remotely. Ms. Maria Vicien-Milburn and Mr. Zhang Long were unable to participate and sent apologies for their absence. Mr. Othman Sharif, representative of the African Group, has not participated in meetings since his informal resignation from the Committee in March 2021.

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

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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: DECLARATION OF NO CONFLICT OF INTEREST**

3. Participating members 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 65<sup>th</sup> Session.

## **AGENDA ITEM 4: MATTERS ARISING FROM PBC 34<sup>TH</sup> SESSION, WIPO GENERAL ASSEMBLY AND THE COORDINATION COMMITTEE SESSION**

5. The Chair apprised the Committee of the statement he made at the WIPO General Assembly as contained in the Committee's Annual Report (document WO/GA/55/8). The Committee noted that the IAOC Annual Report presented by the Chair was well received by the Program and Budget Committee (PBC), as well as by the WIPO General Assembly. Many members expressed their appreciation for the contribution being provided by the Committee.

6. The Committee took note of the election of new Chair and two Vice-Chairs of the PBC. Also noted was the report of the WIPO IAOC Selection Panel on the replacement of those members whose terms will be ending in January 2023. The five new members are, as follows: Messrs. David Kanja (African Group), Kamlesh Vikamsey (Asia and the Pacific Group), Danil Kerimi (Group of Central Asian, Caucasus and Eastern European States), Jian Guan (China) and German Deffit (Group of Countries of Latin America and the Caribbean).

## **AGENDA ITEM 5: MEETING WITH THE ASSISTANT DIRECTOR GENERAL, ADMINISTRATION, MANAGEMENT AND FINANCE SECTOR**

7. On behalf of the Director General who was on mission at the time of the 66<sup>th</sup> Session, the Assistant Director General (ADG), Administration, Management and Finance Sector briefed the Committee on the results of the WIPO General Assembly, on work planning for 2023, the new ways of working post-COVID-19 and other strategic and operational activities of WIPO. The ADG mentioned that holding hybrid meetings incurs additional cost for the Secretariat. The Committee was thankful for the comprehensive update and the continuing support of the Director General for the Committee. The ADG also expressed his appreciation to the Committee, specifically for following up open audit recommendations.

## **AGENDA ITEM 6: INTERNAL OVERSIGHT**

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

8. The Director, IOD presented to the Committee the quarterly Activity Report, dated September 12, 2022, covering audits, evaluations, and investigations. The Committee noticed that good progress was being made in comparison with the work program. There were five reports (Report on the Audit of Individual Contractor Services and Temporary Employment Agencies, Report on the Validation of the After Service Health Insurance Claims Data, Memorandum on the Pilot Data Analytics and Continuous Auditing, Validation of the WIPO Performance Report, and Consultancy – Review of IOD WPR Validation Methodology) that were issued since the 65<sup>th</sup> Session. Two of these were reviewed in detail by the Committee in the current session, with Management in attendance.

9. The Committee expressed interest on the results of two consultancy engagements, in reporting stage, with the application of behavioral science intervention (nudge) to improve gender equality in WIPO and to increase the use of evaluation recommendations in intellectual property and development programs. The Committee also followed up on the input required from the data scientist to implement the roadmap for audit certification, on the results of the data analytics and continuous audits, and on the approaches for the review of external offices and the office of legal counsel.

### *Internal Audit Engagements*

10. The first report reviewed pertained to the Audit of Individual Contractor Services (ICS) and Temporary Employment Agencies, which was aimed at reviewing the governance, risk management and effectiveness of internal controls in requisitioning, acquiring, and managing ICS and temporary employment agencies. The audit resulted in 10 recommendations, of which three were classified as high-priority. The Committee inquired as to the level of priority of one of the three recommendations, noting that the deadline was March 31, 2023, compared to the other two which were expected to be implemented in 2022. Management responded that, while the priority was indeed high, developing a policy did take time in coordination with all concerned, to ensure all issues are addressed. Considering that the last audit was done almost 10 years ago, the Committee reminded Management that any new risks discovered should be included in the risk register.

11. The second report reviewed pertained to the Revised Validation Methodology for WIPO Performance Report. The purpose of the assignment was to amend the current validation methodology to improve the utility of performance data for decision-making purposes and processes to support lessons learned and knowledge sharing. Management reconfirmed to the Committee that the independent validation being done by IOD continues to be of considerable value to the Member States. IOD also clarified that the validation covered not only the performance data but also how those were being collected. The Committee suggested going beyond validation of performance data and collection thereof and further checking whether the targets being achieved were indeed the right targets. Management responded that the validation methodology was being refined and adjusted.

### *Investigations*

12. The Committee received the update on the status of investigation cases. Since the last report as of May 4, 2022, eight new cases were opened and seven were closed, four after a preliminary evaluation and three after a full investigation. There was one case where allegation of misconduct was substantiated. As of September 7, 2022, there were 20 pending investigation cases, seven of which were under preliminary evaluation, eight under full investigation and five cases on hold. Of the 20 pending cases, one was registered in 2020, six

in 2021 and 13 in 2022. One preliminary evaluation was being conducted by the IAOC Chair and Vice-Chair.

13. In line with the Committee's Terms of Reference, a private session was held with the Director, IOD. As it was his last meeting with the Committee, the Director thanked the Committee for the genuine excellent support provided to IOD. Likewise, the Committee thanked the Director for his outstanding work and wished him success in his future endeavors.

#### **AGENDA ITEM 7: REVIEW OF PENDING HIGH PRIORITY AUDIT RECOMMENDATIONS**

14. The Director, IOD presented to the Committee the status of implementation of oversight recommendations as of August 31, 2022. Of the total 116 outstanding recommendations, there were 30 (or 26 per cent) of high-priority. IOD recommendations represent 91 per cent of the 116 recommendations, External Auditor recommendations represent eight per cent and IAOC recommendation one per cent. Since the last update as of May 9, 2022, the number of aged pending recommendations decreased from 13 to 12. Of these 12 recommendations, three were issued in 2015, one each in 2016 and 2017, and seven in 2018.

15. The Committee reiterated the need to implement long outstanding recommendations. The Chair also mentioned similar concerns expressed by some Member States. Overall, concerns were raised about the risk of delayed implementation, the need to clarify the criteria for closing recommendations, and the methodology for following up on recommendations. Management responded that they were now addressing the matter more systematically.

16. The number of managers from various sectors who attended the session on this agenda item showed that indeed Management was dealing seriously with the issue. The Committee appreciated the renewed commitment expressed by the managers to address all their respective outstanding recommendations by year end. The Committee also appreciated the personal involvement of the Director General in this regard, providing the right tone from the top.

17. The Committee suggested a consolidated review of all recommendations, including those from the Joint Inspection Unit, as well as from the Ombudsperson. IOD and Management agreed to find ways to make this feasible.

18. To address the issue of having many long outstanding audit recommendations, Management has developed a training module to increase managers' awareness of the audit process, to encourage more engagement with the auditors at appropriate points in the audit process and more involvement in the formulation of recommendations, so that agreed audit recommendations would be implemented more efficiently. The Management Team provided the Committee with a detailed presentation of the proposed content of the training module in a separate session (during Agenda Item 8). The Committee highly appreciated the proposed training module, stating that it was an excellent Management initiative that would be beneficial for the Organization.

19. In conclusion, the Committee welcomed the renewed emphasis and commitment by Management in the implementation of audit recommendations.

#### **AGENDA ITEM 8: PRESENTATION ON INTERNAL CONTROL SYSTEM**

20. Responding to a request by the Committee, the Management Team gave a comprehensive presentation of the Internal Control System in WIPO. They described the evolution of the risk and control framework from 2008, when there was just an inherent and informal knowledge of risks, up to the present, when a formal Enterprise Risk Management (ERM) was engrained in the daily operations of WIPO and was continually being improved. The

full accountability framework was presented, starting with the entity level controls down to process and transaction controls. Sample ERM Control Record and Business Intelligence Control Assessment Report were presented for the Committee's better appreciation of the whole system. The Management Team also described the evolution of the preparation of WIPO Statement on Internal Control.

21. The Committee appreciated the very comprehensive presentation by the Management Team and concluded that the Internal Control Systems in WIPO were indeed at a mature level (reported to be self-assessed by Management at Risk Management Maturity Advanced Level 4 for most dimensions). Furthermore, the Committee concluded that the internal control documentation was in a well-advanced stage and duly monitored by the staff of the Secretariat (Department of Program, Planning and Finance), following an accepted methodology in line with the COSO framework and progressively relying more on data analytics. This effort would continue to lead to an internal control and risk reporting mechanism and a roadmap of internal control certification in 2023, which was on track to be implemented by IOD in 2024.

#### **AGENDA ITEM 9: UPDATE ON SECURITY AND INFORMATION ASSURANCE**

22. The Chief Security Officer, Security and Information Assurance Division, provided an update, noting that the last update given was during the Committee's 58<sup>th</sup> Session in 2020. The Chief Security Officer highlighted that the Organization was going through several transformations and that terrorism and data breach risks continued to rank high in WIPO's enterprise risk heatmap.

23. The Committee inquired into the Chief Security Officer's role in the Risk Management Group, nature and number of actual incidents, the long-term strategic (physical) security plan, and the next generation information security strategy. The Committee took note of the recently closed information assurance strategy and the information security capabilities completed so far. In conclusion, the Committee found the security and information assurance function to be effective and fit-for-purpose and on a high maturity level. The framework being followed was aligned with the standards. The Committee found the segregation of the security and information assurance function from the information technology function appropriate and must be maintained by WIPO to avoid conflicts of interest. The level of authority of the Chief Security Officer must also be maintained to ensure the effectiveness of the function.

#### **AGENDA ITEM 10: UPDATE ON PROCUREMENT**

24. The Director, Procurement and Travel Division, provided an update on procurement matters, noting that the last update was presented to the Committee at its 58<sup>th</sup> Session in 2020. The Director highlighted the professionalization measures undertaken since 2020 to increase procurement efficiency. The changes to the general framework for procurement, as noted in the relevant Financial Regulations and Rules, Office Instructions, and Procurement Manual, were also presented to the Committee. In addition, some procurement statistics, such as amount and volume of manual and automatic purchase orders and lead times to process purchase requisitions were presented. The Director emphasized the cost savings from negotiations and collaborative procurement as well as the key achievements since 2020, and in concluding mentioned the Division's projects for 2022 and 2023.

25. The Committee followed up on vendor sanction policy, sustainable procurement, collaborative procurement, standardization, dealing with increasing IT-related contracts, and electronic signatures. The Committee asked about what triggered the request for a declaration of no conflict of interest. To improve the effectiveness of client satisfaction surveys, the Committee suggested to the Director that an appropriate benchmark should be established.

26. The Committee was pleased to note that there were no outstanding audit recommendations relating to procurement.

#### **AGENDA ITEM 11: EXTERNAL AUDIT - DISCUSSION ON THE AUDIT PLANNING MEMORANDUM**

27. The Committee had an online meeting with the representatives of the External Auditor to discuss the audit approach for the 2022 audit of WIPO's Financial Statements. The Committee was informed that the audit planning report would be finalized once the External Auditor had fully considered the impact of the requirements of the revised International Standard on Auditing 315 (Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment). The revised Standard became effective for WIPO's 2022 Financial Statements and set out enhanced requirements to support the auditor's risk assessment process. The External Auditor expected its planning report to be available at the end of October and would then be made available for the Committee's review.

#### **AGENDA ITEM 12: ETHICS – IMPLEMENTATION UPDATE**

28. The Committee reviewed the update on the implementation of the 2022 workplan of the Ethics Office. The Committee noted that a substantial and unforeseen level of some activities reduced the time available to the Chief Ethics Officer to attend to the other planned activities. There was also an increasing number in consultations regarding outside activities. The Committee encouraged the Chief Ethics Officer to continue to implement the workplan, focusing on those activities with greatest impact. Regarding staff resources, the Committee suggested exploring possibilities with the Human Resources Management Division to use available and qualified staff who may want to take on temporary assignment in the Ethics Office.

#### **AGENDA ITEM 13: OMBUDSPERSON – ACTIVITY REPORT FOR 2021**

29. The Ombudsperson presented to the Committee the activity report for 2021 and some updates for 2022. The earlier reports were now available on the WIPO website, following the recommendation of the Committee. The latest would be available online shortly. The Committee discussed the need to continue to communicate the change in the Organization towards a human-centered organization culture, with efficiency and effectiveness in mind. The Committee also agreed that making the interaction of the Ombudsperson with Senior Managers more structured would also highlight the importance of sharing and learning from the insights of the Ombudsperson. The Committee was informed that the Ombudsperson position would be vacant after the retirement of the incumbent.

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

30. As provided in the IAOC 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 15: OTHER MATTERS**

##### *WIPO Investment Reports*

31. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for May, June and July 2022, prepared by the Investment Advisors and the Custodian, respectively.

32. 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*

33. The next session is scheduled to take place from December 13 to 16, 2022. It is intended 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) Meeting with the Director General
- (5) Internal Oversight (including proposed 2023 Annual Workplan)
- (6) Review of High-Priority Oversight Recommendations
- (7) External Audit: Audit Planning Report, 2022 Interim Audit Outcomes
- (8) Ethics (including Proposed 2023 Annual Workplan)
- (9) IAOC Self-Assessment (including Review of Past IAOC Recommendations)
- (10) IAOC Input into the Induction Program for New Members
- (11) Input into the Performance Evaluation of the Director, IOD, the Chief Ethics Officer, and the IAOC Secretary
- (12) Election of IAOC Chair and Vice-Chair for 2023
- (13) Information Meeting with Member States' Representatives
- (14) Other Matters

[Annexes follow]



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**Sixty-Sixth Session**  
**Geneva (hybrid), September 20 to 23, 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. Matters arising from the PBC 34<sup>th</sup> Session, WIPO General Assembly and Coordination Committee Session
5. Meeting with the Assistant Director General, Administration, Management and Finance Sector
6. Internal Oversight
7. Review of Pending High-Priority Audit Recommendations
8. Presentation on Internal Control System
9. Update on Security and Information Assurance
10. Update on Procurement
11. External Audit: Discussion on the Audit Planning Memorandum



12. Ethics: Implementation Update
13. Ombudsperson: Activity Report for 2021
14. Information Meeting with Member States' Representatives
15. Other Matters

[Annex II follows]



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## WIPO Independent Advisory Oversight Committee

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### PROV. 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**

No document: Oral account.

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

No document: Oral account.

**ITEM 4: MATTERS ARISING FROM THE PBC 34<sup>TH</sup> SESSION, THE WIPO GENERAL ASSEMBLY, AND THE COORDINATION COMMITTEE SESSION**

- [04] Annual Report on Human Resources, May 23, 2022  
(document WO/CC/81/INF/1)
- [05] List of Decisions adopted by the Program and Budget Committee, July 1, 2022  
(document WO/PBC/34/16)
- [06] Summary Report, July 22, 2022 (document A/63/9)

**ITEM 5: MEETING WITH THE ASSISTANT DIRECTOR GENERAL – AFMS**

No document: Oral account.

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**ITEM 6: INTERNAL OVERSIGHT**

*Internal Oversight Division:*

[07] IOD Activity Report – September 12, 2022 (Reference: IOD-IAOC-2022/03)

*Audit:*

[08a] Audit Report – Audit of Individual Contractor Services and Temporary Employment Agencies, July 19, 2022 (Reference: IA 2022-01)

[08b] PowerPoint presentation: Audit on ICS and Temporary Agencies, September 19, 2022

*Evaluation:*

[09] Internal Oversight Division (IOD) Validation Report of the WIPO Performance Report 2020/21, (document WO/PBC/34/8), May 30, 2022 (Reference: IA 2021-06)

[09a] Internal Oversight Division (IOD) **Revised** Validation Methodology for the WIPO Performance Report 2021, (document WO/PBC/34/8), June 15, 2022 (Reference: IA 2021-06)

*Investigation:*

**ITEM 7: REVIEW OF PENDING HIGH-PRIORITY AUDIT RECOMMENDATIONS**

[10a] Open Oversight Recommendations as at August 31, 2022 – September 7, 2022

[10b] PowerPoint presentation: Training Topic – Management of the Audit Process, Oversight Reports and Recommendations, September 16, 2022

**ITEM 8: PRESENTATION ON INTERNAL CONTROL SYSTEM**

[11] PowerPoint presentation: The Internal Control System, September 14, 2022

**ITEM 9: UPDATE ON SECURITY AND INFORMATION ASSURANCE**

[12] PowerPoint presentation: Update on Security and Information Assurance, September 19, 2022

**ITEM 10: UPDATE ON PROCUREMENT**

[13a] 2021 Activity Report, Procurement and Travel Division, September 16, 2022

[13b] PowerPoint presentation: Procurement Update 2021, September 16, 2022

**ITEM 11: EXTERNAL AUDIT: INTERNAL DISCUSSION ON THE EXTERNAL AUDITOR'S AUDIT PLANNING MEMORANDUM**

No document: Oral account.

**ITEM 12: ETHICS: IMPLEMENTATION UPDATE**

[14a] Ethics Office Workplan Implementation Update – September 19, 2022

[14b] Overview of the Ethics Office's Activity, September 22, 2022

**ITEM 13: OMBUDSPERSON: ACTIVITY REPORT FOR 2021**

[15] Activity Report for 2021, September 16, 2022

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

No document: Oral account.

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**ITEM 15: OTHER MATTERS**

- [16] Report – Sixty-Fifth Session (document WO/IAOC/65/2)
- [17] Report by the WIPO Independent Advisory Oversight Committee (IAOC) – (document WO/GA/55/8), June 13, 2022
- [18] IAOC Rolling Agenda, 64<sup>th</sup> to 67<sup>th</sup> Sessions

**Investment Reports:**

- [19] Credit Suisse – Investment Monitoring Reports for May, June and July 2022
- [20] MBS Capital Advice – Investment Performance Reports for May, June and July 2022

[End of Annex II and of document]