

WIPO Independent Advisory Oversight Committee

Sixty-Seventh Session
Geneva (hybrid), December 13 to 16, 2022

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 67th session of the WIPO Independent Advisory Oversight Committee (IAOC) was conducted in a hybrid format from December 13 to 16, 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 participated remotely. 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

2. The Committee adopted its agenda, with a minor editorial correction. The agenda 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 66th Session. The Chair brought to the attention of the Committee two points emanating from the last information meeting with Member States, which the Committee agreed to take up as part of Agenda items 7 and 10 herein. These pertained to follow-up of outstanding recommendations and geographical distribution of staff representation.

AGENDA ITEM 4: BRIEFING ON THE 7TH MEETING OF THE UN SYSTEM OVERSIGHT COMMITTEES

5. The Vice-Chair apprised the Committee of various discussions at the 7th meeting of the UN System Oversight Committees held in New York on December 6 and 7, 2022. Topics included, among others, Joint Inspection Unit briefing; development in environmental, social and governance standards and reporting, its relevance to the UN System and the role of audit and oversight committees; oversight committee effectiveness through peer review; role of audit and oversight committees in reviewing the mandate and independence of the ethics function; role of audit committees in ensuring effective management of third-party risk; lessons learned from the recent developments in United Nations Office for Project Services (UNOPS); and executive support for audit and oversight committees.

AGENDA ITEM 5: MEETING WITH THE DIRECTOR GENERAL

6. The Director General provided an update on the Medium-Term Strategic Plan and emphasized how intellectual property was becoming more relevant to all, as well as becoming a powerful tool for development in a number of countries. He also provided his insights on how WIPO was addressing mental health problems, which had become important in the UN System as a result of the ongoing COVID-19 pandemic.

7. The Chair took the opportunity to also present some highlights of what the Committee had contributed to a constructive dialogue with WIPO Management. These included contributing to the progress in implementing audit recommendations and in the strengthening of the risk management processes in WIPO. The Committee also stressed the importance of clearer focal points for Human Resources issues, including in relation to sexual harassment. Additionally, the Committee emphasized the need to be more proactive with After Service Health Insurance

(ASHI) actuarial validations. Furthermore, the Committee expressed the desire to have more corporate evaluations, as well as to link internal audit work plans with the Medium-Term Strategic Plans.

8. Noting that five of the seven members of the Committee were ending their terms, the Director General expressed his appreciation for the work of the Committee and wished the outgoing members the best in their next endeavors. The members also thanked the Director General for his time.

AGENDA ITEM 6: INTERNAL OVERSIGHT (INCLUDING PROPOSED 2023 ANNUAL WORK PLAN)

Internal Oversight Division (IOD) Activity Report

9. The Committee reviewed with the IOD Team the quarterly Activity Report dated December 2, 2022, covering audits, evaluations, and investigations. The Committee reviewed in detail, and in the presence of Management, the Report on the Review of the WIPO Japan Office, the only report issued since the previous session.

10. The Committee inquired into engagements that were currently in reporting stage, such as the combined audit and evaluation of the Office of the Legal Counsel, combined audit and evaluation of the PCT Operations and Customer Relations, as well as the consultancy on behavioral science intervention (nudge) to improve gender equality in WIPO. The Committee provided suggestions for the audit of WIPO Global Innovation Index, which was currently in the planning stage, for IOD to check the basis on how the parameters were developed. The Committee also followed up on the status of resources for IOD.

Proposed 2023 Annual Workplan

11. The Committee considered the workplan to be well elaborated and was pleased to note that it was better aligned to the Medium-Term Strategic Plan, and that IOD was engaged in extensive consultations prior to developing the plan.

Internal Audit Engagement

12. Reviewing the report on the WIPO Japan Office, the Committee noted that no critical issues had been raised and that the Office fulfilled its mandate. The review mainly raised compliance issues and resulted in 10 recommendations, a number of which had already been implemented. The Committee took note of the recommendations to improve communication, which must have been affected by the pandemic and staff turnover.

Investigations

13. The Committee received an update on the status of investigation cases. Since the last report as of September 7, 2022, 11 new cases were opened and seven were closed, of which six were after a preliminary evaluation and one after a full investigation. There was no case where an allegation of misconduct was substantiated. As of November 30, 2022, there were 24 pending investigation cases, seven of which were under preliminary evaluation, 10 under full investigation, and seven cases on hold. Of the 24 pending cases, one was registered in 2020, four in 2021 and 19 in 2022.

14. In line with the Committee's Terms of Reference, a private session was held with the Head of Investigation Section, in the absence of the Director, IOD, who was on leave.

AGENDA ITEM 7: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

15. The Committee reviewed, in the presence of Management, the status of implementation of oversight recommendations as of November 30, 2022. There were 97 outstanding recommendations, of which 30 (or 31 per cent) were of high-priority. IOD recommendations represent 87 per cent of the 97 recommendations, External Auditor recommendations represent 12 per cent, and IAOC recommendation 1 per cent. Since the last update as of September 7, 2022, 32 IOD recommendations had been closed, including three aged recommendations, resulting in the decrease of aged pending recommendations from 12 to nine. Of these nine recommendations, three were issued in 2015, one in 2017, and five in 2018.

16. The Committee appreciated the excellent progress made, as well as ongoing efforts in closing aged recommendations through collaboration between IOD and various sector managers concerned. This was also facilitated by the Townhall meetings and mandatory trainings initiated by the Office of the Controller.

17. As suggested by the Committee, IOD included in their report 18 JIU recommendations, which are being followed up by the Controller. While the follow-up process was based on JIU's system that is tied to periodic reviews by the Program and Budget Committee, the Controller indicated that ways were being explored, in consultation with Member States, to have a more frequent update on the implementation status of JIU recommendations, like the follow-up being conducted by IOD.

AGENDA ITEM 8: UPDATE ON RISK MANAGEMENT, BRIEFING ON INVESTMENTS, AND SUSTAINABILITY REPORTING

18. For four consecutive IAOC Sessions, Management provided to the Committee a comprehensive update on the risk management processes in WIPO. The Committee took note of the re-assessments done by the Risk Management Group, whereby some organizational risks were downgraded, and others upgraded. All in all, the Committee was satisfied with the Enterprise Risk Management system and processes in WIPO. The Committee reminded Management to closely monitor reputational risk and cybersecurity risk to the Organization.

19. In terms of investments, the briefing thoroughly presented the financial market conditions and outlook, how WIPO investments had performed historically and currently, and the governance framework and corresponding management actions. Management explained to the Committee how the Investment Policy initially issued in 2011 had evolved through the years and made consistent with other UN agencies. In terms of WIPO, all investments were passive.

20. With regard to sustainability reporting, the Committee advised Management to continue to follow the progress in that area, as there was currently little guidance apart from exposure drafts issued by the International Public Sector Accounting Standards (IPSAS) Board.

AGENDA ITEM 9: EXTERNAL AUDIT – AUDIT PLANNING REPORT, 2022 INTERIM AUDIT OUTCOMES

21. The Committee discussed with the representative of the External Auditor regarding the approach for the audit of 2022 Financial Statements. The Committee again enquired what work would be conducted to support the opinion on the regularity, as the planning document presented to the Committee did not elaborate on that aspect and was focused only on the opinion on the fairness of Financial Statements. The representative explained that the audit approach being taken was the same as all auditors in the UN system.

22. In terms of the 2022 interim audit outcomes, the Committee took note of the response that there was nothing of significance to be brought to the attention of the Committee.

AGENDA ITEM 10: STATUS ON THE RECRUITMENT OF THE DIRECTOR, IOD

23. The Director, Human Resources Management Division (HRMD), updated the Committee on the status of the recruitment of the Director, IOD. After Management decided to cancel the selection process in September 2022, the post was re-advertised on December 8, 2022. There were a good number of applicants, comprising 49 nationalities, including four unrepresented countries. The Director, HRMD, further informed the Committee that the process would be managed by the same Appointment Board. In the meantime, until the new Director would be on board, the three respective Heads of Audit, Evaluation, and Investigations would serve on rotation basis.

24. The Committee took the opportunity to discuss performance management framework and the possibility of implementing the 360 degrees evaluation. The Committee also discussed the usefulness of having a clear focal point for sexual harassment cases and the need to broaden the geographical representation of Member States within the staff population.

AGENDA ITEM 11: ETHICS (INCLUDING PROPOSED 2023 ANNUAL WORKPLAN)

25. The Chief Ethics Officer updated the Committee on: (i) the launch of the mandatory ethics training that had reached 70 per cent compliance in the Organization; (ii) the termination of the contract with the third-party provider that was dealing with financial disclosure, which would instead be performed using an in-house software starting in 2023; and (iii) the unexpected surge in the number of consultation cases that impacted on the achievement of the 2022 workplan.

26. While congratulating the Chief Ethics Officer for her achievements so far, the Committee advised her to closely monitor the 2023 workplan, considering the capacity of the Office. The Committee encouraged the Chief Ethics Officer to do some extensive research regarding outside activities and to formulate a review process that would be practical for WIPO. The Committee welcomed the report by the Chief Ethics Officer, but was concerned that she might be overburdened with the extra work assigned to her office concerning consultations on outside activities by staff. In terms of resources, the Committee was pleased to note that the Ethics Office would be able to engage a consultant to assist in developing policies, pertaining to conflicts of interest, gifts, and outside activities.

AGENDA ITEM 12: IAOC SELF-ASSESSMENT (INCLUDING REVIEW OF PAST IAOC RECOMMENDATIONS)

27. In accordance with its Terms of Reference, the Committee conducted a self-assessment exercise in terms of: (i) the roles, responsibilities, and composition of the Committee; (ii) the operation of the Committee; and (iii) the scope as to (a) financial reporting, (b) risk management and internal control, (c) external audit, (d) internal oversight, and (e) ethics. The pandemic situation continued to make the operations of the Committee challenging, but nonetheless, on the overall, the Committee members were satisfied that they had effectively fulfilled their mandate. Because of the non-attendance of some members, the Committee had relied mostly on a limited number of members enough to achieve a quorum.

28. The self-assessment exercise also highlighted some aspects, such as the continuing need to revisit the IAOC terms of reference, the practicality of holding one of the four quarterly meetings in a virtual mode, and the desire to encourage IOD to conduct a more corporate level of evaluations.

29. The Committee reviewed what had been appreciated contributions in the recent past, specifically drawing from the annual reports of 2019, 2020, and 2021 and the session reports in 2022. To summarize, the Committee contributed to: (i) the strengthening of the risk management framework in WIPO, including having an updated Risk Appetite Statement; (ii) improving the system for following up oversight recommendations, including the JIU recommendations; (iii) ensuring a fully-functioning ethics office; (iv) promoting transparency with the publication of reports of the Ombudsperson; and (v) enhancing the dialogue with management. In addition, the Committee also provided advice to: (i) ensure that the internal oversight workplan was better aligned with the Medium-Term Strategic Plan; (ii) encourage a shift to more strategic and corporate-level evaluations; (iii) improve audits of offices by going beyond financial and administrative compliance, and including overall performance reviews; and (iv) strengthen the external audit process by ensuring that the planning, performance and reporting fully corresponded to the external audit mandate.

AGENDA ITEM 13: IAOC INPUT INTO THE INDUCTION PROGRAM FOR NEW MEMBERS

30. The Committee agreed that the new members should have a briefing on the following areas: (i) IAOC mandate and working methods; (ii) the organization and strategic objectives of WIPO; (iii) the Internal Oversight Division; (iv) the Human Resources Management Division; (v) Administration, Finance and Management Sector; (vi) Patents and Technology Sector; (vii) Brands and Design Sector; (viii) Ethics at WIPO; and (viii) the Office of the Legal Counsel. It was also agreed that a courtesy meeting be held with the Chairs of the WIPO General Assembly and of the Coordination Committee. The Committee suggested that the links to important WIPO basic reference documents be provided to the new members prior to the forthcoming 68th session.

AGENDA ITEM 14: IAOC INPUT INTO THE PERFORMANCE EVALUATION OF THE DIRECTOR, IOD, THE CHIEF ETHICS OFFICER, AND THE IAOC SECRETARY

31. In accordance with its Terms of Reference, the Committee provided to the Director General its assessment on the performance of the Director, IOD and the Chief Ethics Officer, as well as provided to the Controller its assessment on the performance of the IAOC Secretary.

AGENDA ITEM 15: ELECTION OF IAOC CHAIR AND VICE-CHAIR FOR 2023

32. The Committee elected Mr. Igors Ludboržs and Mr. Bert Keuppens as the Chair and Vice-Chair, respectively, for the year 2023.

AGENDA ITEM 16: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

33. 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 17: OTHER MATTERS

WIPO Investment Reports

34. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for August, September, and October 2022, prepared by the Investment Advisors and the Custodian, respectively.

35. 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

36. The next session is scheduled to take place from March 20 to 24, 2022. The draft Agenda 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 and Technical Matters
- (3) Matters arising from previous Session
- (4) IAOC Mandate and Working Methods
- (5) Overview of the Organization and Strategic Objectives
- (6) Meeting with the Chairs of the WIPO General Assembly and of the Coordination Committee
- (7) Overview of the Administration, Finance and Management Sector (AFMS)
- (8) Overview of the Internal Oversight Division (IOD) (including Review of Draft Internal Oversight Procedures)
- (9) Review of High-Priority Oversight Recommendations
- (10) Draft Financial Report and Financial Statements
- (11) External Audit: Update on 2022 Audits (Financial and Performance Reporting)
- (12) Overview of the Patents and Technology Sector (PTS)
- (13) Overview of the Brands and Designs Sector (BDS)
- (14) Overview of the Human Resources Management Division (HRMD)
- (15) Overview of the Office of the Legal Counsel (OLC)
- (16) Ethics: Overview of Ethics at WIPO and Workplan Implementation Update
- (17) Information Meeting with Member States' Representatives
- (18) Other Matters

[Annexes follow]



WO/IAOC/67/1
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DATE: FEBRUARY 20, 2023

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Sixty-Seventh Session
December 13 to 16, 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. Briefing on the 7th Meeting of the UN System Oversight Committees
5. Meeting with the Director General
6. Internal Oversight (including Proposed 2023 Annual Workplan)
7. Review of High-Priority Oversight Recommendations
8. Update on Risk Management, Briefing on Investments, and Sustainability Reporting
9. External Audit: Audit Planning Report, 2022 Interim Audit Outcomes
10. Status on the Recruitment of the Director, IOD
11. Ethics (including Proposed 2023 Annual Workplan)
12. IAOC Self-Assessment (including Review of Past IAOC Recommendations)
13. IAOC Input into the Induction Program for New Members

14. Input into the Performance Evaluation of the Director, IOD, the Chief Ethics Officer, and the IAOC Secretary
15. Election of IAOC Chair and Vice-Chair for 2023
16. Information Meeting with Member States' Representatives
17. Other Matters

[Annex II follows]



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Sixty-Seventh Session
Geneva, December 13 to 16, 2022

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: BRIEFING ON THE 7TH MEETING OF UN SYSTEM OVERSIGHT COMMITTEES

No document: Oral account.

ITEM 5: MEETING WITH THE DIRECTOR GENERAL

No document: Oral account.

ITEM 6: INTERNAL OVERSIGHT (INCLUDING PROPOSED 2023 ANNUAL WORKPLAN)

Internal Oversight Division:

- [04] IOD Activity Report – December 2, 2022 (Reference: IOD-IAOC-2022/04)
- [05] Draft 2023 Oversight Annual Workplan – November 15, 2022
(Reference: IOD/WP/2023/1)

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- [06] Updated draft 2023 Oversight Annual Workplan – November 15, 2022
(Reference: IOD/WP/2023/1), transmitted November 23, 2022
- [07] Draft IOD Procedures on the Oversight Engagement Process and the
Management of Recommendations – November 25, 2022

Audit:

- [08] Review of the WIPO Japan Office, November 25, 2022, (Reference: IA 2022-02)

Evaluation:

Investigation:

ITEM 7: REVIEW OF HIGH-PRIORITY OVERSIGHT RECOMMENDATIONS

- [09] Open Oversight Recommendations, November 30, 2022 –
submitted December 5, 2022

ITEM 8: UPDATE ON RISK MANAGEMENT, BRIEFING ON INVESTMENTS, AND SUSTAINABILITY REPORTING

- [10] PowerPoint presentation: Update on Risk Management, December 2022
[11] PowerPoint presentation: Update on WIPO Investments, December 2022

ITEM 9: EXTERNAL AUDIT: AUDIT PLANNING REPORT, 2022 INTERM AUDIT OUTCOMES

- [12] External Audit 2022 Audit Planning Report, October 2022

ITEM 10: STATUS ON THE RECRUITMENT OF THE DIRECTOR, IOD

No document: Oral account.

ITEM 11: ETHICS (INCLUDING PROPOSED 2023 ANNUAL WORKPLAN)

- [13] Ethics Office 2022 Status Update and draft 2023 Annual Workplan –
December 2022

ITEM 12: IAOC SELF-ASSESSMENT (INCLUDING REVIEW OF PAST IAOC RECOMMENDATIONS)

- [14] IAOC Self-Assessment Questionnaire and List of Advice provided to WIPO
Management and External Auditor from 2019 and 2021 IAOC Annual Reports
and 2022 Session Reports

ITEM 13: IAOC INPUT INTO THE INDUCTION PROGRAM FOR NEW MEMBERS

- [15] Draft IAOC 68th Annotated Agenda and Timetable

ITEM 14: INPUT INTO THE PERFORMANCE EVALUATION OF THE DIRECTOR, IOD, THE CHIEF ETHICS OFFICER, AND THE IAOC SECRETARY

No document

ITEM 15: ELECTION OF IAOC CHAIR AND VICE-CHAIR FOR 2023

No document

ITEM 16: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES

No document: Oral account.

ITEM 17: OTHER MATTERS

- [16] Report – Sixty-Sixth Session (document WO/IAOC/66/2)

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Investment Reports:

- [17] Credit Suisse – Investment Monitoring Reports for August, September and October 2022
- [18] MBS Capital Advice – Investment Performance Reports for August, September and October 2022

[End of Annex II and of document]