

Program and Budget Committee

Thirty-Sixth Session
Geneva, June 19 to June 23, 2023

**ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION
(IOD)**

prepared by the Secretariat

1. In accordance with paragraph 47 of the Internal Oversight Charter (IOC), the Director, Internal Oversight Division (IOD), shall submit, on an annual basis, a summary report to the World Intellectual Property Organization (WIPO) General Assembly, through the Program and Budget Committee (PBC). The report shall give an overview on the internal oversight activities conducted during the reporting period January 1, 2022 to December 31, 2022.

2. The following decision paragraph is proposed.

3. *The Program and Budget Committee (PBC) recommended to the WIPO General Assembly to take note of the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/36/5).*

[Annual Report by Director, IOD follows]

ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION

January 1, 2022 to December 31, 2022

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ANNEX – List of IOD reports

LIST OF ACRONYMS

ASHI	After-Service Health Insurance
ASPAC	Asia and the Pacific
CDIP	Committee on Development and Intellectual Property
CII	Conference of International Investigators
ER	Expected Results
ERM	Enterprise Risk Management
FIT	Fund-in-Trust
GII	Global Innovation Index
HPP	Hague Platform Project
HRMD	Human Resources Management Department
IAOC	Independent Advisory Oversight Committee
ICS	Individual Contractor Services
ICT	Information and Communication Technology
ICTD	Information and Communication Technology Department
IOC	Internal Oversight Charter
IOD	Internal Oversight Division
IP	Intellectual Property
IT	Information Technology
JIU	Joint Inspection Unit
LAC	Latin America and the Caribbean
MIR	Management Implication Report
MTSP	Medium Term Strategic Plan
OI	Office Instruction
OLC	Office of the Legal Counsel
PBC	Program and Budget Committee
PCT	Patent Cooperation Treaty
PD	Performance Data
PI	Performance Indicator
PID	Premises Infrastructure Division
PO	Purchase Orders
PTD	Procurement and Travel Division
QAIP	Quality Assurance and Improvement Program
RBM	Results-Based Management
RIAS	Representatives of Internal Audit Services
RMG	Risk Management Group
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
UN	United Nations
UN-SWAP	United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women
UNEG	United Nations Evaluation Group
WIPO	World Intellectual Property Organization
WJO	WIPO Japan Office
WPR	WIPO Performance Report

EXECUTIVE SUMMARY

1. The year 2022 marked the start of the operationalization of the Medium Term Strategic Plan (MTSP) for 2022-2026 and, as part of its contribution to the Foundation Pillar, IOD conducted engagements and made recommendations that will support the achievement of the Organization's areas of strategic focus. IOD's work focused on supporting the MTSP through relevant engagements such as the mapping of projects on women's entrepreneurship and the development of a theory of change to measure impact. IOD also performed a first-time validation of the After-Service Health Insurance (ASHI) claims, to support the assessment of the ASHI liability recorded in the 2021 Financial Statements of the Organization. Further, IOD conducted a first-time audit of an External Office – the WIPO Japan Office (WJO).
2. IOD conducted an audit of Individual Contractor Services (ICS) and temporary employment agencies, and issued a data analytics memorandum on selected procurement transactions, as part of strengthening compliance and controls. To support organizational learning, IOD conducted a Meta-Synthesis of Evaluations of Regional Divisions to, *inter alia*, review and analyze findings and conclusions from the respective evaluations of the five WIPO Regional Divisions, with a view to identifying crosscutting and systemic issues and recommendations.
3. All recommendations made through the various reports were discussed and accepted by management. Further, no instances occurred that could be considered as jeopardizing the operational independence of IOD or perceived as interference in the work of the Division.
4. During 2022, IOD issued six internal audit reports, four evaluation reports, and eight full investigation reports. IOD issued a Data Analytics memorandum as part of its use of analytics and continuous auditing techniques to support assurance services. IOD made 52 recommendations in the reporting year, and closed 73 recommendations during the same period. At year-end 2022, there were 94 open IOD recommendations.
5. With the support of the Independent Advisory Oversight Committee (IAOC) and the Director General, as well as the new initiatives taken by the Office of the Controller in engaging with management on further reducing aged pending recommendations, the number of pending recommendations made between 2013 and 2016 has reduced from six to one during the reporting period. Post reporting, there are no aged recommendations beyond 2019. IOD has introduced behavioral science techniques, in particular, nudging, to its evaluation process in order to enhance the implementation rates, and closing of recommendations.
6. As regards investigative activities, during the reporting period, 32 new cases were registered (which constitutes a 28 per cent increase over 2021) and 21 were closed. As of December 31, 2022, 24 cases were pending, including six at the preliminary evaluation stage, 10 at the full investigation stage and eight on hold (due to the unavailability of an investigation participant or pending action by another entity). None of the aforementioned cases were considered to have a significant financial impact on the Organization.
7. IOD continued to seek feedback from colleagues of audited/evaluated WIPO organizational units through client satisfaction surveys after each assignment. At the end of 2022, the consolidated analysis of survey results indicates a satisfaction rate of 85 per cent for post engagement feedback, and 77 per cent for surveys sent at least one year after completion of assignments. Additional comments provided help feed IOD's Quality Assurance and Improvement Program.
8. In 2023, IOD will continue to play its part in supporting the Foundation Pillar of the Organization's Strategy House and the achievement of the MTSP, by providing assurance, advice, and learning, and supporting accountability, internal justice and integrity.

BACKGROUND

1. The purpose of WIPO's IOD is to provide independent and effective internal oversight for WIPO, in line with the provisions of the IOC.
2. The IOC requires¹ the Director, IOD, to submit, on an annual basis, a summary report to the WIPO General Assembly, through the PBC. The Annual Report shall give an overview of the internal oversight activities conducted during the reporting period, including the scope and objectives of such activities, the schedule of work undertaken and progress on the implementation of internal oversight recommendations.
3. In accordance with the IOC, a draft version of the Annual Report has been provided to the Director General and the IAOC for their comments, which have been taken into account in finalizing the report.

SOME HIGHLIGHTS OF THE PERIOD

4. The year 2022, was a period of a slow but sure return to some form of normality, with less severe variants of the Covid-19 virus, which still required that we continue to be vigilant. IOD has adjusted to this new normal, which consisted of combining in-office presence and teleworking, and this was made possible through the use of technology and adapted processes.
5. This year marked the start of the operationalization of the MTSP for 2022-2026 and, as part of the Foundation Pillar, IOD contributed to empower colleagues to work efficiently, collaboratively, and innovatively, by conducting engagements and making recommendations that support the achievement of Expected Results. Further, IOD positively notes the establishment of a performance philosophy that emphasizes trust, capacity building, dynamism, and inclusiveness, while leveraging the strength derived from diversity, in the pursuit of excellence.
6. Throughout 2022, IOD continued to support WIPO in strengthening controls, accountability, transparency and learning, through various services and innovative practices such as, the use of behavioral science techniques (nudging), data analytics, and cross-sectional engagements involving auditors together with investigation and/or evaluation professionals.
7. Further, IOD continued to provide advisory and consultancy² services that support the MTSP areas of strategic focus, such as the mapping of projects concerning women's entrepreneurship and the development of theories of change to measure impact. IOD conducted a first time audit of a WIPO External Office, and also performed a first-time validation of the ASHI claims, to support the assessment of the ASHI liability recorded in the 2021 financial statements of the Organization.
8. At the end of 2022, the Organization published the vacancy for the position of Director IOD. The recruitment is in progress and expected to be completed during the course of 2023. Until the completion of the recruitment process, the respective Heads of Sections will rotate as Officer-in-charge.
9. IOD will continue to play its part in supporting the continued implementation of the MTSP during 2023.

¹ Refer to IOC paragraphs 47 and 48.

² The term **Advisory** is used when IOD supports the client by providing advice and making comments, but does not take the lead in managing the activity or producing a formal deliverable.

The term **Consultancy** is used when IOD takes the lead in providing a service whose nature and scope have been agreed with the client, and provides a formal deliverable in that regard.

PLANNING PRINCIPLES

10. In developing its Oversight Work Plan, IOD considered a number of factors including risk ratings, relevance, country impact, oversight cycle, and feedback received from WIPO Management, Member States, and available resources. Prior to its finalization, the draft Oversight Work Plan was also submitted to the IAOC for its review and advice pursuant to paragraph 28(a) of the IOC³.

11. In order to provide effective oversight coverage with the efficient use of limited resources, while avoiding potential overlaps, IOD also considered the work done by the External Auditor and other oversight bodies such as the Joint Inspection Unit (JIU) and evaluations commissioned by the Committee on Development and Intellectual Property (CDIP).

PROFESSIONAL STANDARDS

12. IOD undertakes its audit activities pursuant to the mandatory elements of the International Professional Practices Framework promulgated by the Institute of Internal Auditors, including its International Standards for the Professional Practice of Internal Auditing, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics.

13. Similarly, IOD's investigative work is conducted in line with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators (CII).

14. For evaluation activities, IOD follows the International Standards in Evaluation Practice as set out by the United Nations Evaluation Group (UNEG).

GENDER MAINSTREAMING

15. In the context of the United Nations (UN) System-Wide Action Plan (SWAP) Performance Report⁴ and with respect to gender equality and mainstreaming in IOD's work, the current conditions and actions can be reported:

(a) IOD consults the Gender and Diversity Specialist during the annual planning and risk assessment;

(b) IOD has included a standing work step on gender mainstreaming in its work program for applicable oversight engagements; for instance, some elements of gender were included in the report on the audit of ICS and Temporary Employment Agencies;

(c) The Evaluation Section applies, where applicable, the UNEG Guidance on Integrating Human Rights and Gender Equality in Evaluations during all phases of the evaluation;

(d) A gender focal point has been designated to liaise with the WIPO Gender and Diversity Specialist; and

(e) IOD follows up on the implementation of the recommendations issued for the audit and evaluation of the WIPO Policy on Gender Equality.

³ Paragraph 28 of the IOC establishes the duties and modalities of work, which includes a requirement that "prior to finalizing the internal oversight plan, the Director, IOD, shall submit the draft plan to the IAOC for its review and advice."

⁴ Since 2021 the UN agreed on the landmark UN System-Wide Action Plan on Gender Equality and the Empowerment of Women, or UN-SWAP, to implement the gender equality policy of its highest executive body, the UN Chief Executives Board, chaired by the Secretary-General. Spearheaded by UN Women, the UN-SWAP for the first time assigns common performance standards for the gender-related work of all UN entities, ensuring greater coherence and accountability.

KEY FINDINGS AND HIGH PRIORITY OVERSIGHT RECOMMENDATIONS

16. This section contains information on key findings and recommendations, addressing high priority risks included in internal oversight reports issued during the reporting period.

17. The key findings and recommendations are related to the following reports issued during the reporting period⁵:

- (a) Audit of the Management of Assets, Supplies and Materials;
- (b) Audit of Enterprise Risk Management (ERM);
- (c) Audit of the Hague Platform Project (HPP);
- (d) Audit of Individual Contractor Services (ICS) and Temporary Employment Agencies;
- (e) Review of the WIPO Japan Office (WJO);
- (f) Validation of After Service Health Insurance (ASHI) Claims Data;
- (g) Validation of the 2020/21 WIPO Performance Report (WPR);
- (h) Evaluation of WIPO Standing Committees;
- (i) Meta-Synthesis of Regional Divisions Evaluations; and
- (j) IOD Revised Methodology for validation of the WIPO Performance Report.

18. IOD has continued its dialogue with Management to regularly review and update the status of the implementation of open recommendations. All recommendations are addressed by Management through an action plan with suggested activities, responsible staff, and a deadline for implementation. Oversight recommendations are managed in the TeamMate+⁶ system, which is accessible by IOD and WIPO Management.

REPORTED ENGAGEMENTS IN 2022

AUDIT OF THE MANAGEMENT OF ASSETS, SUPPLIES AND MATERIALS

19. IOD noted positive developments in managing selected categories of assets, supplies and materials. Specifically, the efficiency and effectiveness of managing motor vehicles of the official car fleet was enhanced by installing a fleet tracking application in five of the six vehicles. Further, adding a photograph to the product sheets of works of art, official gifts, and property with a purchase value exceeding 5,000 Swiss francs enhanced the process of identifying and locating them.

20. IOD also noted opportunities to enhance the governance, efficiency and effectiveness of managing selected categories of assets, supplies, and materials in the Organization. These included, reviewing and revising relevant aspects of the current regulatory and administrative framework to reflect organizational changes and practices. For example, IOD recommended that the Premises Infrastructure Division (PID) update the Property Management Manual and related guidance. Further, the current policies and procedures do not have explicit provisions that govern how decisions are taken on the timing, circumstances and optimal replacement of motor vehicles. In addition, the policies do not cover aspects such as the need to modernize the fleet and progressively move towards using more eco-friendly alternative models. Therefore, it is imperative for the Organization to develop a strategy for a more fit-for-purpose

⁵ The list of reports features in the Annex.

⁶ TeamMate+™ is a specialized software for audit management, which covers, among others, the audit universe and risk assessments, engagement planning, electronic working papers, and recommendations management.

approach to managing the lifecycle of technical and non-technical motor vehicles, most of which have reached their full estimated useful economic life.

21. Other useful measures include the Information and Communication Technology Department (ICTD) working with relevant internal stakeholders to develop and implement processes and procedures that help ensure that non-staff members and personnel promptly hand over Information and Communication Technology (ICT) equipment at the point of separation from the Organization. In addition, the Organization would benefit from ICTD making appropriate changes to the relevant functionalities of the Information Technology (IT) Service Management tool. These changes entail configuring the tool to provide comprehensive, timely, and accurate current and historical data and reports on the full lifecycle of selected ICT equipment, such as laptops and mobile phones. Further, designing and developing compensating controls over ICT equipment such as mobile phones would help provide some reasonable assurance on the existence, accuracy, and completeness of the inventory of mobile phones.

22. Finally, IOD recommended that PID and ICTD work with the other relevant internal stakeholders, particularly the Property Survey Board, to develop a plan with a set timeline for the disposal of unserviceable and obsolete inventories, which have gradually accumulated over the years and are taking up valuable space within the Organization. IOD made nine recommendations covering governance, strategy, internal control processes, and systems. All recommendations were accepted by management, and the implementation thereof is planned during the course of 2023.

AUDIT OF ENTERPRISE RISK MANAGEMENT (ERM)

23. The audit found that WIPO's ERM framework conforms to best practices, and the governance setup generally operates effectively and efficiently. Further, WIPO's ERM framework and practices ranked highly when benchmarked against other Organizations.

24. The WIPO ERM processes are well established and positively evolving. The Central Risk Team within the Office of the Controller has implemented measures and taken consistent actions to support the continued integration of risk management at WIPO. The update of the WIPO Risk Management and Internal Controls Manual may further operationalize current risk management processes. Further, WIPO needs to raise staff awareness of its Risk Appetite Statement to increase integration and understanding of the Organization's risk strategy.

25. IOD recognized the advanced state of WIPO concerning the implementation of a tool to support risk management. However, feedback received from some stakeholders highlighted issues relating to the user-friendliness of the system. Considering user feedback in developing enhancements for the current tool supported by fit-for-purpose training programs would benefit the Organization's risk management. IOD also welcomed the initiative of the Office of the Controller to implement a system of self-assessment of its risk management maturity level. The results of the latest self-assessment are coherent with the observations and conclusions made in this audit.

26. The risk culture, while being intangible, is a key foundational element of risk management. Similar to the Office of the Controller, IOD highlights the need to further enhance the risk culture of WIPO. Further, broadening the focus of the Risk Management Group (RMG), including discussions on identifying opportunities and not only risks, and enhancing Sector Leads' knowledge of the discussions of the RMG, would strongly contribute towards both setting the tone on risk management at the top, and enhancing the risk conversation across the Organization.

27. IOD made four recommendations, accepted by management, and highlighted nine points for consideration, covering areas such as, visibility of accountability and risk management frameworks; application of the risk appetite at operational levels; continued integration of risk

management; visibility of key project risks; and timeliness of risk information updates. The recommendations and points for consideration made in this report will collectively contribute towards enhancing the operationalization of risk management, and the maturity of the risk culture in WIPO.

AUDIT OF THE HAGUE PLATFORM PROJECT (HPP)

28. The implementation of the HPP was adversely affected by issues in planning, changes in scope, budgeting and timelines, less than optimal financial management that contributed to budget overruns, lack of clear strategies on critical aspects such as data migration and transition, and practices that are non-compliant with Prince 2 project management methodology. Furthermore, a governance structure that created parallel reporting lines with instructions from different sources impeded effective communication, alienated some board members and other stakeholders, and affected collaboration and accountability.

29. In addition, internal resources of The Hague Registry lacked the requisite skills and knowledge in the new solution, which has resulted in continued costly and heavy reliance on external providers, thus affecting sustainability. Although the technology stack can deliver on the needs of the Hague, some novel technologies used *in lieu* of existing choices add to the IT landscape and affect optimization of costs, economies, and opportunity to share resources and tools.

30. The Office of the Director General in collaboration with the Brands and Designs Sector and other relevant stakeholders, should take measures to consolidate the current IT structure and resources of the Hague Registry with a view of stabilizing operations in the long-term. This should prioritize internalization of key technical positions to the extent possible, and the use of internal resources to the Organization and other measures to reduce the dependency on external suppliers and the related high maintenance and support costs that are currently being incurred. Further, an action plan should be set for ongoing support, platform consolidation, and architecture improvements to The Hague IT system. The audit report made nine recommendations on governance, internal controls, resources, tools and systems among others.

31. To address key recommendations made in this report, and as part of the initiative to reorganize IT systems at WIPO, in February 2023, following the Decision of the Director General, the responsibility for the IT systems underpinning the Hague Registry was transferred to ICTD.

AUDIT OF INDIVIDUAL CONTRACTOR SERVICES (ICS) AND TEMPORARY EMPLOYMENT AGENCIES

32. Persons engaged on ICS contracts and those hired through Temporary employment agencies are critical non-staff resources who support the achievement of the Organization's area of strategic focus and expected results.

33. IOD noted positive developments in managing ICS workflows. Based on test results, the audit noted a high level of compliance with the Policy on ICS including the related processes and procedures for acquiring and managing Individual Contractors. The Office Instruction (OI) on ICS has been revised twice since 2019, demonstrating agility in responding to the Organization's needs, while ensuring compliance with the spirit of the ICS contractual modality. Further, the Procurement and Travel Division (PTD) maintains a dedicated page on the WIPO Intranet that provides relevant information, guidance, templates, and related documents on ICS processes and the use of agency workers.

34. As part of this engagement, IOD administered a survey to Sector Leads, Directors, Heads of business areas and staff members who are involved in planning, requisitioning, contracting and utilizing the services of ICS and Temporary employment agencies. Overall, the survey

respondents were satisfied with the work of ICS and agency workers in their respective business areas. Specifically, 62 per cent (ICS) and 60 per cent (agency workers) of the respondents expressed a satisfaction level of 85 - 100 per cent. The survey participants also highlighted a number of opportunities to further enhance the management of ICS and agency workers.

35. Governance, risk management, and internal controls over the use of ICS and agency workers can be further enhanced by reviewing and revising elements of the current frameworks. For example, updating the Contractor Remuneration Scale, aligning the General Conditions of Contract for the provision of ICS with the current information security policies and practice on IT equipment allocation, and incorporating the vetting process for hiring former staff on ICS contracts into the standard operating procedures. Further, the current ICS framework does not have provisions that address the use of government officials or employees who are civil servants of WIPO Member States as Individual Contractors.

36. As the Organization moves towards a more agile workforce, supported by non-staff resources, the policy and related procedures need to be fit-for purpose and aligned with this agile approach. There are benefits to be derived from PTD proactively identifying and engaging business areas that anticipate an increase in using non-staff resources, particularly ICS contracts and agency workers, in order to better align procurement strategy with the Human Resources Strategy, which forecasts an increased use of non-staff in the workforce dynamics in the coming years.

37. Between January 2015 and December 2021, 80 agency workers served in the Organization for two years or more (some served in the same business area, while others changed business areas). Specifically, 30 served for two years while 50 served for over two years, rising to six years. They were mostly engaged to perform administrative and generic tasks, while some performed tasks similar to those of staff members. For this reason, it is unclear as to whether using agency workers for relatively long periods can still be construed as using them for “temporary staffing” needs. Therefore, it would be useful to develop an overarching policy framework for agency workers to, among other things, clarify existing conditions, and consolidate the current guidelines.

38. Further, some survey participants indicated that in some cases, agency workers perform generic roles that are similar to those of staff members albeit under different contract types/remuneration levels. This suggests, among other things, that agency workers may possess the requisite experience and skills that are transferable and applicable to staff roles and other non-staff contracts e.g. ICS. IOD notes that between January 2018 and June 2022, there were 52 agency workers subsequently recruited as staff members, non-staff employees (fellows) or hired as non-staff personnel (ICS contract).

39. Thirty-one individuals who were initially hired on ICS contracts were subsequently recruited to fill vacant temporary or fixed term posts, when their contracts ended. While the Organization does not prohibit the movement of an individual from a non-staff contract type to a staff contract and *vice-versa*, it should however be noted that the current framework does not permit the use of ICS as short-term probation for an individual who may be subsequently recruited for an upcoming staff post. In addition, there is a risk that this approach can be perceived as lacking in transparency and fairness.

40. Evaluating the performance of Individual Contractors is an integral part of assessing value for money, fostering accountability and tracking quality of deliverables and performance of contractors. IOD reviewed a random sample of 50 ICS case files, and found 22 files in which the performance evaluation form was missing, not completed or received after more than two weeks following the end of the contract. The lack of compliance and delays in completing the performance evaluation form and the reminders, tracking and follow-ups by PTD to ensure that the form is completed within the stipulated time, shows a lack of impetus by some Contract

managers to comply with this requirement. Going forward, the Organization may consider linking the timely completion of performance evaluations to the future use of ICS contracts, and consider including these compliance aspects within the performance evaluations of Contract Managers who regularly hire ICS.

41. The planned move to Microsoft 365 cloud platform as the future enterprise content management and collaboration platform provides an opportunity for PTD to enhance its digital capabilities and develop a common standard for electronic filing of ICS documents. Automating standard templates/paper-based forms and manual workflows, where relevant and practical, would enhance the ICS workflows and further support compliance with the relevant OIs. Finally, the current ICS workflow can be enhanced by establishing an internal Service Level Agreement that, among other things, measures the efficiency of processing actionable/complaint files and the issuing of ICS contracts.

42. IOD made 10 recommendations covering governance, strategy alignment, compliance and internal control processes, training, and systems. Management has accepted these recommendations, and plans to implement them during the course of 2023.

REVIEW OF THE WIPO JAPAN OFFICE (WJO)

43. IOD did not find any significant issues during the review of the 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 other things, updating the business continuity plan, developing relevant internal guidelines, reviewing compliance with local data protection regulations, completing mandatory trainings, complying with relevant OIs, and enhancing segregation of duties in cash management.

44. 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 other things, the frequent turnover of staff in the Office. For instance, between 2012 and 2022, around 29 personnel members including Agency Workers and ICS providers have worked in the WJO filling 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. Further, WJO has been using consultants to implement regular and recurrent tasks instead of those which are time-limited or intermittent as prescribed in the Policy on the use of ICS. This suggests that a reassessment of the type of resources required would be beneficial.

45. There are opportunities to further enhance the current, less than optimal, flow of information and communication between WJO and Headquarters, which can be partly attributed to the high turnover. For instance, an information management focal point could be designated, 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.

46. The WJO prepares a Funds-in-Trust (FIT) work plan in collaboration with the relevant stakeholders including the Japan Patent Office, which subsequently approves the plan. IOD positively notes that 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 survey results following activities, and hence does not benefit from the early warning and learning opportunities provided by the feedback mechanism. The Office would benefit from

further strengthening the integration of risk management in the development of the FIT work plan.

47. IOD made 10 recommendations covering governance, activities and resource management, internal control processes, and risk and information management. Management is in the process of implementing these recommendations, two of which have already been completed during the first quarter of 2023.

VALIDATION OF AFTER SERVICE HEALTH INSURANCE (ASHI) CLAIMS DATA

48. Upon request from the External Auditor, IOD conducted a validation⁷ of a sample of data on ASHI claims for expenses incurred in 2020 and between January and August 2021, corresponding to the data shared with the Actuary, to calculate relevant figures for the ASHI liability recorded in the WIPO financial statements. IOD obtained claims data directly from Cigna and performed reconciliations with the various internal sources of data notably, listing of ASHI members according to the Human Resources Management Department (HRMD), and listing of premium payments according to the Finance Division. While the differences found during the reconciliations were not fully investigated due to time constraints, IOD noted that they could be due to, among other things, timing differences resulting from the cut-off dates applied. Furthermore, IOD did not consider these monetary differences (28 thousand Swiss francs and 27 thousand Swiss francs for claims in 2020 and 2021 respectively) to be material for the purpose of the validation. Differences found in the number of ASHI members were explained by HRMD and the Finance Division, and IOD found these explanations and supporting information sufficient. Going forward, HRMD should run a year-end report on the status of ASHI membership, to facilitate reconciliation and future validations.

49. IOD performed analytical procedures and tests of details to assess the existence, occurrence, accuracy, and completeness of a sample of 25 ASHI members' claims in 2020, and 27 ASHI members' claims in 2021. No exceptions were identified in 2020. IOD identified one exception in 2021, where it was unable to ascertain the identity of a dependent whose claim of 175 CHF was submitted. As additional procedures, IOD extended the sample size by 10 additional members' 2021 claims, reviewed the 2020 claims of the ASHI member concerned, and requested Cigna to review the member's 2018 (retirement year) and 2019 claims. IOD's work did not identify additional exceptions, and the post reporting result of Cigna's review and justification of the exception was found to be sufficient.

50. IOD also sought to gather and assess relevant information on the effectiveness and efficiency of controls put in place by Cigna to cover important aspects of data accuracy and quality, and information integrity, confidentiality, and availability. However, IOD had limited access to relevant documentation on Cigna's internal controls, and hence implemented alternative and compensatory procedures such as interviews with relevant Cigna stakeholders, administering a control self-assessment questionnaire to Cigna, benchmarking relevant Cigna standardization and quality certification, and reviewing pertinent information on Cigna Corporation's (Cigna Global) website and relevant publicly available reports. Based on the ensuing collective results, IOD can reasonably assume that controls put in place by Cigna to manage WIPO ASHI claims are established, secured and managed effectively and efficiently.

51. Finally, the verification of the ASHI management and premium payment workflow within WIPO through interviews and walkthroughs did not identify any significant issues regarding the design and implementation of controls around the management of ASHI. IOD made no formal recommendation in this report.

⁷ This Validation is not a full assurance engagement, and is aimed at testing a sample of WIPO claims for occurrence, accuracy and validity, while reviewing relevant information that would lead to the assumption that effective measures have been put in place by Cigna to ensure the accuracy, quality, integrity, confidentiality and availability of WIPO ASHI claims data.

VALIDATION OF THE 2020/21 WIPO PERFORMANCE REPORT (WPR)

52. IOD conducted an independent validation of the WPR for the 2020/21 biennium. This is the seventh validation exercise undertaken by IOD since 2008. The objectives of this validation were to:

- (a) Provide an independent verification of the reliability and authenticity of performance information contained in the 2020/21 WPR; and
- (b) Follow-up on the implementation status of recommendations of the previous validation reports through documentary and other corroborative evidence.

53. The scope included an assessment of Performance Data (PD) for one randomly selected Performance Indicator (PI) from each Program as reported in the 2020/21 WPR. The validation also included general conclusions on the progress made towards improving the Results-Based Management (RBM) framework during the biennium under review. Two PIs were selected for Program 20 – one PI for External Offices, and one for External Relations and Partnerships. This was done to give more consideration to External Offices within the scope of the validation. Thus, the total number of PD reviewed was 32 for 31 WIPO Programs.

54. Given the conditions resulting from the Covid-19 pandemic, IOD recognized the effort made to maintain a relatively high level of delivery. While the outcome of the validation shows lower figures compared to the 2018/19 biennium, these are only slight decreases, which confirm the effort made during the challenging periods of 2020 and 2021. This is reflected in the key outcomes of this validation exercise, summarized as follows:

- (a) Thirty PD (94 per cent) were validated as relevant and valuable in 2020/21 compared with 31 PD (97 per cent) in 2018/19 biennium;
- (b) Twenty-nine PD (91 per cent) were validated as sufficient and comprehensive in comparison to 30 PD (94 per cent) in 2018/19;
- (c) Twenty-eight PD (88 per cent) were validated as efficiently collected and easily accessible, compared to 31 PD (97 per cent) in 2018/2019;
- (d) Twenty-eight PD (88 per cent) were validated as accurate and verifiable in comparison to 30 PD (94 per cent) in 2018/19;
- (e) Thirty-one PD (97 per cent) were validated as timely reported, an increase compared to 30 PD (94 per cent) in 2018/19;
- (f) Thirty-one PD (97 per cent) were validated as clear and transparent, an increase compared to 30 PD (94 per cent) in 2018/19; and
- (g) Similar to 2018/19, all PD (32) had an accurate self-assessment of their Traffic Light System in 2020/21 biennium.

55. The validation identified one case where there was no data available due to, *inter alia*, the challenges caused by the Covid-19 pandemic and its effect on training and capacity building, in particular in areas with unstable access to internet and other relevant technologies.

56. An overview of PIs across the last two biennia shows a slight increase from 279 in 2018/19 to 288 in 2020/21. The number of Expected Results (ERs) remained stable during 2020/21 at 38, which was the same in 2018/19. The pending recommendation from the validation of the 2016/17 report is no longer applicable as PIs concerned have been discontinued in the 2022/23 biennium.

57. IOD notes that the WIPO Results Framework has been streamlined in the 2022/23 biennium to align with a new MTSP for 2022-2026. The MTSP articulates WIPO's Vision and Mission, supported by four Strategic Pillars, and the Foundation. The number of ERs has decreased from 38 to 16, and PIs from 288 in the 2020/21 biennium to 77 in 2022/23. This shift

will positively affect the validation process by reducing the cycle and enabling IOD to cover all PIs within two biennia. Consequently, and because this is the last validation based on the previous framework, IOD did not conduct its usual review of RBM at WIPO through analyses and surveys to Managers, alternates, and other persons responsible for reporting on performance.

58. IOD made one recommendation on aligning the PI to current practices, and enhancing the way related data is captured. This recommendation is planned for implementation during 2023.

EVALUATION OF WIPO STANDING COMMITTEES

59. The purpose of this evaluation was to assess the efficiency and effectiveness of WIPO in organizing and managing the Standing Committees. Moreover, the evaluation provided a platform for WIPO staff and stakeholders to learn from past experiences to incorporate good practices from other UN sister organizations.

60. Some major findings of the report are as follows:

- (a) Overall, it is recognized that WIPO Managers and their teams have carried out successfully their logistical and organizational activities in support of the Standing Committees;
- (b) The Standing Committees have successfully contributed to relevant discussions, debate, coordination and guidance on intellectual property (IP) related matters although Member States reported limited progress in developing and finalizing international IP treaties;
- (c) Good practices and lessons learned were identified within the Standing Committees and other UN organizations concerning the processes and approaches to progressing the normative agenda;
- (d) Member States identified support activities of the WIPO Secretariat that could be further optimized to support the preparation, management and follow-up of the work of the Standing Committees;
- (e) Resources available to the WIPO Secretariat were used efficiently and largely sufficient to meet the needs of the Standing Committee; and
- (f) Challenges and factors identified influencing the work of the Standing Committees included: insufficient monitoring of progress; difficulties to ensure the timeliness of working documents; use of undocumented procedures and practices; challenges with the hybrid meeting format; and improvements needed in communications and knowledge management.

61. Based on the findings of the evaluation, the major recommendations of the report include:

- (a) Reiterating the purpose of the Standing Committees;
- (b) Compiling and harmonizing procedures for the Standing Committees, clarifying roles and procedures;
- (c) Optimizing the facilitator role of the WIPO Secretariat in key issues to foster cooperation and exchange before, during and after the Standing Committee sessions;
- (d) Strengthening synergies, coherence and consistency among Standing Committees by determining relevant common approaches and good practices to conducting business;

- (e) Improving communication and outreach by introducing a more proactive communication approach with Member States and Observers; and
- (f) Facilitating a conducive space for self-reflection and learning across the Standing Committees to promote the exchange of experiences and good practices.

62. Management has accepted the six recommendations made in this report, which require cross-sector collaboration to implement.

META-SYNTHESIS OF REGIONAL DIVISIONS' EVALUATIONS

63. The main objectives of the Synthesis of Evaluation of Regional Divisions were to review, analyze and integrate findings, conclusions and recommendations from the five completed evaluations of WIPO Regional Divisions with the aim to provide crosscutting and systemic recommendations.

64. Some major findings of the report are as follows:

- (a) The Regional Divisions are an impartial and credible source of IP knowledge. In particular, they are:
 - (i) Knowledgeable of regional and national contexts and partners;
 - (ii) Committed to devising methods and approaches to promote IP for development at regional and national levels; and
 - (iii) Largely responsive to the Member States' demands.
- (b) Within the limits of their resources and capacities, Regional Divisions contributed to organizational results significantly, in terms of awareness raising, capacity development, technical assistance and knowledge sharing through the South-South exchange. Likewise, they contributed to the formulation, validation and implementation of National IP Strategies in developing countries.

65. In addition to these positive results, Regional Divisions face several systemic challenges and opportunities – some of which are not exclusively found in the realm of the Regional Divisions but have an effect in the relevance, effectiveness and efficiency of their operations.

66. Based on the findings of the evaluation, the major recommendations of the report include:

- (a) To strengthen coherence and consistency of management practices, take measures to further enhance project management skills of staff members, and increase collaboration among Regional Divisions;
- (b) To define and communicate common principles and services to both internal and external stakeholders in order to enhance collaboration; and
- (c) To develop mechanisms and approaches to establish and maintain partnerships, and to improve reaching out to non-conventional stakeholders in the regional and national IP ecosystems.

67. The first two recommendations on strengthening management practices, and defining and communicating common principles have been implemented at the reporting date.

ENGAGEMENTS STARTED END 2022

68. The following engagements were started in 2022, and are to be reported upon during the course of 2023.

COMBINED AUDIT AND EVALUATION OF THE OFFICE OF THE LEGAL COUNSEL (OLC)

69. The purpose of this combined exercise was to highlight opportunities to further enhance the processes, systems and activities of OLC through adaptive learning, which would serve to further support both the achievement of the ER of the Office and the Strategic Pillars, Vision and Mission of the Organization. The objectives of this engagement were to:

- (a) Review the governance, risk management, compliance and effectiveness of internal controls in OLC, and adequacy of tools and systems used to support the Office; and
- (b) Review services provided by OLC and identify prospective measures to enhance internal and external services in view of the new organizational context.

70. The results of the combined engagement showed that the services of OLC are consistent with its mandate and relevant to the Organization's strategic directions. In practice, it contributes to the creation of an enabling environment for WIPO to deliver on its mandate by delivering its activities and intended results in line with its guiding principles such as professionalism, objectivity, reliability, and sound and logical reasoning; this includes responding well to increasing demand, emerging risks, and changing circumstances.

71. OLC's positioning, resources and capacities are adequate to deliver activities and results effectively and efficiently, which includes the adoption and promotion of collaborative approaches at three levels: internal, cross-sectoral and external. It also has tailored processes to manage information and knowledge, and mechanisms to ensure that roles and responsibilities within the OLC are clearly articulated and understood. However, the OLC could benefit from a structured system or process to manage stakeholders' feedback, and its only PI does not capture most of its activities and contributions to WIPO's ERs. Although OLC communicates its services and results through multiple channels, there are stakeholders who are still unclear about its services and contributions to the Organization. There is also room to improve internal learning, consistency and institutional memory.

72. With a view to enhancing the relevance, effectiveness and efficiency of OLC, and in particular with regards to further alignment with, and shifting towards a more customer-centric approach as outlined in the MTSP 2022-2026, IOD made two recommendations, which management has accepted, in the areas of managing stakeholders' feedback, and enhancing information and knowledge management.

COMBINED AUDIT AND EVALUATION OF THE PATENT COOPERATION TREATY (PCT) OPERATIONS AND CUSTOMER RELATIONS

73. The objectives of this engagement will be to:

- (a) Review the governance and structure, risk management and compliance, as well as the effectiveness of internal controls in PCT Services;
- (b) Assess the adequacy and effectiveness of tools and systems used to support PCT Services;
- (c) Verify whether the strategy for managing customer relations is effectively implemented, and aligned with PCT's related performance objectives, ERs, and relevant strategic Pillars of the Organization's MTSP; and

- (d) Identify opportunities to enhance services and customer relations through adaptive learning and behavioral science.

74. The engagement will seek to, among others, review both the past and current status of services with a view to identifying prospective measures and enhancements to further support the achievement of PCT's ERs, and relevant areas of strategic pillars. The engagement is planned for completion by the second quarter of 2023.

AUDIT OF THE DEVELOPMENT OF THE GLOBAL INNOVATION INDEX (GII) RELATIONS

75. The objectives of this engagement will be to:

- (a) Verify whether measures have been taken to ensure appropriate governance, independence, transparency and integrity surrounding the management and development of the GII, including managing any potential conflict of interest; and
- (b) Provide reasonable assurance that the Organization has put in place efficient and effective risk management and controls surrounding the accuracy, reliability and completeness of data used in developing the GII, including verifying the validity and reasonableness of assumptions and models used.

76. In more detail, the audit will specifically verify among other things:

- (a) Overall congruence of the GII methods with the Organisation for Economic Co-operation and Development/Joint Research Centre's Handbook on Constructing Composite Indicators– Steps and Methods;
- (b) Transparency of methods and data intake, treatment and inclusion;
- (c) Quality of the data;
- (d) Methods for data integration, model composition and the inclusion or exclusion of countries; and
- (e) Effective use of data to write up core results and country briefs and profiles.

77. The scope will cover data used to develop the 2022 edition of the GII report. This engagement is being carried out by the Internal Audit Section, supported by an external subject matter expert. The engagement is planned for completion by the second quarter of 2023.

IMPACT EVALUATION OF WOMEN ENTREPRENEURS, PHASE ONE.

78. Phase one of this assignment was aimed at identifying, describing, categorizing and selecting the portfolio of project, interventions, activities that WIPO has undertaken on the topic of support to advance women's entrepreneurship in the last five years. More specifically phase one of the evaluation has:

- (a) Contributed to gathering organizational evidence-based knowledge by bringing all women entrepreneurs' initiatives together and identifying areas to improve their strategic relevance, positioning, coherence, and efficiency; and
- (b) Set the basis, and develop the theories of change to be able to conduct the impact evaluations that will be undertaken during phase two of the assignment.

79. The evaluation team collected information on 120 interventions across the Organization on the topic of advancing women entrepreneurs from 2015 to 2022. This information was validated with relevant business units across all Sectors and was used as the basis to produce a map of the interventions. The analysis of the mapping found that:

- (a) Ninety three per cent of WIPO initiatives advancing women entrepreneurs focus on raising awareness and enhancing their capacity to increase the understanding of the importance of IP and their under-representation in patent-intensive fields. As a result of these initiatives, women entrepreneurs are provided with the possibility to expand their professional networks;
- (b) All initiatives to support women entrepreneurs were aligned with WIPO's expected results and strategic goals; and
- (c) WIPO has increased the number of interventions on advancing women entrepreneurs from one in 2015 to 46 in 2022.

80. WIPO has matured over the years, and having 73 per cent of its initiatives classified as gender aware demonstrates the excellent progress achieved so far. However, initial desk research indicates, that these initiatives need to improve their design and implementation if they are to remain relevant to women entrepreneurs' needs. The second phase of this impact evaluation will address this question further, as national stakeholders, including end beneficiaries, will be consulted on whether the sample initiatives addressed their needs and priorities.

81. In the last three years, WIPO has been shifting its work towards a project-based approach. However, on some occasions this approach did not align with the expected components and design elements of a project-based approach. By favoring projects over one-off, stand-alone initiatives WIPO increases the likelihood of generating practical outcomes that positively impact and provide enduring value for individuals, businesses, and the IP ecosystem as a whole.

82. This mapping exercise showed that there was not a consolidated source of information or a systematic exchange of knowledge on how many initiatives there were, what type, or where they were operating. This finding is important because it raises the question of how initiatives are coordinated from a strategic perspective to contribute to an overarching goal. In addition, not having a systematic exchange limits the sharing of good practices and lessons learned across the various initiatives and the Organization as a whole.

83. As a result of the analysis mapping, three interventions were selected to be included in the second phase of the impact evaluation with their respective theories of change developed.

- (a) The WIPO Training, Mentoring, and Matchmaking Program on Intellectual Property for Women Entrepreneurs from Indigenous Peoples and Local Communities;
- (b) The WIPO Initiative for Increasing the Role of Women in Innovation and Entrepreneurship; and
- (c) Women Entrepreneurs for the commercialization of Chobe Baskets: women beneficiaries.

84. The second phase is planned for the second quarter of 2023

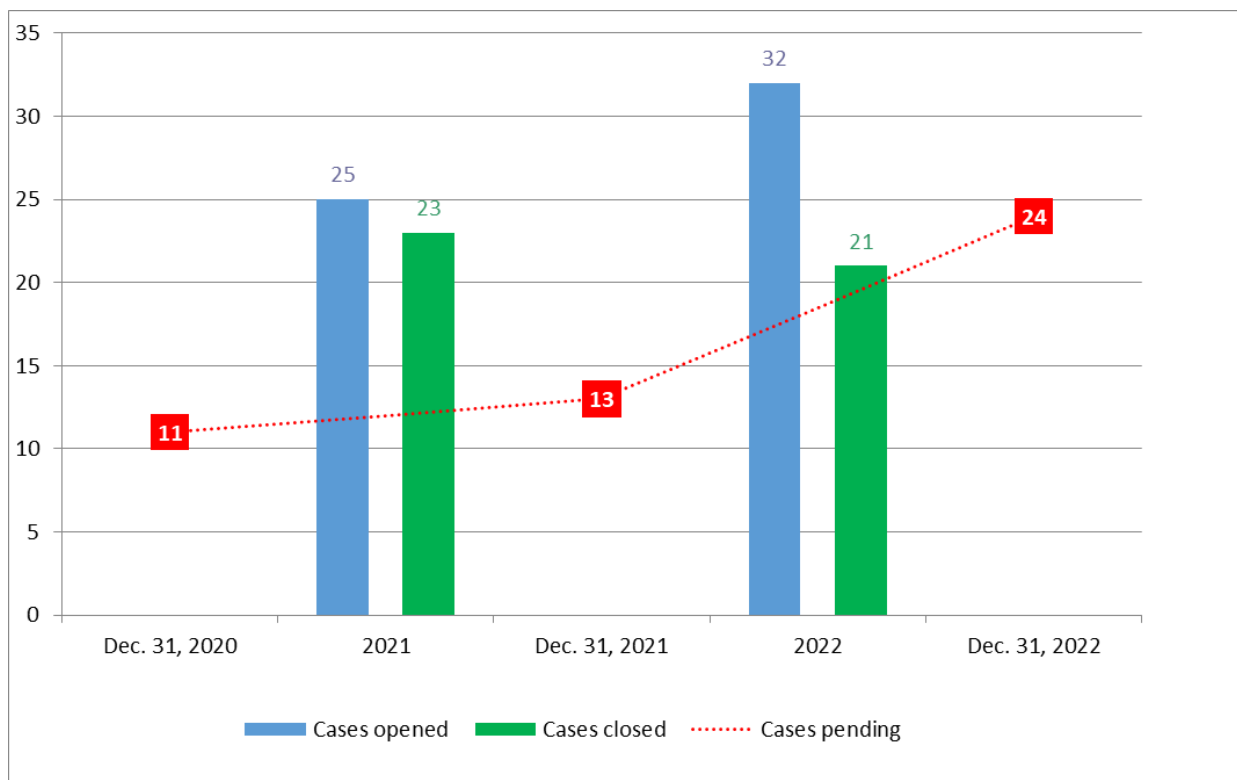
INVESTIGATIVE ACTIVITIES

CASELOAD OVERVIEW

85. During the reporting period, 32 new cases were registered (which constitutes a 28 per cent increase over 2021) and 21 were closed. As of December 31, 2022, 24 cases were pending, including six at the preliminary evaluation stage, 10 at the full investigation stage and eight on hold (due to the unavailability of an investigation participant or pending action by another entity). Of the pending cases, 19 were opened in 2022, four in 2021, and one in 2020.

As of December 31, 2022, the average length of time it takes to complete a full investigation is 171 calendar days⁸, which is within the target of six months⁹.

Chart 1 – Comparative Analysis of Investigative caseload in 2021 and 2022



86. Among the 32 cases opened during the reporting period, one was referred to the IAOC for its advice in line with the relevant provisions of the IOC¹⁰.

OUTCOME OF INVESTIGATIVE ACTIVITIES

87. According to the IOC¹¹, the Annual Report shall include a description of those investigative cases found to be substantiated and their disposition. In 2022, there was only one investigation case in which a particular allegation was substantiated, pertaining to workplace harassment. In that case, since the staff member implicated had resigned from WIPO's service during the investigation, it was recommended that the results of the investigation be kept in HRMD files for future reference, if and as necessary.

88. The aforementioned case was not considered to have a significant financial impact on the Organization.

⁸ Excluding cases kept "on hold" pending action by parties outside IOD or due to the prolonged absence of staff members with whom an interview is warranted.

⁹ Investigation Policy paragraph 33;

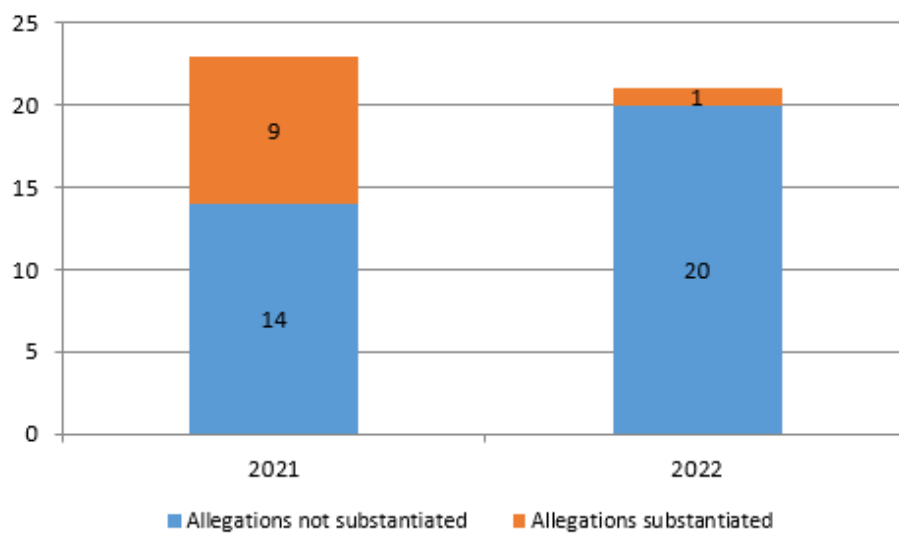
¹⁰ IOC paragraphs 20, 21, 23, 24 and 25.

¹¹ IOC paragraph 48(b).

Table 1 – Analysis of complaints received in 2021 and 2022

	2021	2022
Abuse of position or status	0	2
Abuse of work time	6	2
Benefits and Entitlements Fraud or Abuse	0	2
Breach of confidentiality	2	3
Harassment (non-sexual), Discrimination	3	6
Insubordination and other inappropriate behavior	2	1
Misuse of WIPO funds or assets	2	0
Negligence at work, obstruction to WIPO operations	2	1
Other failure to meet the standards of conduct for international civil servants	1	2
Procurement irregularities	3	2
Recruitment irregularities	1	3
Retaliation	1	1
Sexual harassment	0	3
Wrongdoing by recruitment candidate	0	1
Wrongdoing by vendor or other external party	2	3
Total	25	32

Chart 2 – Cases Closed in 2021 and 2022



MANAGEMENT IMPLICATION REPORTS (MIR)

89. There was no MIR on systemic issues identified through investigative activities issued during the reporting period.

CONSULTATIVE AND ADVISORY OVERSIGHT WORK

90. As part of its consulting and advisory services, IOD continued to provide advice as requested on policy documents, evaluations, business processes or the regulatory framework, among other matters.

ADVISORY - DIVISION FOR LATIN AMERICA AND THE CARIBBEAN (LAC) & DIVISION FOR ASIA AND THE PACIFIC (ASPAC)

91. The Regional Divisions (LAC and ASPAC) have set the objective of developing a monitoring and evaluation online platform. The divisions requested advice on the process of searching, analyzing and selecting best options to implement this objective. They have also requested IOD to provide guidance during the development of the final platform solution and testing, and during the iteration process of collecting and analyzing data.

92. The Regional Divisions have been presented with five different options for platforms (internal). It has been decided that the Divisions will take an iterative approach to the selection and piloting of one platform in the short-term while a more encompassing solution will be developed in the medium-term.

CONSULTANCY - BEHAVIORAL SCIENCE INTERVENTION (NUDGE) TO INCREASE USE OF EVALUATION RECOMMENDATIONS IN IP AND DEVELOPMENT PROGRAMS:

93. The Internal Oversight Strategy 2022 - 2023 identified the slow implementation of recommendations as a key risk that could potentially result in limiting the expected transformational impact. This evaluation consulting engagement aligns with comments from IAOC and Member States about open recommendations.

94. The objective of this engagement was to use behavioral science to identify barriers, reduce frictions and other contextual elements, to enable managers to timely implement recommendations issued through evaluation reports.

95. The consultancy found that the average time it takes for evaluation recommendations to be closed in WIPO is 27 months.

96. The consultancy identified three points of friction when developing evaluation recommendations:

- (a) Invitation for exit meeting sent;
- (b) Exit meeting with clients; and
- (c) Report shared for evaluation and feedback:

97. Furthermore, the consultancy identified five points of friction on the process of following up the implementation of recommendations:

- (a) Assign owners and deadlines to the recommendations;
- (b) System notifies managers on deadlines and recommendations;
- (c) Memo with open recommendations sent to IAOC, DG and Senior Managers;
- (d) Managers come with questions on how to close recommendations; and
- (e) Managers present proof/evidence for closing the recommendations.

98. The consultancy recommended the use of the following behavioral science principles and nudges:

- (a) Use of three behavioral science principles when conducting the exit meeting with clients:
- (i) Implementation Intention Principle: Requesting managers to establish a clear plan describing when and how they will act upon recommendations;
 - (ii) Commitment Contract Principle: Requesting managers to actively commit to taking necessary actions for implementing recommendations; and
 - (iii) Foot-in-the-Door Principle: Requesting managers to comply with a small part of the implementation of the recommendations before they need to address the main action(s). This will make them more likely to accept the larger request in the future.
- (b) Use of three behavioral science principles in the drafting and communication with the managers (exit meeting messages and follow-up mails):
- (i) Default Principles: making the desired behavior from the manager the default content in the message;
 - (ii) Head Start Principle: prepopulating the blank spaces in messages by providing examples; and
 - (iii) Personalization Principle: by tailoring communication to the managers using their names and specific contextual cues.
- (c) Use of three behavioral science principles *via* automatically generated prompts directed to business owners of the recommendations, and timely spread over the key moments of the cycle of implementation of the recommendations:
- (i) Social Norm Principle: letting the managers know how other peers (managers) are behaving in closing recommendations;
 - (ii) Relative Performance Principle: providing feedback on how a managers behavior compares to their peers; and
 - (iii) Salience Principle: making clear what managers need to accomplish by taking direct action.

ANALYSIS OF SELECTED PROCUREMENT TRANSACTIONS THROUGH CONTINUOUS AUDITING

99. IOD issued a memorandum on the analysis of selected procurement related transactions through the use of data analytics for continuous auditing. The areas covered included:

- (a) Procurement thresholds - Non-compliance resulting from the simplification of procurement procedures by concluding contracts with a value close to procurement thresholds in order to avoid stricter and more complex procurement process;
- (b) Duplicate suppliers - Risk of fraud through the use of “duplicate” suppliers with identical bank account numbers;
- (c) Suppliers with incomplete registration data - Risk of fraud through the use of “fictitious” suppliers with missing, incomplete or unexpected registration information;
- (d) Purchase Orders (PO) to inactive or blocked vendors - Compliance risk, issuing PO to inactive or blocked vendors;
- (e) Transactions with vendors without PO - Compliance risk, transactions with vendors over 1,000 Swiss francs with no PO; and

- (f) P.O. Boxes as their legal addresses - Collaboration with vendors who have P.O. Boxes indicated as a registered address. Such vendors usually are associated with higher fraud risk and considered less reliable.

100. IOD does not make formal recommendations on the work done on continuous auditing. However, findings are discussed with the relevant internal stakeholder(s) and remediations are verified during a subsequent continuous auditing exercise.

IOD REVISED METHODOLOGY FOR VALIDATION OF THE WIPO PERFORMANCE REPORT

101. The objective of this consultancy was to examine the assumptions of the validation methodology and its effectiveness as well as the relevance to the current organizational objectives, maturity of the RBM system and most recent methodological developments in the field taking into account the new MTSP 2022-26. The revised methodology has been issued.

102. Some key changes included in the methodology are:

- (a) Fifty per cent of the 77 PIs and related PD will be validated at the end of the first biennium, and the other half will be validated at the end of the subsequent biennium. With this approach, all indicators will be validated once every two biennia; further heightening the assurance level provided to Member States;
- (b) The methodology includes data utilization as an indicator of quality. Collecting, analyzing and providing assurances for the quality of data are key steps for successful operation and strategic advancement; and
- (c) The methodology comprises five validation dimensions as follows:
 - (i) **Relevance:** focuses on how the Organization meets the needs of the users and its alignment to MTSP;
 - (ii) **Reliability and Accuracy:** the degree to which the measure is accurate for its intended use, and if it is responsive to change;
 - (iii) **Accessibility and Clarity:** refers to the degree of ease with which users can learn of the existence of information, find it, view it, and import it into their work environment;
 - (iv) **Coherence and comparability:** refers to how PD can be reliably combined and compared with other PD within a broad analytical framework over time; and
 - (v) **Cross-functional collaboration and knowledge sharing:** cross-functional collaboration and learning refers to how staff join forces to solve problems, implement processes, develop innovations, identify improvements, and enhance organizational knowledge and sharing across different business units and sectors.

103. IOD will implement this new methodology during the next WPR validation exercise in 2024.

INSTANCES WHERE INFORMATION OR ASSISTANCE WAS REFUSED

104. In accordance with paragraph 48(g) of the IOC, the Director, IOD, should report on any instances where IOD's access to records, personnel and premises was restricted during the reporting period.

105. IOD reports that there were no instances as described in paragraph 48(g) of the IOC during the reporting period.

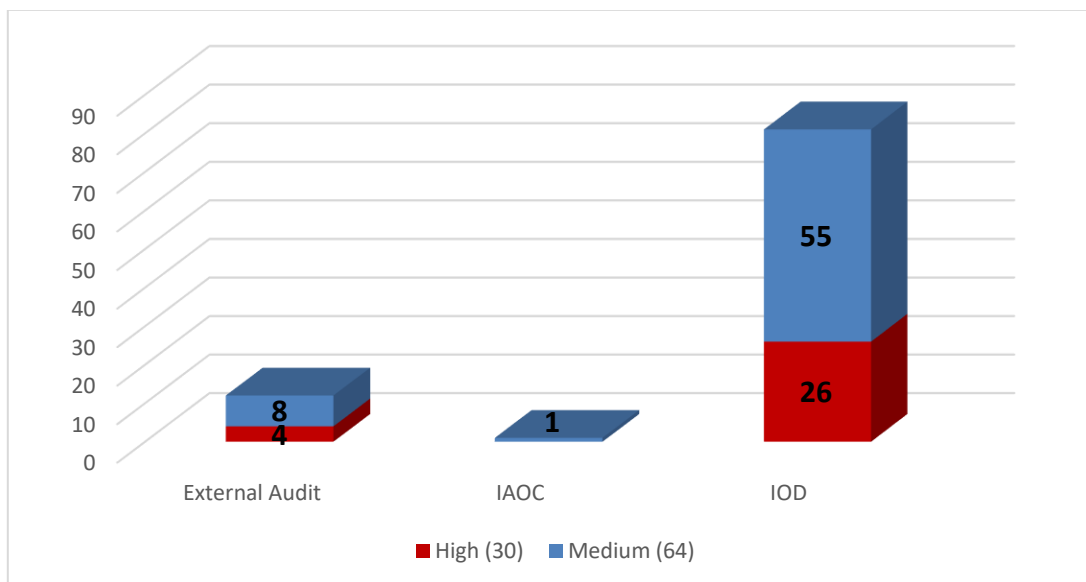
STATUS OF IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS

106. The Director General is responsible for ensuring that all recommendations made by the Director, IOD and other oversight entities are responded to promptly, indicating actions taken regarding specific findings and recommendations¹². The Director General discharges this responsibility through Sector Leads and other relevant Senior Management responsible for specific operational areas within the Organization¹³. The implementation of all oversight recommendations is subject to regular follow-up by IOD¹⁴.

107. IOD manages and reports on recommendations using the TeamMate+ system, which enables interactive dialogue with Management for an effective follow-up of implementation of open recommendations.

108. At the date of the present report, there are 94 open recommendations, of which 30 are of high priority and 64 are of medium priority. IOD recommendations constitute 86 per cent of all open oversight recommendations.

Chart 3 – Open Recommendation by Source and Priority (94)



109. Between January and December 2022, there were 52 new IOD recommendations added from six audit reports, and five evaluations reports. One IAOC recommendation¹⁵ made to the Ethics Office, is still pending, and currently being implemented.

110. Three recommendations from the report of the External Auditor were added to the recommendations management system during 2022. Thirteen external audit recommendations and 73 IOD recommendations were closed during the reporting period. Table 2 below shows the movement of recommendations by source, between January and December 2022.

¹² IOC paragraph 45.

¹³ OI 16/2010, paragraph 7.

¹⁴ OI 16/2010 paragraph 8.

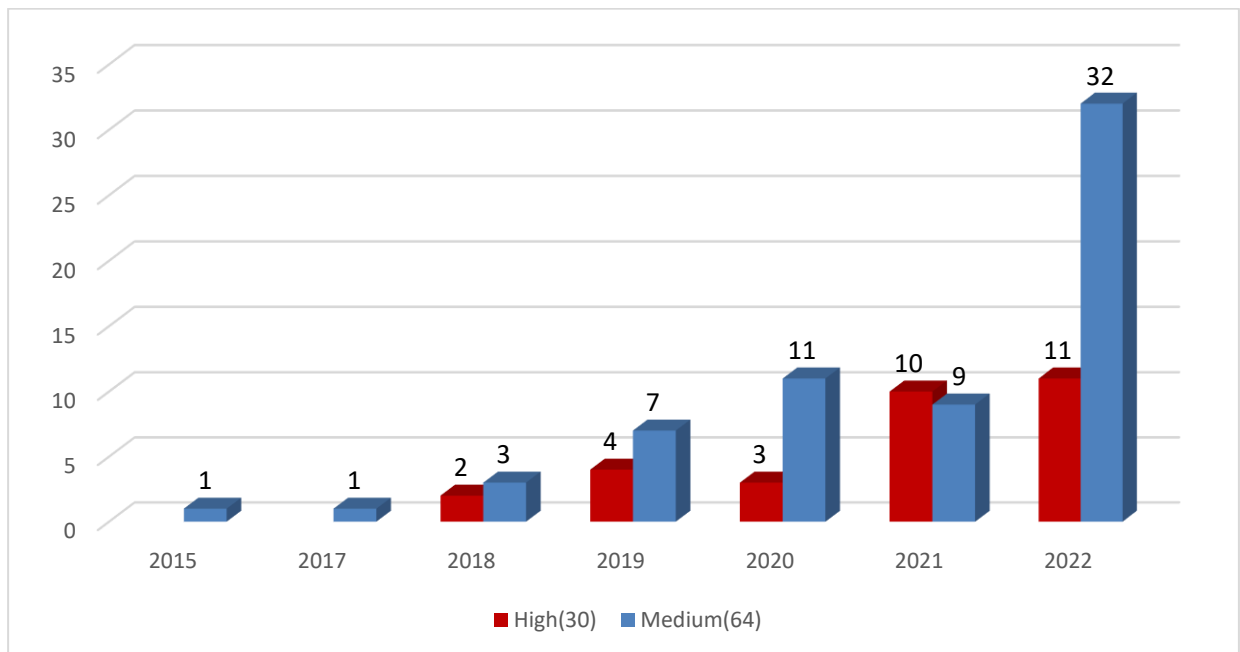
¹⁵ WO/PBC/30/14 – June 18, 2019.

Table 2 – Movement of Recommendations between January 1, 2022 and December 31, 2022

Source	Open as at January 1, 2022	Added During the Period	Closed During the Period	Open as at December 31, 2022
IOD	102	52	73	81
External Auditor (EA)	22	3	13	12
IAOC	1	0	0	1
Total	125	55	86	94

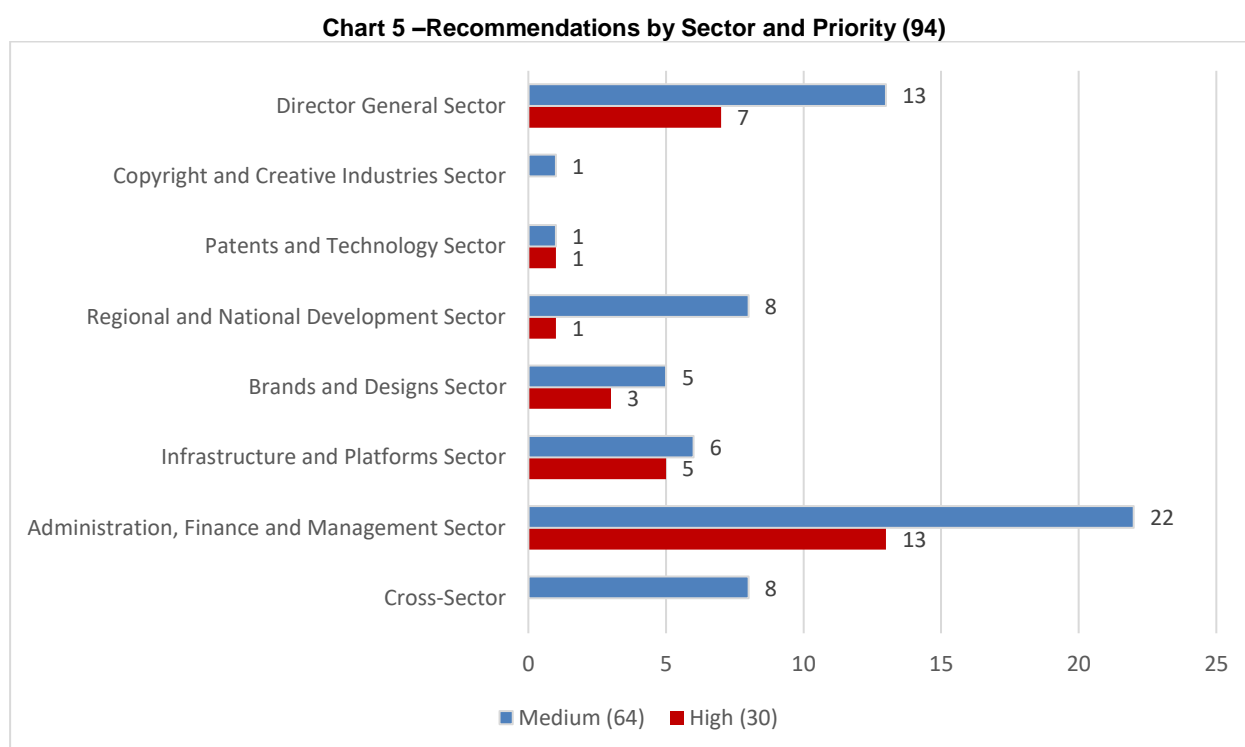
111. The chart below summarizes the aging of open recommendations as at December 31, 2022.

Chart 4 – Aging of Open Oversight Recommendations by Priority (94)



112. The number of pending recommendations made between 2013 and 2016 has reduced from six to one during the reporting period. Further, the one remaining recommendation from 2015 was closed in January 2023. The pending recommendation from 2017 is planned for implementation in 2023. IOD acknowledges the continued support of the IAOC and the Director General, as well as the new initiatives taken by the Office of the Controller, in engaging with management on further reducing aged pending recommendations.

113. As at December 31, 2022, the number of open recommendations by WIPO Sectors and by priority are depicted below:



114. The Sector of the Director General and the Administration, Finance and Management Sector together make up 67 per cent of the 30 high priority recommendations at the reporting date.

COOPERATION WITH EXTERNAL OVERSIGHT BODIES

THE INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

115. IOD has regularly attended the sessions of the IAOC, reporting on the implementation of the internal oversight plan, discussing oversight results and other aspects concerning the work and functioning of the Division, and seeking the IAOC's advice. In the period covered by this report, four sessions (64th to 67th) of the IAOC took place.

THE EXTERNAL AUDITOR

116. IOD maintained good working relations with the External Auditor through regular meetings on audit, internal control and risk management issues. The External Auditor and IOD shared strategies, annual plans and individual reports with a view to ensuring efficient oversight coverage while avoiding potential duplication and oversight fatigue. IOD actively engaged with the External Auditor during the planning and subsequent implementation of the 2022 engagements, as well as providing inputs to the External Auditor as required. For instance, in 2022 and, at the request of the External Auditor, IOD conducted a validation of the ASHI claims, to support the assessment of the ASHI liability recorded in the Financial Statements of the Organization at December 31, 2021. Further, IOD conducted a first-time operational audit of a WIPO External Office, following a recommendation addressed to IOD in the External Auditor Report for the financial year 2019.

117. Finally, IOD is on track to implement the recommendation made by the External Auditor in their report for the financial year 2020¹⁶ - providing an annual opinion over WIPO's governance, risk management and control environment. This recommendation is expected to be fully implemented by the end of 2024.

COOPERATION WITH THE OMBUDSPERSON AND THE ETHICS OFFICE

118. During the reporting period, the Director, IOD met regularly with the Ombudsperson and with the Chief Ethics Officer to ensure good coordination and complementary support.

OTHER OVERSIGHT WORK

DATA ANALYTICS PROJECT

119. IOD has completed a data analytics project that has enhanced its capacity to conduct continuous auditing exercises. In 2022, IOD issued a memorandum on the analysis of selected procurement related transactions through the use of data analytics for continuous auditing. IOD will continue to conduct regular data analytics assessments of compliance and operational effectiveness of key controls, to further enhance its assurance process.

OUTREACH ACTIVITIES IN THE ORGANIZATION

120. As part of its ongoing effort to better explain and advocate for the internal oversight function, IOD continued to reach out to colleagues within WIPO through presentations given to new staff in the induction training, the IOD Newsletter, the IOD Dashboard, online trainings, and presentations to Management and Sector Leads as and when required.

NETWORKING WITH OTHER OVERSIGHT FUNCTIONS

121. The IOC includes specific provisions¹⁷ on liaising and cooperating with the internal oversight services of other organizations of the UN system and of Multilateral Financial Institutions. IOD recognizes the value and importance of developing relationships with its peers. During the reporting period, IOD continued its active and useful collaboration and networking with other UN system Organizations and entities. In particular:

- (a) IOD attended the UNEG Annual General Meeting in January 2022, leading the UNEG Executive Committee, and actively participating in the execution of the UNEG Annual work plan;
- (b) IOD regularly attended the United Nations Representatives of Internal Audit Services (UNRIAS) webinars and attended the 14th UNRIAS and 51st RIAS Meetings in Vienna, in September 2022;
- (c) IOD attended the 22nd CII in June 2022 organized by EIB at Luxembourg; and
- (d) IOD was requested to conduct an investigation on behalf of another UN agency, as done in the past.

IOD QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

122. The Quality Assurance and Improvement Program (QAIP) of IOD is designed to provide reasonable assurance to various stakeholders¹⁸ that oversight activities are performed in conformity with the IOC, and the respective Standards and professional practices of each

¹⁶ (WO/PBC/33/ 5) Report of the External Auditor for the financial year 2020 to the 62nd Series of Meetings of the Assemblies of the Member States of WIPO (also known as the "long form report").

¹⁷ IOC paragraph 28(g).

¹⁸ The main stakeholders include the Director General, WIPO Managers, the IAOC, Member States, the External Auditor and the public at large.

function, operate in an effective manner, and are perceived by stakeholders as adding value and continually improving. The areas outlined below are covered in the QAIP.

OPERATIONAL INDEPENDENCE OF IOD

123. The IOC requires¹⁹ the Director, IOD to confirm the organizational independence of the internal oversight function and to provide information on the scope of the internal oversight activities and on the adequacy of resources for the purposes intended.

124. During the reporting period, no instance/activity occurred that could be considered as jeopardizing the operational independence of IOD. There was no actual or perceived interference in the work of IOD. The scope of oversight activities has been decided by IOD based on risk assessment, comments and feedback received from WIPO Management, the IAOC and the Member States, as appropriate.

ONGOING MONITORING AND KEY PERFORMANCE INDICATORS

125. Ongoing monitoring of the performance of oversight activity refers to the day-to-day supervision, review and measurement of internal audit activity that is built into IOD policies, manuals and routine procedures. An engagement management system (TeamMate+) is used to operationalize manuals and procedures, including supporting document filing, materialization of reviews and approvals, and recommendation follow-up and reporting.

126. Furthermore, IOD has established PIs to measure the effectiveness, efficiency and relevance of oversight activities. These include, among others, the average timeline for completing engagements, management perception of the work of IOD, and the level of acceptance and relevance of IOD recommendations. The table below summarizes the results.

Table 3 - 2022 IOD Performance Indicators

Performance Indicator	Target	Results
No interference and perceived independence by key stakeholders	No Interference	No Interference observed during the period
Average timeline for completing engagements	Internal Audit: 4 months	4.1 months
	Evaluations: 6 months	6.1 months
	Investigations: 6 months	5.7 months
% of internal stakeholders who perceive that IOD recommendations are SMART ²⁰	80%	83% of managers perceived that IOD recommendations were SMART
% of internal stakeholders who perceive that Oversight work is Relevant	80%	80% of respondents perceived that Oversight work was relevant
No. of oversight recommendations accepted	90%	100% of IOD recommendations accepted

127. Indicators continue to show a high acceptance of the relevance of IOD's work, and the pertinence of the recommendations made. The average timeline for completing engagements remains close to the target as IOD continues to adjust its working processes to the current hybrid (teleworking and in-office) work practices of the Organization. There were no instances where IOD experienced or perceived interference in the work of the Division.

¹⁹ IOC paragraph 48(i).

²⁰ SMART: Specific, Measurable, Achievable, Relevant, and Time-Bound.

OVERSIGHT RESOURCES

BUDGET AND STAFF

128. To discharge its mandate, the 2022 budget of IOD amounted to 2,715 million Swiss francs, which represents 0.69 per cent of WIPO's budget for the same period.

129. At December 31, 2022, the recruitment for the vacant post of Senior Investigator was completed and the incumbent started in March 2023. Non-personnel resources were used as needed, to address the workload during the vacancy period.

130. Overall, the level of human and financial resources has been adequate for IOD to effectively cover the high priority areas as identified in its 2022 work plan. The use of non-personnel resources, and coordination of oversight activities with the External Auditor, as well as effective use of IT tools, have contributed towards achieving more efficiency and effective coverage of risk areas.

Table 4 - 2022 IOD Budget/Expenditures²¹ and Personnel²²

	2022 Approved Budget (Sfr.)	2022 Expenditure (Sfr.)	Utilization rate (%)
Personnel Resources	2,451,200	2,342,545	96%
Non- personnel Resources	263,807	158,931	60%
Total	2,715,007	2,501,476	92%

Position	Male	Female
Director	1	0
Professionals	5	3
Intern	0	1
General Services	0	2

TRAINING AND CONTINUING PROFESSIONAL EDUCATION

131. The continued professional development of IOD's staff is essential to its capacity to deliver and effectively support the Organization. In accordance with WIPO's training policy, IOD establishes an annual training plan for staff members to attend various training activities, to acquire new knowledge, technical skills and other competencies that will contribute to increasing operational effectiveness and efficiency in undertaking oversight assignments. On average, each IOD staff member attended 10 days of training in 2022.

SATISFACTION SURVEY

132. IOD continued to seek feedback from colleagues of audited/evaluated WIPO organizational units through client satisfaction surveys after each assignment. This aims to effectively receive and analyze feedback from colleagues on oversight work. At the end of 2022, the consolidated analysis of survey results indicates a satisfaction rate of 85 per cent²³.

133. The results of surveys conducted at least one year after the completion of the assignments, which are used to assess the impact of oversight work, indicated an average satisfaction rate of 77 per cent²⁴. Additional comments sent by the audited/evaluated units through the surveys helped IOD identify shortcomings and take corrective actions. IOD will continue to strive towards continually enhancing the value of its oversight work.

²¹ Source: WIPO Business Intelligence; figures in Swiss francs.

²² At year end, the position graph does not include the post of Senior Investigator – The incumbent started in March 2023, following the recruitment process that took place during the last quarter of 2022.

²³ There were eight respondents in 2022

²⁴ There were six respondents in 2022

PERIODIC INTERNAL AND EXTERNAL ASSESSMENT

134. Each function of IOD undertakes biennial self-assessments and/or quinquennial external assessments to determine whether the functions of IOD are carrying out their duties in an effective and efficient manner, and in conformance with relevant Standards, Professional Practices, and the related code of ethics. Elements of the quality program for IOD can be found in relevant manuals, guidelines, and operating procedures. Results of the External Assessments conducted for each function of IOD were reported in the Annual Report for 2020, and related recommendations are being implemented. The next external assessments are planned for 2024-2025, and a biennial self-assessment of the Internal Audit function will take place in 2023, which covers 2021 and 2022.

[Annex follows]

ANNEX - List of IOD Reports

IOD reports issued between January 1, 2022 to December 31, 2022	Ref.
Audit of the Management of Assets, Supplies and Materials	IA 2021-04
Audit of Enterprise Risk Management (ERM)	IA 2021-01
Audit of the Hague Platform Project (HPP)	IA 2021-02
Audit of Individual Contractor Services (ICS) and Temporary Employment Agencies	IA 2022-01
Review of the WIPO Japan Office	IA 2022-02
Validation of After Service Health Insurance (ASHI) Claims Data	IA 2022-06
Validation of the 2020/21 WIPO Performance Report	VALID 2022-01
Evaluation of WIPO Standing Committees	EVAL 2020-02
Meta-Synthesis of Regional Divisions Evaluations	EVAL 2021-04
IOD Revised Methodology for validation of the WIPO Performance Report	EVAL 2021-06
Memorandum - Analysis of Selected Transactions through Continuous Auditing	CA 2022-01
IOD reports issued in early 2023	
Management Implication Report on staff members obligations related to residence in the duty station area	MIR 2022-10
Combined Evaluation and Audit of the Office of the Legal Counsel (OLC)	IA 2022-04
Combined Audit and Evaluation of the Patent Cooperation Treaty (PCT) Operations and Customer Relations	IA 2022-05
Impact Evaluation of Women Entrepreneurs (first phase)	EVAL 2022-03
Behavioral Science Intervention (Nudge) to increase use of evaluation recommendations in Intellectual Property (IP) and Development Programs	EVAL 2022-04

[End of Annex and of document]