

## **Program and Budget Committee**

**Twenty-Ninth Session**  
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### **WIPO ACCOUNTABILITY FRAMEWORK**

*Prepared by the Secretariat*

#### **INTRODUCTION**

1. In September 2014, the WIPO Accountability Framework (WO/PBC/22/12) provided the first comprehensive view of the components that provide assurance of the Organization's system of governance and accountability to its Member States, customers and other stakeholders. Both the original Accountability Framework and this update are informed by the Joint Inspection Unit's (JIU) report *Accountability Frameworks in the United Nations System* (JIU/REP/2011/5), together with the benchmarks contained therein. All of the benchmarks from that JIU report have been implemented and all the recommendations have been closed.

2. The concept of accountability is defined in the United Nations General Assembly (UNGA) Resolution (A/RES/64/259) in paragraph 8 as follows:

*“Accountability is the obligation of the Secretariat and its staff members to be answerable for all decisions made and actions taken by them, and to be responsible for honoring their commitments, without qualification or exception.”*

3. The WIPO Accountability Framework (hereafter “the Framework”) draws on best practices from the public and private sectors, in particular the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework, as it is applied within the International Organization of Supreme Audit Institutions' (INTOSAI) guidelines for internal control standards for the public sector. The Framework also incorporates the five COSO components: control environment; risk management<sup>1</sup>; control activities; information and communication; and monitoring. Additionally the Framework includes components for planning and for ethics.

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<sup>1</sup> This document uses the term ‘risk management’ in place of COSO's ‘risk assessment’ in order to demonstrate the full lifecycle of the management of risks.

4. The Framework is also expressed in terms of the Three Lines of Defense model (TLOD)<sup>2</sup>. In this model, operational managers are defined as the “first line” of defense – those who own and manage risks and controls during implementation (*Performance and Risk Management*). The “second line” of defense is comprised of the *Control Activities*, established by the management of the Organization to strengthen and monitor the first line of defense controls. As a part of the *Monitoring, Oversight, Complaints and Response Mechanisms*, the Internal Oversight Division (IOD) are the “third line” of defense, while External Audit, the Independent Advisory Oversight Committee (IAOC) and the governing bodies of Member States provide further oversight.

5. The key components of a robust accountability framework, as identified by the JIU, include (i) the political covenant with Member States; (ii) internal controls; and (iii) complaints and response mechanisms. These three components continue to be represented in the Accountability Framework under components *Control Environment*, *Control Activities*, and *Monitoring, Oversight, Complaints and Response Mechanisms* respectively.

6. Since 2014, WIPO has engaged in a program of continuous improvement in the area of accountability through continued enhancements to the regulatory framework as well as by implementing technologically-enabled strategies guided by industry best practices. In this document, sub-components that have been significantly strengthened are highlighted with the continuous improvement icon shown to the left of this paragraph.



## THE WIPO ACCOUNTABILITY FRAMEWORK

7. The WIPO Accountability Framework (see Figure 1) brings together the various Organizational accountability elements under seven broad areas. In the model, the five COSO framework elements are underlined.



(i) Component 1. *Results Based Planning* puts in place Member State approved biennial plans for the delivery of agreed Organizational results.

(ii) Component 2. *Performance and Risk Management* ensures that the Organization delivers planned results and ensures business continuity of its operations.

(iii) Component 3. *Monitoring, Oversight, Complaints and Response Mechanisms* includes the processes and entities that provide external and internal assurance for the Organization.

(iv) Component 4. *Control Activities* provides the control framework, compliance monitoring and validation of the management controls and processes of component 3.

(v) Component 5. *Information and Communication* ensures that full recording, classification and documentation of transactions and events is undertaken reliably and accurately in order to enable full and transparent reporting to stakeholders on the Organization’s activities as well as the functioning of its controls.

(vi) Component 6. *Ethical Standards and Integrity* sets out the values and importance the Organization places on a culture expressed in the WIPO Code of Ethics, and reinforced with policies and procedures.

(vii) Component 7. *Control Environment* sets out the overall mandate of the Organization and its commitment to delivery towards Member States, stakeholders and users of WIPO’s services, alongside the governance structure and values on which all of the preceding components are founded.

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<sup>2</sup> ‘The Three Lines of Defense in Effective Risk Management and Control’, IIA Position Paper 2014.

# WIPO Accountability Framework

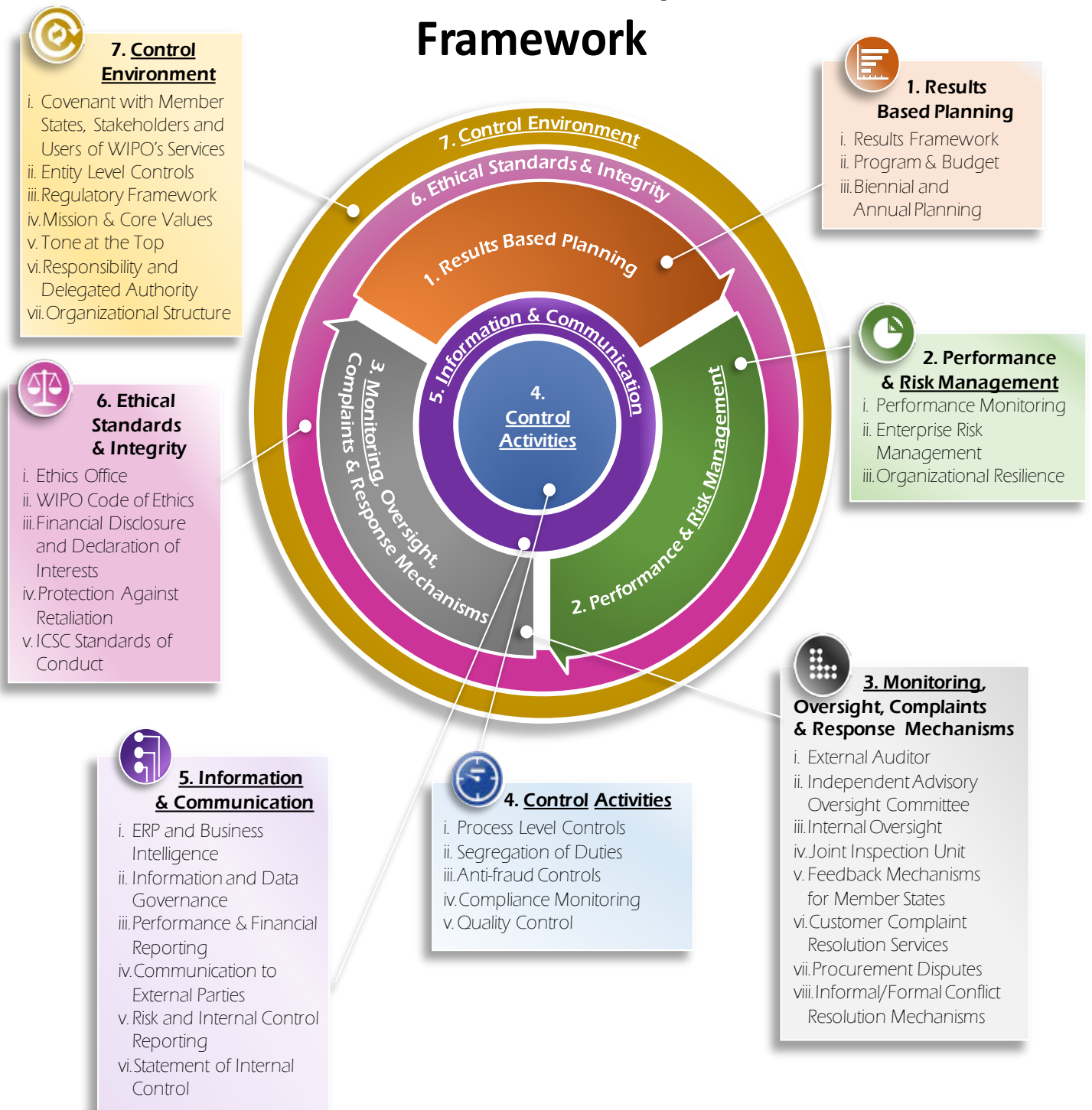


Figure 1: The WIPO Accountability Framework

## COMPONENT 1 – RESULTS BASED PLANNING



### 1. Results Based Planning

- i. Results Framework
- ii. Program & Budget
- iii. Biennial and Annual Planning

8. The first component of the Framework is its Results Based Planning process.

9. The **WIPO Results Framework**, presented in the Organization's Program and Budget consists of nine Strategic Goals cascaded into 38 Expected Results. The contribution of WIPO Programs to Expected Results is defined through performance indicators, which have baselines and targets established for the biennium.

10. Member States approve the biennial **Program and Budget** that sets out how resources are allocated to the Programs for the achievement of Expected Results. Implementation strategies and risks are clearly defined for each Program.

11. **Biennial planning** is operationalized through the **Annual Planning** process, which is supported by the Enterprise Performance Management (EPM) system.

## COMPONENT 2 – PERFORMANCE AND RISK MANAGEMENT



### 2. Performance & Risk Management

- i. Performance Monitoring
- ii. Enterprise Risk Management
- iii. Organizational Resilience

12. The second component of the Framework comprises the implementation and performance monitoring of annual workplans and the biennial Program and Budget.

13. **Performance Monitoring** is undertaken by programs throughout the budget period, allowing the Organization to undertake remediation measures if required, to address unexpected changes and needs, or delays in progress. The Director General conducts mid-year and mid-biennium reviews of the implementation of workplans. Together with management controls, performance monitoring represents the first line of defense in the TLOD model, where Program Managers are accountable for ensuring that work is undertaken in accordance with approved plans. A Performance Management and Staff Development System (PMSDS) has been in place since 2009, setting work objectives that contribute to the organizational Expected Results for every staff member. The WIPO Rewards and Recognition Program (RRP) recognizes four categories of individual and team performance rewards reflecting WIPO's core values, demonstrating WIPO's commitment to recognizing outstanding contributions of individual staff members and teams in achieving organizational objectives. An additional reward was awarded for "Organizational Performance" in 2018 to recognize the contribution of staff to the Organization's excellent results of the previous biennium.

14. **Enterprise Risk Management (ERM)** is performed across all functions of the Organization to ensure that results are achieved as laid out in the Program and Budget, and in line with the Organization's regulatory framework and ethical and integrity standards. Member States define the acceptable level of risk in the WIPO Risk Appetite Statement and the Secretariat's risk management processes are defined in the WIPO Policy on Risk Management. Standard operating procedures are documented in the Risk and Internal Controls Management Manual.





15. Within the ERM framework, WIPO undertakes proactive and continuous Information Security Risk Management through the successful maintenance of the ISO/IEC 27001<sup>3</sup> information security certification covering all of WIPO's Global IP Systems. The certification is verified annually by independent certification bodies. WIPO has also implemented an Information Security Operations Center (ISOC) to provide 24/7 monitoring, detection and response to information security incidents in the WIPO ICT environment, increasing the ability to rapidly detect and contain information security incidents. Information Security Policies and Standards provide the necessary directives for secure management of WIPO's information assets. Staff are also made aware of security threats and acceptable security behaviors through an annual information security awareness and education program.

16. Consistent with the UN Security Management System, WIPO provides continuous professional safety and security risk management services in the implementation of its broad Duty of Care responsibilities to staff and personnel working across all WIPO's operations, including in high-risk environments if operational needs so dictate. The WIPO Security Management System is in place since 2008<sup>4</sup>, and has been developed using as guidance the framework for accountability for the United Nations Security Management System.



17. The WIPO **Organizational Resilience** strategy identifies and focuses priority on the Organization's critical business processes and operations, as identified by the WIPO Risk Management Group (RMG). WIPO has adopted the UN Secretariat's Policy on the Organizational Resilience Management System (ORMS)<sup>5</sup>, which is a common emergency management framework applied across all organizations in the UN system.

### COMPONENT 3 – MONITORING, OVERSIGHT, COMPLAINTS AND RESPONSE MECHANISMS



#### 3. Monitoring, Oversight, Complaints & Response Mechanisms

- i. External Auditor
- ii. Independent Advisory Oversight Committee
- iii. Internal Oversight
- iv. Joint Inspection Unit
- v. Feedback Mechanisms for Member States
- vi. Customer Complaint Resolution Services
- vii. Procurement Disputes
- viii. Informal/Formal Conflict Resolution Mechanisms

18. The third component of the Framework encompasses both the oversight monitoring and well-established complaints and response mechanisms. WIPO continues to improve responsiveness to all its stakeholders, including Member States, users of WIPO's services, and the general public. WIPO's strategies include the establishment of well-trained, dedicated customer service teams that can provide targeted responses to general and specific queries, and extended working hours and language coverage through the use of WIPO external offices.

19. The **External Auditor** provides an opinion on WIPO's financial statements and on compliance with the regulatory framework of the Organization.

20. The **Independent Advisory Oversight Committee (IAOC)** is a subsidiary body of the WIPO General Assembly and of the Program and Budget Committee (PBC). It serves in an independent expert advisory capacity and assists the WIPO General Assembly and the PBC in fulfilling their oversight responsibilities.

<sup>3</sup> The International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)

<sup>4</sup> A/46/11

<sup>5</sup> CEB/2014/HLCM/17

21. The **Internal Oversight Division (IOD)** is the independent internal oversight body, which examines and evaluates, in an independent manner, WIPO's control systems, business systems and processes in order to assess performance, compliance and to identify good practices, with a view to determining the effectiveness of risk management and internal controls in order to provide recommendations for improvement. IOD tracks and reports recommendations made by the External Auditor and IOD, and reports on the implementation of these to Member States. IOD represents the third line of defense of the TLOD model and provides assurance as well as assistance to management in the effective discharge of their responsibilities and the achievement of WIPO's Strategic Goals and Expected Results.



22. The **Joint Inspection Unit (JIU)** is the independent external oversight body of the United Nations (UN) system mandated to conduct system-wide evaluations, inspections and investigations. The implementation of JIU recommendations addressed to legislative bodies is reported by the Secretariat to Member States.

23. **Feedback Mechanisms for Member States** include surveys regarding WIPO Official Meetings, the Program and Budget questionnaire and direct contact with the Secretariat, through, *inter alia*, informal consultations.

24. **Customer Complaint Resolution Services** are provided in the first instance through the customer service center. Dedicated service desks and infolines ensure that complaints are followed up and addressed.

25. **Disputes** arising out of **procurement** activities are settled in accordance with the relevant contractual terms, including WIPO's General Conditions of Contract for the provision of goods and services.

26. For WIPO staff, a number of **Informal and Formal Conflict Resolution Mechanisms** are relevant.



(i) Informal conflict resolution mechanisms include (a) the Office of the Ombudsperson; (b) the Human Resources Management Department (HRMD) or a higher level supervisor; and (c) any other informal mechanism established by the Director General. It is highlighted that in early 2018, the Ombudsperson put in place a network of "Conflict Prevention Relays" whose role is to help guide colleagues who are facing difficult situations at work. WIPO also provides Conflict Management Training for its staff, and has issued the third edition in May 2018 of WIPO's Guide to a Respectful and Harmonious Workplace and also conducts workshops on diversity, inclusion and avoiding unconscious bias. The Staff Council is an additional entity available to staff to represent their interests.

(ii) The Ethics Office (see *Ethical Standards and Integrity*) also provides confidential guidance to staff on issues that may present ethical dilemmas to them.

(iii) The Staff Regulations and Rules (SRR) (see *Control Environment*) set out formal mechanisms for the challenge of administrative decisions. The WIPO Appeal Board is an administrative body with staff participation, established to advise the Director General whenever a staff member, a former staff member or a duly qualified beneficiary to the rights of a deceased staff member, appeals against an administrative decision. After having exhausted all means available to him or her under Regulations 11.4 and 11.5 of the SRR, a staff member has the right to appeal to the Administrative Tribunal of the International Labour Organization ("Tribunal") in accordance with the conditions set forth in the Statute and Rules of that Tribunal.

## COMPONENT 4 – CONTROL ACTIVITIES



### 4. Control Activities

- i. Process Level Controls
- ii. Segregation of Duties
- iii. Anti-fraud Controls
- iv. Compliance Monitoring
- v. Quality Control

27. Control activities are performed at various levels of the Organization and are established to ensure reasonable assurance regarding the reliability of reporting, the effectiveness and efficiency of operations, compliance with applicable policies, regulations and rules, and the safeguarding of resources.

28. **Process Level Controls** are the internal control processes in place to mitigate identified risks for key processes.

29. **Segregation of Duties** is systematically enforced to reduce opportunities for fraudulent, malicious or unintentional erroneous actions. A module of the Enterprise Resource Planning (ERP) system is used to ensure that such roles are defined and assigned in line with delegated authority (*Control Environment*).

30. WIPO's **Anti-Fraud Controls** are in place to deter and detect fraud. A roadmap, which is under implementation, sets out the enhancements to WIPO's anti-fraud framework, to be implemented over three biennia. An anti-fraud policy describes the expectations towards WIPO staff, particularly with regard to reporting fraud. A fraud awareness training program has been created which is intended to sensitize all staff to fraud and train them how to be alert to fraudulent activity. A comprehensive fraud risk assessment is undertaken periodically, to ensure that fraud risks are adequately identified, mitigated and controlled.

31. **Compliance monitoring** is undertaken by the second line of defense, typically taking advantage of the business intelligence system to automate the task. Exceptions are reported as appropriate. Additionally, the Chief Compliance Officer in the Office of the Legal Counsel has the specific responsibility of ensuring that any technical assistance or other project activities carried out by WIPO, within any of the countries under UN sanctions, will not violate any applicable UN sanctions.

32. **Quality Control** activities are undertaken across the Organization in all its activities.

## COMPONENT 5 – INFORMATION AND COMMUNICATION



### 5. Information & Communication

- i. ERP and Business Intelligence
- ii. Information and Data Governance
- iii. Performance & Financial Reporting
- iv. Communication to External Parties
- v. Risk and Internal Control Reporting
- vi. Statement of Internal Control

33. The *Information and Communication* component describes the systems in place to document and report on operational, financial, non-financial, and compliance-related information. The form and timeframe within which such information is provided is critical to ensuring that staff can carry out their responsibilities effectively.

34. A limited **ERP** system was put in place in 2004 covering finance, with procurement added in 2010. This system was then considerably expanded between 2011 and 2018, subsequent to Member State approval, through a portfolio of projects which delivered a comprehensive suite of enterprise solutions including EPM, ERM and an enhanced ERP system that integrates Human Resource Management with Financial Management. **Business**

**Intelligence**, a module of the ERP system, has increasingly provided data to management to enable timely and transparent decision-making.

35. **Information and Data Governance** has undergone significant strengthening to reflect its importance to WIPO. A Master Data Management Policy defines the approach for managing

critical data and provides a single authoritative point of reference that is integrated into the enterprise architecture. An information classification and handling policy, together with detailed guidelines ensures a common understanding of levels of information confidentiality.



36. WIPO publishes the WIPO Performance Report annually, providing **Performance and Financial** information for Member States' information and consideration. The Member State-driven performance dialogue, facilitated by the Secretariat's reports, creates the opportunity to distill lessons from implementation in a given period and to improve the planning and implementation in subsequent periods, thereby fostering a culture of continuous performance improvement and learning. Financial statements are prepared and audited annually, in compliance with the Organization's Financial Regulations and Rules and International Public Sector Accounting Standards (IPSAS). Biennial and annual reports are also published on human resources, as well as the activities of the Ethics Office, the Office of the Ombudsperson, the WIPO Appeal Board and the Joint Advisory Group.

37. **Communication to External Parties** is broad and comprehensive, going well beyond provision of statutory reporting to Member States. WIPO provides extensive information to its Member States, stakeholders, and the users of its services through its internet site as well as through various other channels.



38. **Risk and Internal Control Reports** are available to WIPO's Risk Management Group, Senior Management Team and other staff on an as-needed basis through, *inter alia*, business intelligence reports, which provide up-to-date information to support management decisions.



39. Program Managers sign a Management Representation Letter (MRL) annually to confirm compliance with internal controls within their delegated authority, which informs the signing of the **Statement of Internal Control** by the Director General. This process is supported by evidence based reporting to the key officials signing the MRLs on the Entity and Process Level Controls in place in WIPO.

## COMPONENT 6 – ETHICAL STANDARDS AND INTEGRITY



### 6. Ethical Standards & Integrity

- i. Ethics Office
- ii. WIPO Code of Ethics
- iii. Financial Disclosure and Declaration of Interests
- iv. Protection Against Retaliation
- v. ICSC Standards of Conduct


40. An **Ethics Office** has been in place since 2010, and WIPO has issued policies in respect of the acceptance of gifts and favors. The Chief Ethics Officer fulfills an independent function, and is responsible for standard setting and policy development; outreach and the development and delivery of ethics training; advice to staff; and implementation of policies. WIPO also has put in place a Code of Conduct for Staff Involved in Procurement Actions, a Supplier Code of Conduct, and a Vendor Sanctions policy.

41. The conduct and actions of WIPO staff must always adhere to the highest ethical standards, as set out in the **WIPO Code of Ethics**. Ethics training is provided to all staff.




42. WIPO's Policy on **Financial Disclosure and Declaration of Interests** is aimed at promoting transparency and accountability; enhancing internal and external public trust in the integrity of the Organization; and assisting the Organization to manage the risk of actual and perceived conflicts of interest through disclosure, mitigation and prevention. It requires staff at certain levels and in certain functions to file a financial disclosure and declaration of interest and/or an IPSAS disclosure statement.





43. The Policy to **Protect Against Retaliation** for reporting misconduct and for cooperating with duly authorized audits or investigations constitutes the general framework for the protection of all personnel against retaliation for cooperation in an oversight activity, or who make a report, in good faith, of misconduct that, if established, would be manifestly harmful to the interests, operations or governance of the Organization.



44. The International Civil Service Commission's (**ICSC**) **Standards of Conduct** are applicable to WIPO Staff. They state the expectation of observance of the highest ethical standards of conduct, consistent with the principles of loyalty, integrity, impartiality, discretion, personal accountability and respect for others, and to disclose and manage any actual, apparent or potential conflicts of interest. WIPO has a zero tolerance policy for any form of discrimination or harassment, including gender or sexual harassment, as well as physical or verbal abuse at the workplace or in connection with work.


## COMPONENT 7 – CONTROL ENVIRONMENT




45. The control environment sets the tone of the Organization, influencing the control consciousness of its staff. It is the foundation for all other components of the internal control system, providing discipline and structure.

46. The **Covenant with Member States, Stakeholders and Users of WIPO's Services** represents the most significant element of the Control Environment. The WIPO Convention establishes and defines the Organization's mandate, and, together with the 25 additional WIPO-administered Treaties, forms the legal basis for the services provided in the areas of IP Protection, Global Protection Systems and Classification. Other agreements with international organizations, such as the UN and the World Trade Organization (WTO) provide the basis for WIPO's cooperation with them.

47. **Entity Level Controls** are recorded in an ERM system and describe the measures that are in place to provide assurance of good organizational governance.



48. The **Regulatory Framework** includes the Financial Regulations and Rules (FRR), the Staff Regulations and Rules (SRR) and administrative issuances. The FRR govern the implementation of activities and the financial management of WIPO. The SRR embody the fundamental conditions of service and the basic rights, duties and obligations of staff members. They also encompass the broad principles of human resource management. Administrative issuances serve normative and/or informative purposes, as appropriate. As a general rule, office instructions have a binding character and address a wide range of matters, while information circulars and other administrative issuances in principle inform staff of matters of general interest and provide guidance on established policies and practices. These are documented on the Secretariat's intranet system.



49. WIPO's **Mission** is to lead the development of a balanced and effective international intellectual property (IP) system that enables innovation and creativity for the benefit of all. With the aim of promoting core values and competencies, a comprehensive internal review of WIPO's core values and its competency framework was conducted in 2017. As a result, WIPO's **Core Values** are expressed as "Shaping the Future", "Acting Responsibly", "Delivering Excellence" and "Working as One", and all contribute to fostering a culture of accountability.

50. The Senior Management Team is responsible for assisting the Director General in ensuring that the **Tone at the Top** is a clear message that rigorous internal control is critical to the Organization, any weaknesses in internal controls are appropriately addressed, and that continuous improvement of the system of internal controls is in place.



51. The FRR also provide for delegation of authority that allows the Organization to achieve its Expected Results in an effective and orderly manner. A culture of accountability emanates from the **Responsibility and Delegated Authority** that is also integrated into the Organization's ERP system.

52. The **Organizational Structure** ensures that each staff member is aware that he or she is assigned to a program in line with the program's resource needs and the staff member's experience and competencies. A key requirement for holding staff accountable for their work is the availability of up-to-date job descriptions. WIPO's SRR require that all posts have accurate and up-to-date job descriptions. Recruitment policies and post-employment restrictions are established on the basis of the SRRs and UN system common practice.

53. The following decision paragraph is proposed.

*54. The Program and Budget Committee recommended to the Assemblies of the Member States of WIPO and of the Unions, each as far as it is concerned, to endorse WIPO's Accountability Framework, presented in accordance with the seven components of: (i) Results Based Planning; (ii) Performance and Risk Management; (iii) Monitoring, Oversight, Complaints and Response Mechanisms; (iv) Control Activities; (v) Information and Communication; (vi) Ethical Standards and Integrity; and (vii) Control Environment.*

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