

WIPO Independent Advisory Oversight Committee

**Thirty-Fourth Session
Geneva, August 18 to 22, 2014**

REPORT

adopted by the WIPO Independent Advisory Oversight Committee

INTRODUCTION

1. The 34th session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from August 18 to 22, 2014. Present were Mr. Fernando Nikitin (Chair), Ms. Mary Ncube (Vice Chair), Messrs. Gábor Ámon, Anol Chatterji, Egbert Kaltenbach, Nikolay Lozinskiy and Zhang Guangliang.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

2. The Committee adopted its Agenda which is attached to this report as Annex I. A list of session documents is attached as Annex II.

ITEM 2: MEETING WITH THE EXTERNAL AUDITOR

3. The IAOC met the External Auditor (EA) to discuss the EA's draft report to Member States. The IAOC regrets that the final report was not available at the time of the session.

4. The Committee:

- noted that the EA has expressed an unqualified opinion on the Financial Statements for the year 2013;
- sought clarification on the scope of some of the audit recommendations and suggested categorizing the recommendations in the report by level of priority;
- noted that some issues included in the EA's report indicated diverging views between the EA and Management. It discussed these issues with Management and provided suggestions to resolve them; and,
- reviewed the EA's 2014/15 workplan, which it will review at its next session within the context of a review of the draft 2015 workplan of IAOD in order to ensure coordination and avoid duplication of audit effort.

5. The IAOC received the audited 2013 Financial Statements and noted that there were no changes to the draft version reviewed at its 33rd session.

ITEM 3: PROPOSED REVISIONS TO THE INTERNAL OVERSIGHT CHARTER

6. Prior to the present session, the Committee received a number of suggestions from two Member States with respect to the IAOC's proposed revisions to the Internal Oversight Charter (Program and Budget (PBC) document WO/PBC/22/22). The suggestions aimed at adding to clarity and transparency. The IAOC considered these in detail and provided its feedback in informal discussions with representatives of those Member States.

ITEM 4: INTERNAL OVERSIGHT

IAOD Resources and Staffing

7. The IAOC reviewed the Summary Annual Report of the Director, Internal Audit and Oversight Division (IAOD) (document WO/PBC/22/4). It concurred with the assessment of the Director that, as of today, the overall resource level of IAOD appears adequate to conduct proper internal oversight in WIPO, and took note of the Director's proposal to convert the vacant Senior Investigator position into a Senior Evaluator position, in response to the findings of the external review of the evaluation function and of the Joint Inspection Unit's (JIU) Review of Management and Administration in WIPO.

External Quality Assessments of the Evaluation Function

8. The Committee reviewed a report of an external assessment of the evaluation function. The function was assessed as generally consistent with the norms and standards of the United Nations Evaluation Group (UNEG). The IAOC was pleased to note that IAOD has established action plans to address areas for further improvement, including strengthening the evaluation capacity, and has started to implement them. It will review the status of implementation in future sessions.

Internal Audit

9. Two internal audit reports were reviewed with IAOD on, respectively, events management and on management of staff benefits and entitlements. The latter report raises a number of internal control issues with possible financial implications that the IAOC views as a matter of concern. **The IAOC recommends that WIPO should align its policies and procedures with the practices in place in other organizations of the UN Common System.**

Evaluation

10. Two evaluations reports were reviewed with IAOD on, respectively, support services to the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC), and on knowledge sharing. The findings of the latter report correlate with those of the JIU's Review of Management and Administration in WIPO. The IAOC wishes to highlight the need for a content management system and for a formal knowledge sharing policy.

Investigation

11. The IAOC was briefed on the status of ongoing investigation cases and their outcome, and reviewed a fraud risk assessment report. The IAOC welcomes the fraud risk assessment conducted by IAOD and expects that it will lead WIPO to intensify its efforts to enhance the prevention, deterrence and detection of fraud and corruption.

ITEM 5: FOLLOW-UP ON OVERSIGHT RECOMMENDATIONS

12. The Committee reviewed the status of implementation of IAOD and External Auditor recommendations, as at August 18, 2014. It noted that 195 recommendations were open, 85% of which were less than 18 months old. Two are of very high priority and 121 of high priority.

13. It also reviewed the Secretariat's comments on Joint Inspection Unit's Review of Management and Administration in WIPO (JIU/REP/2014/2). It was pleased to note that

Management had accepted all the recommendations addressed to it, and had already initiated action for their implementation.

14. Pursuant to the General Assembly (GA) decision to entrust to the IAOC the review and oversight of all audit recommendations, including those of the JIU, the IAOC discussed the progress of implementation of open JIU recommendations with the concerned members of Management. The IAOC observed that there was progress in this regard.

ITEM 6: NEW CONSTRUCTION PROJECTS

15. The IAOC discussed with Management the EA's draft report on the "Construction of the New Conference Hall Project (NCHP)". The Committee will study the EA's final report together with the Management responses to the issues raised and recommendations made. Follow-up on the EA's recommendations would also be undertaken in the light of this.

ITEM 7: PBC/22 MATTERS

16. The IAOC reviewed selected documents prepared for the 22nd session of the PBC and made the following observations:

Review of WIPO's Financial Position and its Policies related to Reserves

17. The IAOC noted that the Secretariat would be submitting to the PBC a document "Review of WIPO's Financial Position and its Policies related to Reserves" (WO/PBC/22/28). The Committee welcomed the efforts made by Management to clarify the matter of the reserves. It has already had several discussions with Management on the reserves within the context of financial reporting and it looks forward to continued discussions within the framework of this Review.

Program Performance and Financial Reviews

18. The IAOC noted a significant improvement of the quality of information contained in the Program Performance Report. This was confirmed by the validation report of IAOD. The IAOC also noted that further improvement is needed as a number of WIPO programs are still facing challenges in gathering, analyzing and reporting sufficient, comprehensive and relevant data to enable an assessment of performance.

19. The IAOC noted with concern the number of reports being submitted in this area, their growing volume and the extent of duplicated information. The IAOC therefore welcomes the Secretariat's proposal to reform and enhance program performance and financial reporting (WO/PBC/22/27) as a step to consolidate reporting, avoid redundancies and significantly reduce the volume of the reports.

Progress Report on Projects under the Capital Master Plan

20. At its 32nd session, the IAOC had reviewed the 2014-2019 Capital Master Plan. It had suggested a number of changes to the format of the Plan in order to enhance its information value, making costs estimates more transparent, linking the plan to organizational strategies and aligning the plan's reporting cycle with WIPO's biennial planning and reporting. The Committee was pleased to see that the suggested changes are now reflected in a revised Capital Master Plan format, which the Secretariat shared with the IAOC at its 34th session. Management will use this revised format in its future submissions.

Annual Report on Human Resources

21. The IAOC noted with approval the report presented by the Director of HRMD, particularly with respect to the emphasis on addressing the concern of Member States with respect to equitable geographical representation.

Ethics

22. Given the independence of the ethics function from all other Programs in WIPO, the IAOC suggests that Management consider issuing the Annual Report of the Ethics Office as a stand-alone report for submission to the PBC rather than as an annex of the Report on Human Resources.

23. The Committee also feels that the annual work plan of the Ethics Office could benefit from review and advice by the Committee prior to its finalization.

AGENDA ITEM 8: INFORMATION SESSION FOR MEMBER STATES

24. An Information Session for Member States was held at which the IAOC briefed the representatives of Member States on the present session.

AGENDA ITEM 9: OTHER MATTERS*IAOC Annual Report*

25. In line with its terms of reference, the IAOC issued its Annual Report to the PBC and to the GA (documents WO/PBC/22/2 and WO/GA/46/1 respectively).

Next Session

26. The IAOC's next session will take place from November 13 to 17, 2014.

[Annex I follows]



WO/IAOC/34/1
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AGENDA

adopted by the WIPO Independent Advisory Oversight Committee

1. Adoption of the Agenda
2. Meeting with the External Auditor
3. Proposed Revisions to the Internal Oversight Charter
4. Internal Oversight
5. Follow-up on Oversight Recommendations
6. New Construction Projects
7. PBC/22 Matters
8. Information Session for Member States
9. Other Matters

[Annex II follows]

LIST OF DOCUMENTS

Item 1: Adoption of the Agenda

- Draft Agenda (document WO/IAOC/34/1 Prov.)

Item 2: Meeting with the External Auditor

- Draft Report by the External Auditor
- External Auditor's 2014/15 work plan

Item 3: Proposed Revisions to the Internal Oversight Charter

- Proposed Revisions to the Internal Oversight Charter (document WO/PBC/22/22)]

Item 4: Internal Oversight

- Summary Annual Report by the Director of the Internal Audit and Oversight Division (IAOD) (document WO/PBC/22/4)
- IAOD Quarterly Progress Report
- IAOD Fraud Risk Assessment Report
- External Quality Assessment of WIPO's Evaluation Function (EVAL 2014 03)
- Audit of Staff Benefits and Entitlements (IA 2014 01)
- Audit of Events Management (IA 2014 02)
- Country Portfolio Evaluation. Thailand (EVAL 2013-05) (carried over from IAOC/33)
- Support Services to the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) (EVAL 2013-06) (carried over from IAOC/33)
- Knowledge Sharing in WIPO (EVAL 2014 02)
- Workshop Report on WIPO's Rewards and Recognition Program (EVAL 2014 06)
- Status of investigation caseload

Item 5: Follow-up on Oversight Recommendations

- Status of implementation of IAOC recommendations
- IAOD Biannual report to IAOC on status of implementation of Oversight Recommendations (
- IAOD Annual Report on EA recommendations
- Progress Report on the Implementation of the Joint Inspection Unit's (JIU) Recommendations (document WO/PBC/22/23)
- Joint Inspection Unit Report "Review of Management and Administration in the World Intellectual Property Organization (WIPO)" (JIU/REP/2014/2): Secretariat's Comments (document WO/PBC/22/20)

Item 6: New Construction Projects

- Draft Report by the External Auditor

Item 7: PBC/22 Matters

Program Performance and Financial Reviews:

- Program Performance Report for 2012-2013 (document WO/PBC/22/8)
- Internal Audit and Oversight Division (IAOD) Validation Report on the Program Performance Report for 2012-2013 (document WO/PBC/22/9)
- Annual Financial Report and Financial Statements 2013 (document WO/PBC/22/5)
- Status of the Payment of Contributions as at June 30, 2014 (document WO/PBC/22/7)
- Financial Management Report (FMR) for 2012-2013 (document WO/PBC/22/6)
- Review of WIPO's Financial Situation and its Policies Related to Reserves (document WO/PBC/22/28)
- Annual Report on Human Resources (document WO/PBC/22/11)

Proposals:

- Accountability Framework (document WO/PBC/22/12)
- Risk Appetite Statement (document WO/PBC/22/17)
- Proposal on Changes to Policy on Investments (document WO/PBC/22/19)
- Proposal to Reform and Enhance Program Performance and Financial Reporting (document WO/PBC/22/27)
- Proposed Amendments to the Financial Regulations and Rules (FRR) (document WO/PBC/22/10)

Progress Reports:

- Progress Report on the Implementation of an Enterprise Resource Planning (ERP) System in WIPO (document WO/PBC/22/15)
- Progress Report on the Information and Communication Technology (ICT) Capital Investment Project (document WO/PBC/22/18)
- Progress Report on Projects under the Capital Master Plan (document WO/PBC/22/21)

Other Documents:

Office instruction No. 24/2014 "WIPO Risk Management Policy"

[End of Annex II and of document]