

## **WIPO Independent Advisory Oversight Committee**

**Fifty-Second Session**  
**Geneva, March 19 to 22, 2019**

### **REPORT**

*adopted by the WIPO Independent Advisory Oversight Committee*

## INTRODUCTION

1. The 52<sup>nd</sup> session of the WIPO Independent Advisory Oversight Committee (IAOC) took place from March 19 to 22, 2019. Present were Misses Maria Vicien-Milburn and Tatiana Vasileva, Messrs. Mukesh Arya, Egbert Kaltenbach and Othman Sharif. Messrs. Gabor Amon and Zhang Long sent apologies for their absences.

## AGENDA ITEM 1: ADOPTION OF THE AGENDA

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2. The Committee adopted its Agenda, which is attached to this report as Annex I. A list of session documents is attached as Annex II.
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## AGENDA ITEM 2: CONFLICT OF INTEREST DECLARATION

3. Members present were asked to disclose any actual or potential conflict of interest. No conflict of interest was reported.

## AGENDA ITEM 3: MATTERS ARISING FROM PREVIOUS SESSION

4. The IAOC took stock of the actions carried out following the decisions taken at its 51<sup>st</sup> session.

## AGENDA ITEM 4: MEETING WITH THE DIRECTOR GENERAL

5. The Director General briefed the Committee on developments in the field of Intellectual Property and on ongoing WIPO projects and initiatives.

## AGENDA ITEM 5: INTERNAL OVERSIGHT

6. The Committee discussed with the Director, Internal Oversight Division (IOD), the IOD Activity Report for January and February 2019. The Committee was informed that, at the request of Management, an audit of the Pilot Project for netting of PCT Fees had been added to the plan. As this project aims at improving cash management and reducing foreign exchange risk exposure for PCT fees, the Committee considers this audit as highly relevant and welcomes its inclusion in the plan.

7. With regard to staffing, the Committee was pleased to note that the recruitment of a Senior Internal Auditor will be completed shortly, leaving only one position vacant at the general service level.

8. The Committee met in a private session with the Director, IOD.

### *Audits*

9. The Committee reviewed, together with the Director, IOD and Management, two audit reports: Audit of Enterprise Resource Planning (ERP) Portfolio, issued on December 20, 2018, and Audit of Fund-in-Trust Managed by WIPO, issued on February 11, 2019. Both reports have been published on WIPO's website.

10. With regard to the ERP Portfolio audit, the Committee was pleased to note that the project had been completed within the approved budget, providing WIPO with a fully integrated ERP system. While the audit identified opportunities for further improvements, it did not disclose any issues of concern.

11. With regard to the Funds-in-Trust audit, the Committee noted that Management is aligning the existing support costs to the support cost rate of 13% established in the WIPO Policy on the

Management of Voluntary Contributions. The Committee supports the audit recommendations made which aim at further enhancing the management of Funds-in-Trust.

#### *Evaluations*

12. The Committee took note that an updated version of the Evaluation Manual was issued recently, with the objective of making the Manual more accessible to audiences beyond evaluation experts. The Committee welcomed the revisions made which highlight, *inter alia*, the key success factors for evaluations and elaborate on the use of evaluation results.

13. The Committee reviewed the Terms of Reference of the upcoming External Quality Review of the evaluation function. According to the Internal Oversight Charter, such quality review is due every five years. The Committee suggested to include in the aspects to be examined, the user friendliness of evaluation products.

14. At its next session, the Committee will review the evaluation reports which have been issued.

#### *Investigations*

15. The Committee reviewed the proposed revised Investigation Policy and Investigation Manual. The Committee welcomed the proposed changes. These changes incorporate the amendments to the Staff Regulations and Rules adopted in 2018, as well as previous amendments to the Internal Oversight Charter and implement the recommendations made by the Committee, following its review of targeted timelines in the investigation process. The proposed changes also clarify the rights and obligations of investigation subjects, complainants, and other investigation participants. In this regard, the Committee reiterated its view that the decision to open an investigation or to close a case is taken by the Director, IOD, exercising his functional independence and is therefore not subject to management review.

16. The Committee was briefed on the status of investigation cases. As of March 1, 2019, there were 16 pending investigation cases, of which seven were under preliminary evaluation and five under full investigation. Four cases were on hold, due to unavailability of the staff member to attend an interview or pending action from another entity. Since the last session of the Committee, six cases have been closed, including three cases in which the allegations of misconduct were substantiated.

17. With regard to the categories of misconduct used in IOD's case statistics, the Committee suggested a clearer delineation between serious misconduct and less serious offenses.

18. As required by the Internal Oversight Charter, the Committee provided advice on how to proceed in a number of investigation cases.

19. The Committee is currently working with the Director, IOD, to establish a roster of investigation consultants for cases where a conflict of interest situation prevents IOD from conducting the investigative work. The Committee expects that such a roster will significantly reduce the delays currently faced in handling such cases.

#### **AGENDA ITEM 6: REPORT TO THE PROGRAM AND BUDGET COMMITTEE (PBC) ON "TARGETED TIMELINES FOR THE INVESTIGATION AND RELATED PROCESSES"**

20. After its 51<sup>st</sup> session, the Committee shared with the Secretariat a draft report on the above topic, which contained recommendations addressed to the Director General and to the Director, IOD. During the current session, the Committee finalized the report, taking into account the comments received from the Secretariat. In the Committee's view, no amendments to the Internal Oversight Charter are required. The Committee intends to submit the final report, together with its 2019 Annual Report, to the Program and Budget Committee at its 30<sup>th</sup> session.

## **AGENDA ITEM 7: UPDATE ON FINANCIAL MANAGEMENT: DRAFT FINANCIAL REPORT AND FINANCIAL STATEMENTS 2018**

21. The Controller and the Director, Finance Division, briefed the Committee on the draft Financial Statements for the year ended on December 31, 2018. According to the Statement of Financial Performance, total revenue increased by Swiss francs 21 million, mainly due to further substantial increases in the PCT and Madrid systems fees. Expenses decreased by Swiss francs 19 million, mainly due to the reduction in finance costs. The surplus exceeded Swiss francs 42 million, an increase of almost Swiss francs 24 million over 2017.

22. According to the Statement of Financial Performance, WIPO's net assets as at December 31, 2018 amounted to Swiss francs 261 million, an increase of Swiss francs 59 million over 2017.

### *WIPO Investment Reports*

23. Management submitted to the Committee the Investment Performance Reports and the Investment Monitoring Reports for November and December 2018, and January and February 2019, prepared by the investment advisors and the Custodian, respectively.

24. The Director, Finance Division, briefed the Committee on the Investment Framework and Governance Structure, and provided explanations on the Investment Monitoring Reports and Investment Performance Reports. These explanations will facilitate the Committee's future review of the investment reports.

25. Based on its review, the Committee confirms that the information provided shows that during the period November 2018 to February 2019, all the vehicles in WIPO's investment portfolio delivered the expected results and were managed in accordance with the stated strategy. In addition, the Committee confirms that the Custodian did not report any breaches, active or passive, nor justified exceptions.

26. The Committee met in a private session with the Controller.

## **AGENDA ITEM 8: EVALUATION OF IAOC CANDIDATES**

27. The IAOC met with the Secretary of the Selection Panel for the appointment of two new IAOC members, who will replace the outgoing members from the Group of Central European and Baltic States (CEBS) and Group B ("priority groups"), respectively. The Committee was informed that the vacancy announcement generated a total number of 157 applications, 78 of which were deemed eligible, meeting the essential requirements. The Committee spent a considerable amount of time reviewing and rating these 78 applications, based on an evaluation matrix previously agreed on with the Selection Panel. The applications submitted for the Committee's assessment contained candidates from regional groups already represented on the Committee.

28. In the Committee's view, focusing on applications from the priority groups could improve the efficiency of the process. The Committee is aware that any procedural changes would require a revision of the process of selection and rotation of the IAOC members as contained in document WO/GA/39/13. It therefore wishes to signal this issue at an early stage for consideration by Member States prior to the next selection process.

## **AGENDA ITEM 9: ETHICS**

29. The Committee reviewed and took note of the approved Ethics Office workplan 2019. The workplan contains the various activities planned under the areas of responsibility assigned to the Ethics Office and indicates, *inter alia*, priority levels, expected results and applicable target dates, as had been suggested by the Committee. The Committee suggested to further improve the

format of future workplans, for instance, by including expected caseload data. The Committee expects the Chief Ethics Officer to submit in future the proposed annual workplan prior to its finalization for the Committee's review and advice.

30. The Committee was informed that the revised Office Instruction on the WIPO Ethics Office ("Ethics Office Terms of Reference") was nearing completion, and offered to review and provide comments on the revised draft at its next session.

#### **AGENDA ITEM 10: INFORMATION MEETING WITH MEMBER STATES' REPRESENTATIVES**

31. As provided in its Terms of Reference, an information meeting was held with Member States. The Committee briefed representatives of Member States on deliberations during the present session and responded to questions posed by the attending delegates.

#### **AGENDA ITEM 11: OTHER MATTERS**

##### *Next Session*

32. In order to allow the Committee to review, as mandated, the Report of the External Auditor for the financial period ending December 31, 2018, the IAOC's next session has been rescheduled and will tentatively take place from Tuesday, June 11 to Friday, June 14, 2019. The draft Agenda for that session is as follows:

- (1) Adoption of the Agenda
- (2) Conflict of Interest Declaration
- (3) Matters arising from previous Session
- (4) Meeting with the Director General
- (5) Internal Oversight
- (6) Final Financial Statements 2018
- (7) External Audit: Report of the External Auditor
- (8) WIPO Accountability Framework
- (9) Update on HR Management
- (10) Ethics: Revised Office Instruction on the WIPO Ethics Office
- (11) IAOC Annual Report 2019
- (12) Information Meeting with Member States' Representatives
- (13) Other Matters

[Annexes follow]



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**WO/IAOC/52/1**  
**ORIGINAL: ENGLISH**  
**DATE: APRIL 12, 2019**

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### **AGENDA**

*adopted by the WIPO Independent Advisory Oversight Committee*

1. Adoption of the Agenda
2. Conflict of Interest Declaration
3. Matters arising from previous sessions
4. Meeting with the Director General
5. Internal Oversight
6. Report to the Program and Budget Committee (PBC) on “Targeted Timelines for the Investigation and Related Processes”
7. Update on Financial Management: Draft Financial Report and Financial Statements 2018
8. Evaluation of IAOC Candidates
9. Ethics
10. Information Meeting with Member States’ Representatives
11. Other Matters

[Annex II follows]



**WO/IAOC/52/INF/1**  
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### **LIST OF DOCUMENTS**

**ITEM 1: ADOPTION OF THE AGENDA**

- [01] Agenda
- [02] Timetable
- [03] List of Documents
- [04] IAOC Rolling Agenda, 52<sup>nd</sup> to 55<sup>th</sup> Sessions

**ITEM 2: CONFLICT OF INTEREST DECLARATION**

No document

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

- [05] IAOC Action List

**ITEM 4: MEETING WITH THE DIRECTOR GENERAL**

No document: Oral account

**ITEM 5: INTERNAL OVERSIGHT**

*Internal Oversight Division:*

- [06] IOD Activity Report – March 8, 2019 (Reference: IOD-IAOC-2019/01)
- [07] Open Oversight Recommendations – February 26, 2019 (March 8, 2019)
- [08] Proposed Revision of the Investigation Policy and Investigation Manual, 2019 Edition – January 11, 2019 (References: IOD/IP/2019/1 and IOD/IM/2019/1)
- [09] Management Implication Report on *ex officio* corrections to the Madrid Registry, February 12, 2019 (Case IOD-INV-018-15)

*Audit:*

- [10] Audit Report: Audit of Enterprise Resource Planning (ERP) Portfolio, December 20, 2018 (Reference: IA 2018-03)
- [11] Audit Report: Audit of Fund-in-Trust Managed by WIPO, February 11, 2019 (Reference: IA 2018-05)

*Evaluation:*

- [12] Evaluation Manual Review, Edition 2018 – December 13, 2018 (Reference: IOD-EM-2018)

*Investigation:*

**ITEM 6: REPORT TO THE PROGRAM AND BUDGET COMMITTEE (PBC) ON “TARGETED TIMELINES FOR THE INVESTIGATION AND RELATED PROCESSES”**

- [13] “Targeted Timelines in the Investigation and Related Processes” (draft document WO/PBC/29/X)
- [14] Secretariat’s Comments (February 21, 2019)

**ITEM 7: UPDATE ON FINANCIAL MANAGEMENT: DRAFT FINANCIAL REPORT AND FINANCIAL STATEMENTS 2018**

- [15] Power point presentation “Draft Financial Results and Review of Investments Policy”, March 2019

**Investment Reports:**

- [16] Credit Suisse – Investment Monitoring Reports, for November *and* December 2018, *and* January *and* February 2019
- [17] MBS Capital Advice – Investment Performance Reports for November *and* December 2018, *and* January *and* February 2019

**ITEM 8: EVALUATION OF IAOC CANDIDATES**

- [18] Evaluation Matrix – IAOC Assessment

**ITEM 9: ETHICS**

- [19] Ethics Office Workplan 2019, February 19, 2019
- [20] Annex to Workplan 2019: Planned Implementation Schedule, February 20, 2019
- [21] UNOPS 2018 Disclosure Consent Form (WIPO)
- [22] Protection against Retaliation Case Form, December 2018

**ITEM 10: ITEM 10: INFORMATION MEETING WITH MEMBER STATES’ REPRESENTATIVES**

No document: Oral account

**ITEM 11: OTHER MATTERS**

- [23] Report – Fifty-first Session (WO/IAOC/51/2)
- [24] Office Instruction No. 7/2019 – *Internal Organization of WIPO: WIPO Algeria Office*
- [25] Office Instruction No. 10/2019 – *WIPO Policy on Preventing and Detecting Fraud and Other Prohibited Acts*