



Internal Oversight Division

Reference: IA 2017-02

Audit Report

Management of Third Party Events Organized/Hosted by WIPO

September 29, 2017

Note: Parts of the original report have been withheld due to security, sensitivity and the confidential nature of certain issues that are raised.

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LIST OF ACRONYMS

AB	Arpad Bogsch
CGSD	Conference and General Services Division
CS	Conference Section
DPPF	Department of Program Planning and Finance
EPM	Enterprise Performance Management
IIA	Institute of Internal Auditors
IOD	Internal Oversight Division
ITTD	Information Technology Technical Division
OI	Office Instruction
PEMS	Protocol and Events Management Section
PID	Premises Infrastructure Division
SSCS	Safety and Security Coordination Service
UN	United Nations
WCH	WIPO Conference Hall
WIPO	World Intellectual Property Organization

EXECUTIVE SUMMARY

1. The World Intellectual Property Organization (WIPO) has yet to establish a strategy and comprehensive policy for organizing and hosting events for Third Parties at WIPO that outline goals and objectives, and means to achieve them, as well as setting roles, and related responsibilities and accountability.
2. Guidelines established in 2012 for managing events for external users are no longer up-to-date. Likewise, the policy that outlines modalities for renting WIPO rooms by Third Parties, finalized in December 2014, also needs to be revised and aligned with current processes and practices. Furthermore, roles and responsibilities on certain aspects of organizing/hosting events for Third Parties need to be further clarified and aligned with the Director General's request for a single point of reference in the management of events at WIPO, including Third Parties events.
3. An overarching policy on organizing/hosting for Third Parties at WIPO, built on existing policies, instructions, and internal memoranda, and supported by procedures and updated guidelines, would help remediate the above conditions.
4. Aligning human resource needs with, roles and responsibilities, increased demand from Third Parties, and resource gaps identified by units involved in organizing and hosting events for Third Parties, would further support effective delivery and maintain WIPO's reputation.
5. Possible integration in the PeopleSoft™ workflow, of various manual processes such as billing would enhance efficiency through automation, and help capture and report on relevant cost information; thereby enhancing the overall effective and efficient organization/hosting of Third Parties events at WIPO.
6. There is currently no effective mechanism to compile data for reporting on personnel and non-personnel costs of organizing/hosting events for Third Parties that would help assess sustainability and impact on WIPO resources. In an effort to determine the cost of, and setting fees for organizing/hosting events for Third Parties at WIPO, an exercise conducted in end 2014, estimated daily cost figures and subsequent fees charged for WIPO conference and meeting rooms. However, these figures would need to be reviewed and updated, taking into consideration the evolution of this activity, and related processes and practices.
7. Furthermore, these fees which were set in order to implement some form of cost recovery mechanism need to be consistently and regularly applied. For instance, rental fees have been charged in only three instances, out of ten rental events in 2016; thus generating additional costs from subsidizing events for Third Parties. Further, non-rental events for Third Parties, which represent 85 per cent of all third party events at WIPO, are free-of-charge.
8. WIPO would also benefit from assessing costs and setting fees for Third Parties events held in certain open spaces which are most often used to organize/host events for Third Parties. This would help further enhance visibility on costs incurred and provide more complete and relevant information for assessing sustainability of this activity.
9. Finally, the result of the survey carried out as part of this audit supports some of the above comments (i.e. tracking and reporting on costs incurred in organizing/hosting events for Third Parties), and further provide the opportunity for WIPO to adopt certain good practices such as, systematically establishing contracts/agreement or letter of exchange with Third Parties (including non-rentals) in order to better clarify expectations, roles and responsibilities, as well as protect the Organizations' assets and reputation.

1. BACKGROUND

10. The Campus of WIPO offers a number of spaces and rooms, including a large Conference Hall, for meetings and events. The WIPO Conference Hall¹ (WCH) was the last major construction in the WIPO Campus project; completed in September 2014, it is spread over 5,900 m² with seating maximum capacity of 900 seats. In addition, other improvements were made to surrounding areas, including the Lobby of the AB Building, and the Mezzanine of the AB Building.

Definition of Terms Used

11. **External Entities or Third Parties can be:** Member States, Non-Governmental Organizations, Inter-Governmental Organizations, International Organizations, Institutions, Public Entities, and Private Sector.

12. **Third Party events can be defined as:** Non WIPO events, or events that are not part of WIPO regular Program Activities and are organized/hosted for Third Parties. These events include conferences, receptions, exhibitions, meetings, national days, and concerts among others.

13. **Organizing events for Third Parties include:** Coordinating and delivering events for Third Parties within WIPO premises².

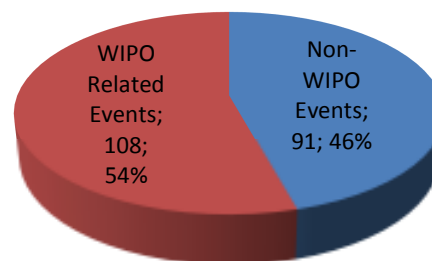
14. **Hosting events for Third Parties include:** Providing WIPO facilities free-of-charge or through rentals to Third Parties who wish to hold their events at WIPO.

15. Priority on the use of WIPO's facilities is given to WIPO's conference activities, and any surplus meeting room capacity is made available to external entities such as: Member States, UN System Organizations, Inter-Governmental Organizations, Non-Governmental Organizations, Government Offices of the Host Country, other International Organizations, and other Entities (subject to approval).

16. Between January 2016 and end of April 2017, WIPO organized and/or hosted 199 events, of which 91 (46 per cent) were held by Third Parties³.

17. An Office Instruction (OI) issued in June 2015, designates the Protocol and Events Management Section (PEMS) of the Office of the Director General, as the unit responsible for coordinating the planning, management and delivery of events at WIPO⁴, including events held on WIPO premises in Geneva at the request of External Entities.

**WIPO versus Non-WIPO Events (199)
(January 2016 - April 2017)**



1. Source: Protocol and Events Management

18. An internal "Policy for the Use of WIPO Conference Facilities by External Users" issued in January 2015, and which outlines the modalities for rental of WIPO facilities by Third Parties, designates the Conference Section (CS) of the Conference and General Services

¹ The Assemblies of Member States of WIPO in its 47th series of meeting held from September 22, 2009 to October 1, 2009 approved the construction of the WCH.

² Office Instruction 22/2015 – Protocol and Events Management Section

³ Source: Protocol and Events Management Section.

⁴ The Protocol and Events Management Section is not responsible for organizing World IP day, visits to WIPO Headquarters, and Seminars and Training programs.

Division (CGSD) as the unit responsible for managing rentals of WIPO facilities by Third Parties. Finally, the Organization also issued "Guidelines Concerning the Organization and Planning of Events Requested by External Entities of WIPO" in July 2012.

19. Other units that support both WIPO and Third Party events include: the Safety and Security Coordination Service (SSCS), the Premises Infrastructure Division (PID), the Information Technology Technical Division (ITTD), and other relevant units of the Administration and Management Sector. If and when required, there is additional support from external suppliers for security, catering, technical services and equipment, and cleaning services among others.

A. OBJECTIVES

20. The objectives of this audit were to:

- (a) Review WIPO's policies and procedures for hosting/organizing Third Party events in WIPO premises and assess clarity of roles and responsibilities and design effectiveness of key controls in managing these events;
- (b) Assess the sustainability of WIPO's current cost management practices in organizing/hosting events for Third Parties in terms of effectiveness and efficiency; and
- (c) Benchmark WIPO's current Third Party events management practices with the United Nations (UN) and other International Organizations, and identify any good practices that may be adopted by WIPO.

B. SCOPE AND METHODOLOGY

21. The audit scope covered organization and hosting of Third Party events at WIPO Headquarters between January 2016 and April 2017. The scope excludes the following events:

- (a) WIPO Committee meetings and related side events;
- (b) WIPO [or joint WIPO/Third Party] events/meetings;
- (c) WIPO [or joint WIPO/Third Party] receptions; and
- (d) WIPO Assemblies and side events.

22. The audit methodology included:

- (a) Reviewing policies, procedures and guidelines for organizing/hosting events for Third Parties in order to assess adequacy and completeness;
- (b) Assessing the existence and effectiveness of risk management, including security and legal liabilities, surrounding organizing/hosting events for Third Parties;
- (c) Verifying effectiveness and efficiency of events management practices, including coordination and cooperation among WIPO Units involved in organizing/hosting events for Third Parties;
- (d) Assessing the business rational of the costing and pricing policy including the basis for developing preferential tariffs for different categories of Third Parties;

- (e) Assessing the sustainability of the current cost management practices with regards to organizing and hosting events for Third Parties, and its impact on human resources, operational and maintenance costs; and
- (f) Benchmarking WIPO's current practices in managing events for Third Parties against UN and other International Organizations.

23. The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

2. AUDIT RESULTS

24. The audit results address components that support the activity of organizing and hosting events for Third Parties at WIPO, namely governance, resources, processes, and systems; ensuing observations and recommendations are summarized as follows:

A. GOVERNANCE

(i) Strategy for Organizing/Hosting Events for Third Parties

25. Following the inauguration of the WCH, WIPO proposed in the Program and Budget for 2014/15, to make the WCH and other relevant spaces in the WIPO Campus available for organizing and hosting events for external parties. However, the Organization has yet to establish a formal strategy for this activity.

26. Developing a clear and concise strategy with well-defined goals and objectives, as well as means to achieve them in the medium to long term, would provide a road map for effective management of this activity.

27. This would also help support the development of an effective framework that aligns policies, procedures and guidelines with key goals and objectives.

(ii) Policy on Organizing/Hosting of Events for Third Parties

28. No comprehensive policy currently exists for organizing/hosting events for Third Parties at WIPO. The Organization issued "Guidelines Concerning the Organization and Planning of Events Requested by External Entities of WIPO" in 2012, that have yet to be updated to reflect the evolution of events management at WIPO.

29. Likewise, the "Policy for the Use of WIPO Conferences Facilities by External Users", which covers rental events, was developed at the end of 2014, based on WIPO's limited experience in hosting/organizing rental events for Third Parties at that time. Finally, OI No. 22/2015 describes the area of responsibilities of PEMS but does not fully clarify accountability for managing rental events held in WIPO, where other units also provide support.

30. The above documentations taken together make up the framework for organizing/hosting events for Third Parties in WIPO's premises. Going forward and developing an integrated comprehensive policy aligned with the current structure and practices would provide a consistent and efficient framework for organizing/hosting events for Third Parties at WIPO.

(iii) Roles, Responsibilities and Accountability

31. To help rationalize roles, responsibilities and accountability, and upon request from the Director General to identify one focal point for events management at WIPO, PID and PEMS established an outline of roles and responsibilities for various aspects of events management at Headquarters.

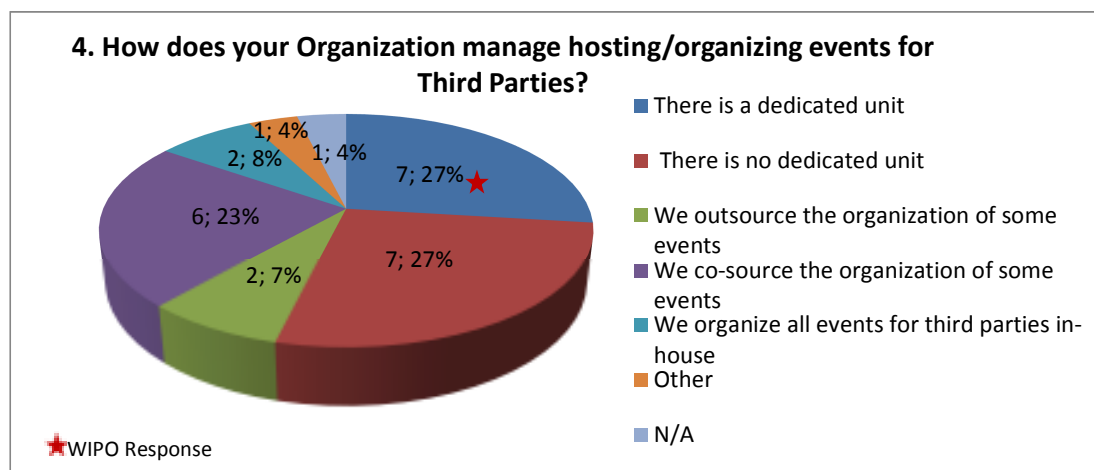
32. The Internal Oversight Division's (IOD) review of the proposed outline of roles and responsibilities highlights the following:

- (a) The table of roles and responsibilities includes instances where opinions differ on who is responsible for certain aspects of managing events for Third Parties, with no final resolution;
- (b) The table includes pending remarks which require agreement from both units;
- (c) Certain responsibilities are not consistent with the Terms of Reference of the units involved; for instance, the logistical "*Etat des Lieux*" at the start and end of each event is assigned to PEMS while WIPO facilities are under the responsibility of PID. Hence, PID cannot be held accountable for utilization of premises if such utilization is "managed" by PEMS; and
- (d) The table includes transfer of assets exclusive to hosting events to PEMS; however, a formal inventory and transfer of these items is yet to be performed.

33. The above conditions could result in ambiguity, and inefficiencies in organizing/hosting events for Third Parties at WIPO.

34. Likewise, the "Policy for the Use of WIPO Conferences Facilities by External Users" issued in January 2015 designates the CS as the responsible unit for managing rental events. However, OI No. 22/2015 that describes the area of responsibilities of the PEMS indicates that PEMS is responsible for "events held on WIPO's premises in Geneva at the request of external entities"; consequently, the roles and responsibilities for Third Parties' rental events would need to be further clarified.

35. Indicatively, IOD survey⁵ to UN and other International Organizations, for which 22 Organizations participated, shows that 27 per cent of respondents (including WIPO) have dedicated units for organizing and hosting events for Third Parties. It should be noted however, that PEMS (and other concerned units) deal not only with Third Party events, but also with WIPO and joint events.



⁵ Full survey result under Annex II

36. Finalizing the working document on roles and responsibilities, and clarifying ownership for organizing/hosting rental events would contribute towards enhancing accountability, rationalizing tasks, and support effective and efficient service delivery.

Recommendation

1. The Protocol and Events Management Section, in collaboration with relevant units of the Administration and Management Sector should develop a strategy and comprehensive policy for organizing/hosting events for Third Parties at WIPO that outlines the business objectives, set roles, responsibilities and accountability, while considering existing Office Instructions. (Priority: High)

B. OPERATIONAL MANAGEMENT

37. *One observation made in this part of the report has been withheld, and another redacted due to security considerations.*

(i) Procedures and Guidelines

38. Although WIPO has established a policy on rentals of the Organization's facilities, it has yet to develop procedures to support the effective implementation of the policy. Conversely, WIPO issued guidelines concerning the organization and planning of events requested by external entities in 2012, which has not been updated since, to reflect current practices.

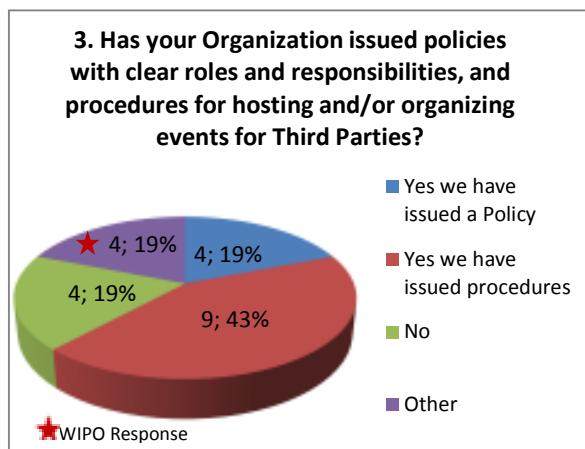
39. IOD's survey to UN and other International Organizations shows that 43 per cent of respondents have established procedures.

40. As a result, the organization/hosting of events for Third Parties at WIPO is to some extent managed in an unstructured manner, with varying practices among units involved, fragmented information and dispersed resources used to support this activity. This impacts effective planning, coordination and communication, as well as other operational management practices as outlined below.

(ii) Planning

41. Given that 46 per cent of events that took place between January 2016 and April 2017 are organized/hosted for Third Parties, WIPO would benefit from better integrating this growing activity into the Organization's Enterprise Performance Management (EPM) tool, in order to support effective planning and implementation.

42. Furthermore, assessing WIPO's capacity in organizing/hosting events based on historical data would help determine a reasonable number of events to organize/host for Third Parties during the year, without impacting related units' ability to achieve their regular work-plan activities and expected results.



43. For instance, forward planning the number of events to be organized for Third Parties, would allow units to better align resources, manage staff availability and control costs. Proactively managing demand for Third Party events would help better plan and allocate resources, hence improve the quality of services delivered.

44. Currently, units have raised concerns about the negative impact of unplanned and successive Third Party events on staff members' ability to achieve normal work-plan objectives. WIPO should consider accepting Third Party events only further to a proper assessment, with all units involved.

(iii) Coordination and Communication

45. Interviews with various units suggest that communication and coordination among units involved in organizing events for Third Parties is not sufficiently formalized, which could lead to misunderstanding and errors that could impact the quality of service delivery.

46. These units currently communicate through meetings, telephone, and exchange of emails, with no standard operating procedures that would enhance normalization and retention of key documents relating to organizing events for Third Parties. As a result, information is spread across different units with no single point of reference. Also, meetings on events for Third Parties suffer from lack of documentation such as minutes which can usefully recap relevant information and decisions and provide institutional memory.

47. Furthermore, units raised the need to improve timeliness and quality of events related information shared. One of the key challenges faced in various instances include decisions and changes made at short notice, and incomplete, fragmented information received, which is not sufficient to plan effectively. For instance:

(a) PID needs to obtain plans, together with relevant technical and logistical information for standard events five working days before the event, and two weeks for more complex events. In practice this is not always the case, and could impact workload, organizational core activities, and normal daily operations.

(b) Likewise, in order to comply with host country regulations, SSCS should provide security plans to the security service provider 45 days in advance of deployment and any changes be made no later than 15 days before implementation.

48. Also, coordination and upfront information to Third Parties concerned could be further improved, to mitigate conditions that could otherwise impact the Organization. For example, there have been instances where the maximum capacities of WIPO rooms have been exceeded. This increases risks on, participants' safety, and non-compliance with host country regulations.

49. While acknowledging that the above conditions are not always within WIPO's control, opportunities exist to: (i) further enhance timeliness and quality of information received from Third Parties; and (ii) develop a mechanism to estimate capacity overflow to ensure compliance with host country regulations.

(iv) Risk Management

50. Effective risk management is a key enabler for successful and efficient organization and hosting of events for Third Parties at WIPO. IOD identified the following conditions and practices that need to be addressed in order to mitigate associated operational, financial and reputational risks.

51. **Event Insurance** - While Third Parties renting WIPO facilities are required to obtain (or possess) relevant coverage with a Swiss-law insurance company, there is no such

requirement from those Third Parties using WIPO's premises free of charge (in cases where no contract has been drawn up). A review of 14 rentals between January 2016 and April 2017, revealed that copies of insurance certificates are not systematically requested prior to signing rental contracts with Third Parties, but rather, the option was exercised, of stipulating in the rental contract that satisfactory evidence of the insurance required in the General Terms and Conditions might be requested.

52. Not issuing a contract in cases of free-of-charge use, and/or not systematically requiring that a copy of relevant insurance for all rental contracts be presented in advance may increase WIPO's liability risk in case of an incident.

53. Although the Organization has a comprehensive insurance which includes liability for any accidents linked to defective or deficient property and equipment, WIPO's responsibility is imprecise in the event of a personal accident within WIPO's facilities, when hosting free of charge events for Third Parties, that are open to the public (visitors not invited by WIPO).

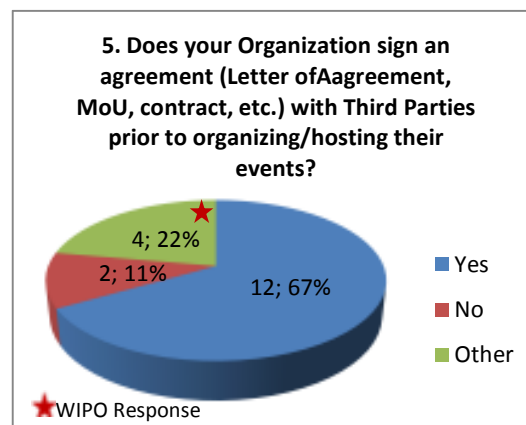
54. While acknowledging that various insurances are at play during an event for a Third Party (i.e. WIPO insurance, outsourced equipment supplier's insurance, caterer insurance, and external entity's insurance), taking appropriate measures to assess the extent of coverage from the different insurances, would further clarify WIPO's exposure and the responsibilities of each party involved.

55. Going forward, WIPO would benefit from assessing the current insurance contract to ensure that its scope is appropriate and aligned with increased Third Parties events and their related risks.

56. **Contract Management** – The Conference Section, responsible for Third Parties' rental events, has established rental request forms, and contract template with terms and conditions. However, this only applies to rental and paid services, and does not apply to external entities using WIPO premises free-of-charge. These external users represent 85 per cent of Third Parties events organized/hosted at WIPO in 2016.

57. Indicatively, IOD's survey shows that unlike WIPO, 67 per cent of respondents sign an agreement when organizing events for Third Parties.

58. Although no commercial dealings between WIPO and external entities occur when facilities are made available free-of-charge, it should not prevent WIPO from formally entering into an agreement with these entities in order to ensure clear understanding of roles and responsibilities with regards to risks related to: damage, safety and security, liabilities, and insurance.



59. For instance, interview with SSCS highlighted the fact that security screening is not always well received by persons attending events organized/hosted for Third Parties. This is because either the need for screening persons entering WIPO premises is not well communicated to the Third Party during the planning stage of events for Third Parties, or the Third Party has not communicated effectively to event participants. Taking measures to include screening as a mandatory procedure for entering WIPO premises in contracts/agreements signed with Third Parties would help cover WIPO's responsibility in that regard.

60. According to the host country regulations, Member States holding an event must communicate this information to the Swiss Mission, who will in turn inform the Diplomatic Police. In practice however, this is not always the case and there is no formal process to inquire whether this has been done⁶. Including a provision in the contract/agreement on mandatory sharing of information with the Swiss Mission, as a condition for the use of WIPO facilities where applicable, would help address consistency.

61. Finally, any agreement/contract should also consider and clarify responsibilities in instances where WIPO contractors' services are used and billed directly to the Third Party.

(v) Systems and Tools

62. Various units have individually developed tools to support organizing/hosting events for Third Parties as follows:

(a) **PEMS** - has established an events spreadsheet planner and event plans; and a spreadsheet to capture costs incurred through PEMS' budget, per category of events;

(b) **PID** - has established an internal register to plan and monitor technical and logistics support days per event which includes all WIPO meetings, cultural events, national days, and rentals; a spreadsheet to capture their external suppliers costs related to events; and a spreadsheet to capture their staff hours spent on supporting events;

(c) **CS** - is responsible for booking rooms in the Conference Room Booking tool on WIPO Intranet; currently establishes Third Party billing information through a spreadsheet; and has developed contract templates and rental request forms, and an events planner for rental events.

(d) **ITTD** - has established a spreadsheet to capture their staff hours spent in supporting events including events for Third Parties; and an internal events monthly planner to monitor their events related workload; and

(e) **SSCS** - captures attendance, overtime and the cost of additional guard services through spreadsheets.

63. The above manual practices highlight a lack of harmonization, standardization and consistency in practices, which impacts the efficiency in organizing/hosting events for Third Parties, increasing the risk of duplicate efforts, errors, and other inefficiencies.

64. Going forward, identifying opportunities to harmonize these tools and practices, and integrate into the PeopleSoft™ workflow where applicable, would enhance efficiency and effectiveness of operational management of events for Third Parties.

65. For information, a memo on rental contracts and reservation requests forms for external use of WIPO conference facilities approved by the Director General in July 2015, highlights the intent to develop an electronic version of rental request forms to be integrated into the PeopleSoft™ workflow stream.

⁶ To partly remediate, SSCS shares information on events with the Diplomatic Police informally and formally, depending on the event.

Recommendation

2. The Protocol and Events Management Section, in collaboration with the relevant units of the Administration and Management Sector should develop procedures and update existing guidelines for supporting organizing/hosting events for Third Parties, including addressing among others: (i) forward planning of Third Party events in EPM; (ii) establishing, regular meetings, formal agreements, and insurance verifications; and (iii) harmonizing and integrating into the PeopleSoft™ workflow, Third Party events management tools and practices, where applicable. (Priority: High)

C. RESOURCE MANAGEMENT

66. *One observation made in this part of the report has been withheld due to security considerations.*

(i) Centralized Budget

67. Following discussions held between PID and PEMS to clarify lines of responsibilities regarding events for Third Parties, and to simplify management of resources for organizing and hosting these types of events, PEMS proposed to centralize human and financial resources under its purview. This proposal, approved by the Director General, recommends a non-personnel budget of around 850,000 Swiss francs, of which around 600,000 Swiss francs will be dedicated to organizing/ hosting events for Third Parties.

68. However, IOD notes that the analysis of the proposed budget is not based on the actual cost incurred by PID or other units in supporting organization/hosting of events for Third Parties. PID's 2016 total budgeted cost for providing logistical support and special equipment for all WIPO official meetings, sides events, and Third Party events amounted to 390,000 Swiss francs against actual costs of around 472,000 Swiss francs.

69. Consequently, the proposed centralized budget does not consider actual costs incurred in 2016, and does not factor out budget allocated for non-Third Party events. Furthermore, for the budget to be truly centralized, it should also consider contributions from other units involved, such as SSCS, Conference Section, and ICTD among others.

70. Going forward, monitoring costs incurred in 2017, including related non-personnel costs borne by other units involved in events for Third Parties, would provide a more relevant budget figure.

(ii) Centralized Human Resources

71. In a move to rationalize human resources, and streamline accountability, PEMS has sought and obtained the Director General's approval to increase events management human resources by five, in order to constitute a core team for managing events at WIPO, including organizing/hosting events for Third Parties.

72. While acknowledging the need to support this activity with the right level of human resources, IOD further notes that the type of staffing that make up the core team of PEMS, should be relevant and aligned with key roles and tasks required to effectively organize events, including events for Third Parties; and efforts should be made to avoid overlaps, duplications and/or gaps in roles and responsibilities of staff in other support units of the Administrative and Management Sector.

73. Finally, the right balance of fixed term staff and contractors should be reached in order to maintain cost efficiency while providing effective services.

(iii) Outsourcing and Overtime

74. More emphasis has been placed on outsourcing services in order to among others, reduce the workload on internal staff which is expected to reduce presently high overtime costs resulting from organizing/hosting events for Third Parties.

75. While acknowledging that this practice could positively contribute to reduce costs incurred in organizing/hosting events for Third Parties, there is currently no analysis available with relevant data to confirm or contradict the assumption. Also, security related functions and activities cannot be outsourced, as it is critical that WIPO retains control over security these activities.

76. Furthermore, outsourcing to external suppliers poses certain challenges such as:

(a) The use of external suppliers increases the risk on the quality of the work/service;

(b) Technical responsibility and liability of external suppliers, in the event of a technical problem or incident, and its potential impact on WIPO premises; in many cases where external personnel is used and trained, the turnover in service suppliers means these trained personnel leave the company and WIPO has to train new personnel; and

(c) Personnel from external service providers still need to be supervised/assisted by WIPO staff, which would again generate some overtime.

77. Assessing the benefits gained in outsourcing certain services to suppliers in terms of cost and quality, would help confirm both efficiency gains and cost savings, while maintaining quality.

78. Evaluating within the context of the ongoing organizational time management initiative, the cost benefit of introducing more flexible working arrangements for internal staff that are fully dedicated to supporting events at WIPO may help further reduce overtime costs.

Recommendation

3. The Protocol and Events Management Section and relevant units of the Administration and Management Sector, should: (i) update the assessment of financial resources needs for Third Party events; (ii) establish relevant core resources within each unit involved in Third Party events; and (iii) identify workable solutions to address current high overtime costs and strain on key staff. (Priority: Medium)

D. COST MANAGEMENT AND REPORTING

79. *One observation made in this part of the report has been redacted due to security considerations.*

(i) Cost of Conference and Meeting Rooms

80. Units involved in hosting/organizing events for Third Parties, with the support of the Department of Program Planning and Finance (DPPF), conducted an exercise at the end of 2014, to determine costs incurred in organizing an event in WIPO's WCH. IOD makes the following observations:

- (a) Roles and responsibilities, and certain elements of costing (such as security screening for example) have since evolved and may need to be updated;
- (b) The shift from internal resource to outsourcing for certain aspects of event organizing could also impact initial estimates; hence the need to reassess and reconfirm initial assumptions used in 2014;
- (c) Acknowledging the effort put in determining costs, it however does not reflect the total cost as it does not fully capture all cost elements of WIPO staff efforts. This is because WIPO's current financial tool does not include features that would help efficiently identify, allocate and report on staff effort; and
- (d) Fees for other rooms available in the WIPO campus have been determined based on both market prices and prices applied by UN and other International Organization for rooms of the same capacity and feature; hence not based on costs.

81. Reassessing and revising these cost estimates would provide up-to-date figures to help assess the global cost of organizing and hosting events for Third Parties at WIPO.

82. For information, the memorandum approved by the Director General on the establishment of the Policy for the Use of WIPO Conference Facilities by External Users, issued in January 2015, also proposed that the amounts determined at the end of 2014 be reviewed in the following biennium, based on the evolution of WIPO's experience in organizing and hosting these events.

(ii) Fees and Costs for Open Spaces

83. Although WIPO established the daily fees to be charged for using the WCH, based on estimated costs for organizing/hosting in the WCH, it has yet to estimate the flat fee to be charged, according to the policy on rentals, for using areas with the highest frequency of usage. IOD classified events exclusively relating to Third Parties (excluding WIPO and WIPO co-hosted events, WIPO Committee events, WIPO Assemblies and side events) by location in order to provide an overview of the areas mostly used for hosting events for Third Parties in 2016. This classification revealed that cost estimates and subsequent fees have not been set for spaces most used to host events for Third Parties in 2016.

84. Estimating the costs of, and setting the specific corresponding fees for, utilizing these areas would further enhance visibility on costs incurred in organizing/hosting events for Third Parties, support effective cost recovery, and provide more complete and relevant information for assessing sustainability of this activity.

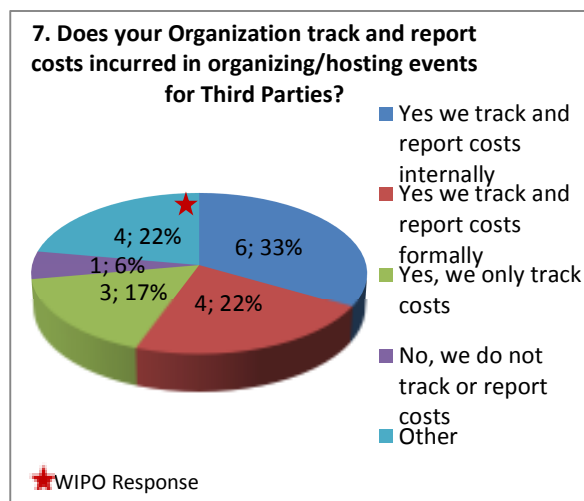
(iii) Total Cost of Organizing/Hosting Events for Third Parties

85. Interviews with units involved in organizing and hosting events for Third Parties highlighted the need to develop a process to efficiently compile data for assessing personnel and non-personnel costs incurred in organizing/hosting events for Third Parties at WIPO.

86. IOD observed that various units have established different tools to capture staff efforts. For instance: PID has established a time sheet that captures the number of man days per event; and statistics for overtime associated with supporting events. Likewise, the ITTD has established a timesheet to capture core and overtime hours spent in supporting events.

87. Indicatively, IOD's survey shows that WIPO is neither part of the 33 per cent of respondents who track and report costs internally, nor the 22 per cent who track and report formally (i.e. through financial statements of program and budget).

88. Going forward, developing a uniform and simplified methodology for capturing costs by category of Third Party events from existing systems and tools, would provide a more complete and transparent view on costs that WIPO incurs, in order to help gauge resource impact and sustainability of this activity. Likewise, assessing the cost of diverting resources away from approved work plan activities in support of Third Party events may also contribute toward assessing sustainability and help inform the revision of policy in terms of cost recovery.



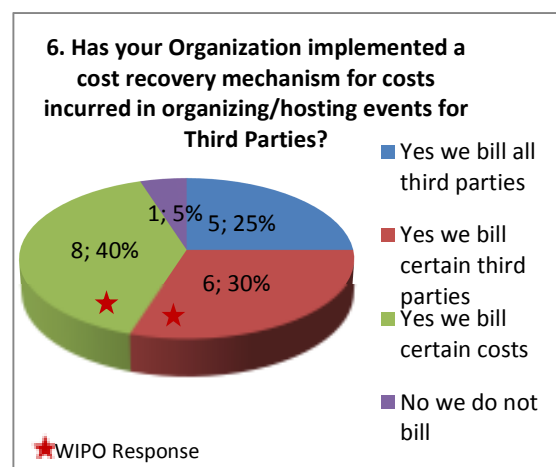
(iv) Cost Recovery Mechanism

89. The Policy for the Use of WIPO Conferences Facilities by External Users, issued in January 2015 sets fees and identifies categories of users and conditions under which rental and service fees are applied in order to recover costs.

90. In practice however, only three out of ten rental events that took place in 2016, were charged rental fees. This is because exemptions have been sought and obtained, with some Third Party exempted from paying some or all rental fees for their events.

91. This is also the case with additional service fees identified in the Policy, which were charged only in four cases in 2016. The current process suffers from lack of consistency which would in time impact transparency and relevance of the related policy.

92. IOD's survey shows that WIPO is part of both the 30 per cent of respondents who charge rental fees to certain Third Parties and the 40 per cent who charge certain costs to Third Parties (such as additional equipment and services).



93. While acknowledging that certain factors are taken into consideration when determining fees to be levied, however, rental fees are already subsidized since they do not include full costs of staff effort. This results in further exemptions, increasing the subsidy borne by WIPO.

94. IOD's estimation of the amount subsidized (i.e. the amount that should have been charged) compared to the actual rental fee charged by WIPO on rental events between January 2016 to end April 2017 (total of 14 events) is summarized below:

Table 1: Estimated cost of subsidizing rental events (January 2016 to April 2017)

Location	Total Invoiced (CHF)	Total Subsidy (CHF)	Expected Invoice (CHF)
Room A	20,141	9,000	29,141
Room B		3,500	3,500
AB13.1	2,461		2,461
NB0.107		3,400	3,400
Uchtenhagen		800	800
WCH	18,507	27,000	45,507
Grand Total	41,109	43,700	84,809

Source: Rental fees list, Conference Section's Event Planner for Rental Events

95. Total invoiced was derived from invoices sent to Third Party. Total subsidy represents days that were not charged to Third Party according to rental contracts (for instance, in cases where a Third Party is only charged two days rental for a three day event, hence one day rental is free-of-charge). Expected invoice is the sum of total invoiced and total subsidy. The above table shows that WIPO subsidizes slightly over 50 per cent of the total cost of rental events. Note that this estimation does not include service costs⁷ that should have been charged, which would further increase the subsidized totals in the eight instances where additional services were not charged.

96. Regularly subsidizing rental events would affect the efficacy of the cost recovery mechanism as outlined in the related policy, efficiency in the use of organizational resources, as well as transparency and consistency in billing practices. This could impact sustainability of this activity, and may adversely affect the reputation of the Organization.

97. Going forward, it would be useful for WIPO to clearly determine whether the current cost recovery methodology is effective and relevant. Currently, cost recovery can be seen as an exception as opposed to being normally and systematically applied.

Survey Comment:

"Having a clear policy in particular as regards billing would make our work easier. We indeed have to bill Third Parties today, given the high number of requests and the time taken to help organize the event and coordinate the internal resources. Given its budgetary constraints, our Organization can no longer afford to support Third Parties free-of-charge."

Recommendation

- The Protocol and Events Management Section in collaboration with relevant units of the Administration and Management Sector should: (i) review and update the method for determining the cost of organizing/hosting events for Third Parties; (ii) review the cost recovery mechanism; and (iii) develop a method to compile and report internally on staff and non-staff costs incurred in organizing and hosting events for Third Parties at WIPO. (Priority: Medium)

⁷ Additional service costs can include logistics and technical coordination, special cleaning, interpretation, special equipment, additional technicians, audio-visual services, and web services.

E. BENCHMARKING WITH UN AND OTHER INTERNATIONAL ORGANIZATIONS

(i) Summary of Survey Result

98. IOD surveyed UN and other International Organizations, to obtain relevant benchmarking information on practices and challenges faced by these entities when organizing and hosting events for Third Parties within their premises. A total of 22 Organizations including WIPO participated in the survey.

99. In comparison to other entities, WIPO is part of the 59 per cent of respondents that both organize/host events for Third Parties within their premises, and hold more than 20 events for Third Parties per calendar year within their premises.

100. However, unlike 67 per cent of respondents who sign agreements with Third Parties, and 55 per cent who track and report (internally or externally) costs incurred in organizing and hosting events for Third Parties, WIPO signs agreements/contracts in rental events only, and does not currently report costs incurred in organizing and hosting events for Third Parties.

101. WIPO could benefit from adopting the above good practices that would support risk management by outlining responsibilities of both parties prior to an event, and help monitor sustainability through regular reporting on costs.

102. The detail result of the survey is found in Annex II of this report.

ACKNOWLEDGMENT

IOD wishes to thank all relevant members of staff for their assistance, cooperation and interest during this assignment.

Prepared by: Alain Garba, Senior Audit Officer, IOD

Reviewed and Approved by: Rajesh Singh, Director, IOD

TABLE OF RECOMMENDATIONS

No	Recommendations	Priority	Person(s) Responsible	Other Stakeholders	Management Comments and Action Plan	Deadline
1.	<p>The Protocol and Events Management Section (PEMS), in collaboration with relevant units of the Administration and Management Sector should develop a strategy and comprehensive policy for organizing/hosting events for third parties at WIPO that outlines the business objectives, set roles, responsibilities and accountability, while considering existing Office Instructions.</p> <p><i>Related risks: Operational, Governance</i></p>	High	PEMS: O. Katbi	<p>Relevant Units of the A&M Sector:</p> <p>PID: S. Gacic</p> <p>CGSD: E. March, J. Driscoll Donayre</p> <p>ICTD: A. Makadi</p> <p>SIAD: D. Murathaty</p> <p>PPBD: M. Bachner</p>	<p>The relevant Units of the A&M Sector will support PEMS in the drafting and review of an events management strategy and policy.</p> <p>Closure event- Publication of an OI on Events Management Policy.</p>	January 2018

No	Recommendations	Priority	Person(s) Responsible	Other Stakeholders	Management Comments and Action Plan	Deadline
2.	<p>The Protocol and Events Management Section, in collaboration with the relevant units of the Administration and Management Sector should develop procedures and update existing guidelines for supporting organizing/hosting events for third parties, including addressing among others: (i) forward planning of third party events in EPM; (ii) establishing, regular meetings, formal agreements, and insurance verifications; and (iii) harmonizing and integrating into the PeopleSoft™ workflow, third party events management tools and practices, where applicable.</p> <p><i>Related risks: Operational, Compliance, Reputation</i></p>	High	PEMS: O. Katbi	<p>Relevant Units of the A&M Sector:</p> <p>PID: S. Gacic</p> <p>CGSD: E. March, J. Driscoll Donayre</p> <p>ICTD: A. Makadi</p> <p>SIAD: D. Murathaty</p> <p>PPBD: M. Bachner</p>	<p>The relevant Units of the A&M Sector to review, jointly with PEMS, any existing Standard Operating Procedures (SOPs) and guidelines.</p> <p>Closure event: Signoff of SOPs and guidelines for supporting organizing/hosting events for third parties with PEMS.</p>	January 2018

No	Recommendations	Priority	Person(s) Responsible	Other Stakeholders	Management Comments and Action Plan	Deadline
3.	<p>The Protocol and Events Management Section and relevant units of the Administration and Management Sector, should: (i) update the assessment of financial resources needs for Third Party events; (ii) establish relevant core resources within each unit involved in third party events; and (iii) identify workable solutions to address current high overtime costs and strain on key staff.</p> <p><i>Related risks: Operational, Human Capital, Financial</i></p>	Medium	PEMS: O. Katbi	<p>Relevant Units of the A&M Sector:</p> <p>PID: S. Gacic</p> <p>CGSD: E. March, J. Driscoll Donayre</p> <p>ICTD: A. Makadi</p> <p>SIAD: D. Murathaty</p> <p>PPBD: M. Bachner</p>	<p>Relevant Units of A&M will support PEMS in the assessment of financial resources for third party events, and the establishment of core, relevant focal points and resources, and clear roles and responsibilities for managing third party events. Relevant A&M units will also work with PEMS to determine sustainable options for reducing overtime costs and the strain on key staff.</p> <p>Closure event- To be determined by PEMS.</p>	January 2018

No	Recommendations	Priority	Person(s) Responsible	Other Stakeholders	Management Comments and Action Plan	Deadline
4.	<p>The Protocol and Events Management Section in collaboration with relevant units of the Administration and Management Sector should: (i) review and update the method for determining the cost of organizing/ hosting events for third parties (including internal costs); (ii) review the cost recovery mechanism; and (iii) develop a method to compile and report internally on staff and non-staff costs incurred in organizing and hosting events for third parties at WIPO.</p> <p><i>Related risks: Operational, Financial</i></p>	Medium	PEMS: O. Katbi	<p>Relevant Units of the A&M Sector:</p> <p>PID: S. Gacic</p> <p>CGSD: E. March, J. Driscoll, Donayre</p> <p>ICTD: A. Makadi</p> <p>SIAD: D. Murathaty</p> <p>PPBD: M. Bachner</p>	<p>Relevant Units of the A&M Sector will support PEMS by providing input into the method for determining related costs (including hidden costs, personnel and non-personnel costs) of organizing/hosting events for third parties (including internal costs). Relevant A&M units will also provide input into possible cost recovery options for personnel and non-personnel costs of organizing/hosting third party events.</p> <p>Closure event- To be determined by PEMS</p>	January 2018

[Annexes follow]

ANNEX I: RISK RATING AND PRIORITY OF AUDIT RECOMMENDATIONS

103. The risk ratings in the tables below are driven by the combination of likelihood of occurrence of events and the financial impact or harm to the Organization's reputation, which may result if the risks materialize. The ratings for audit recommendations are based on the control environment assessed during the audit.

104.

105. Table 1.1: Effectiveness of Risks/ Controls and Residual Risk Rating

		Compound Risk Rating (Likelihood x Impact)			
		Low	Medium	High	Very High
Control Effectiveness	Low	Low	Medium	High	Very High
	Medium	Low	Medium	High	High
	High	Low	Low	Medium	Medium

Table 1.2: Priority of Audit Recommendations

Priority of Audit Recommendations	Residual Risk Rating
Requires Immediate Management Attention	Very High
Requires Urgent Management Attention	High
Requires Management Attention	Medium
Routine in Nature	Low

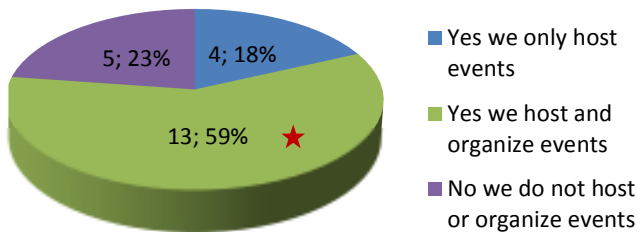
[Annex II follows]

ANNEX II: SUMMARY OF IOD SURVEY ON THE MANAGEMENT OF THIRD PARTY EVENTS

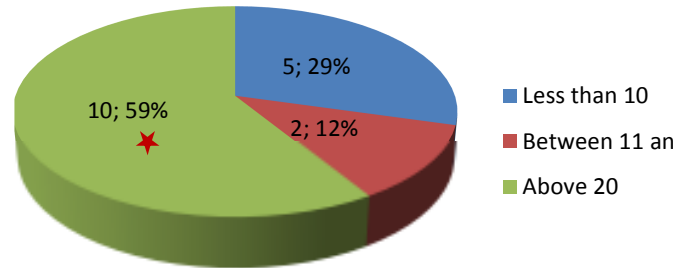
(Participating Organizations: 22)

★ WIPO Response

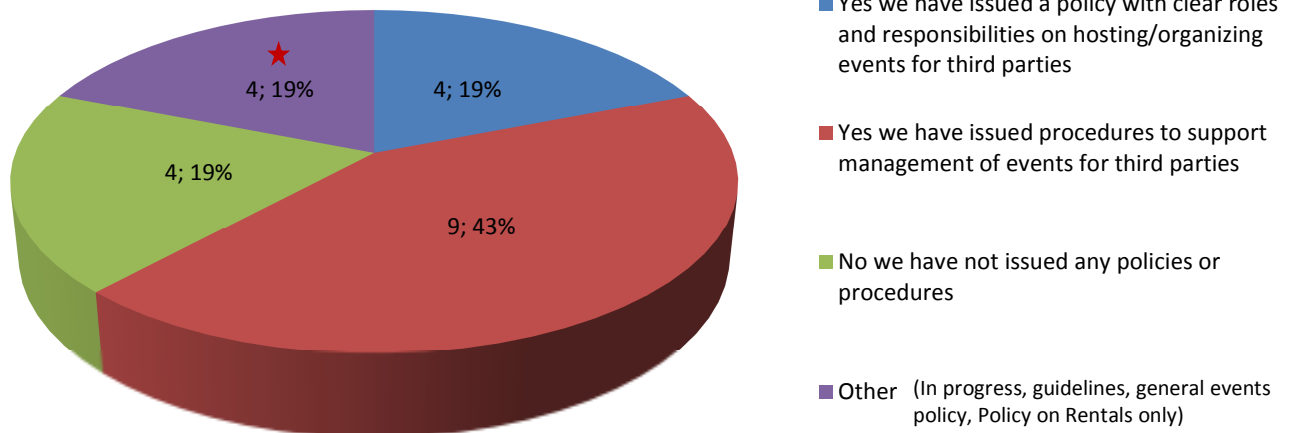
1. Does your Organization host/organize events for Third Parties?



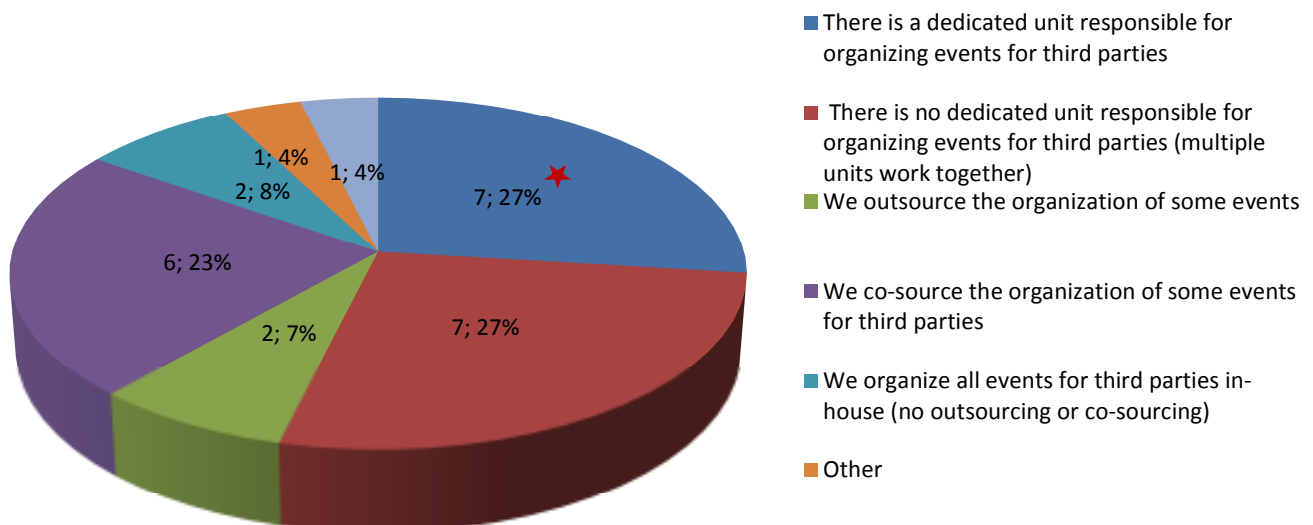
2. If yes, approximately how many events for Third Parties do you organize/host in a calendar year?



3. Has your Organization issued policies with clear roles and responsibilities, and procedures for hosting and/or organizing events for Third Parties?



4. How does your Organization manage hosting/organizing events for Third Parties?



<p>5. Does your Organization sign an agreement (Letter of Agreement, MoU, contract, etc.) with Third Parties prior to organizing/hosting their events?</p> <p>■ Yes ■ No ■ Other</p> <p>(Depends on size and type of events, signed quotation, Rentals)</p>	<p>6. Has your Organization implemented a cost recovery mechanism for costs incurred in organizing/hosting events for Third Parties?</p> <p>■ Yes we bill all third parties for organizing/hosting their events ■ Yes we bill certain third parties for organizing/hosting their events ■ Yes we bill certain costs of organizing/hosting events to third parties ■ No we do not bill any third parties any costs incurred in organizing/hosting their events</p>		
<p>7. Does your Organization track and report costs incurred in organizing/hosting events for Third Parties?</p> <p>■ Yes we track and report costs internally ■ Yes we track and report costs in the Program & Budget and/or Financial Statements ■ Yes, we only track costs (no reporting) ■ No, we do not track or report costs ■ Other</p> <p>(Only costs charged to clients are tracked, Third Party events cost not specifically tracked)</p>	<p>8. Have your staffs been trained in managing/organizing events for Third Parties?</p> <p>■ Yes - Staffs have been trained ■ No - Staffs have not been trained ■ Other ■ N/A (Learn on the job, training provided where relevant)</p>		
<p>9. Other comments, challenges or best practices observed in organizing/hosting events for Third Parties</p>			
<p>109. We have a dedicated building for hosting events for Third Parties, in connection with our Organization and mission. To this end, we have setup a distinct structure that manages the hosting of Third Parties events without our Organization being directly involved.</p>	<p>110. Dealing with small expenses for which a cost recovery is more expensive than the costs to be recovered (e.g. providing coffee or drinks etc., charging individual seminar attendees).</p>	<p>We have established a formal procedure for accepting hosting events organized by Third Parties. The objective of the events and the nature of the Third Party must be compatible with our profile and mission. Commercial events are for instance excluded.</p>	<p>We have specific procedures for hosting external events. External entities are requested before the event to deposit, under our Financial Regulation, a sum sufficient to cover all costs connected with equipment, personnel and other services.</p>