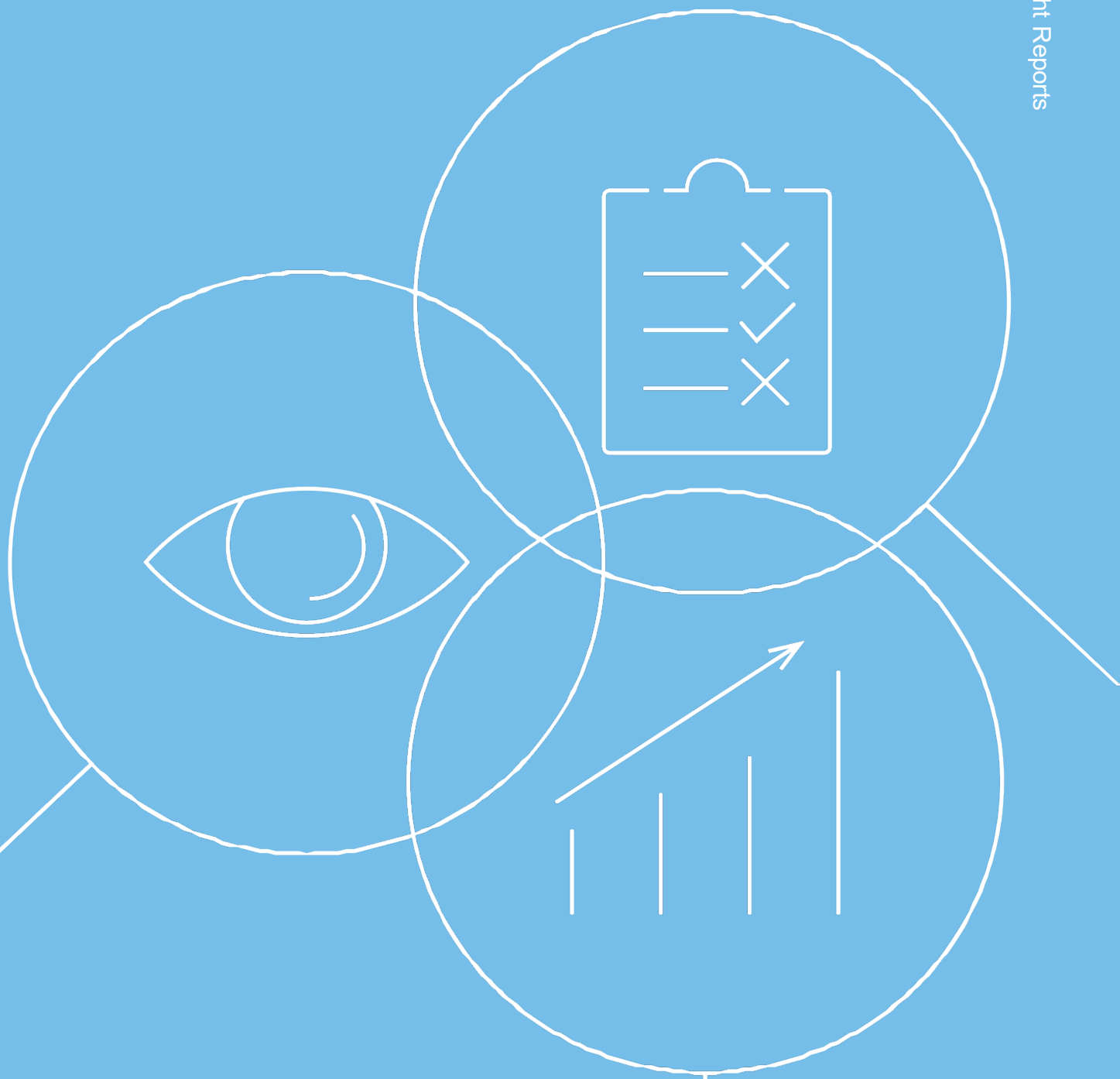


# Audit of Enterprise Risk Management

Internal Oversight Reports



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IOD Audit Engagement



Note: Parts of the original report were withheld or redacted on grounds of information security.

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## LIST OF ACRONYMS

<b>AFMS</b>	Administration, Finance and Management Sector
<b>AIMS</b>	Administrative Integrated Management System
<b>BI</b>	Business Intelligence
<b>CMT</b>	Crisis Management Team
<b>COSO</b>	Committee of Sponsoring Organizations
<b>ELC</b>	Entity Level Controls
<b>ELM</b>	Enterprise Learning Management
<b>EPM</b>	Enterprise Performance Management
<b>ERM</b>	Enterprise Risk Management
<b>ESD</b>	Enterprise Solutions Division
<b>HLCM</b>	High Level Committee on Management
<b>HRMD</b>	Human Resources Management Department
<b>IAOC</b>	Independent Advisory Oversight Committee
<b>IIA</b>	Institute of Internal Auditors
<b>IOD</b>	Internal Oversight Division
<b>ISO</b>	International Organization for Standardization
<b>IS</b>	Information Security
<b>IT</b>	Information Technology
<b>JIU</b>	Joint Inspection Unit
<b>MRL</b>	Management Representation Letter
<b>MTSP</b>	Mid-Term Strategic Plan
<b>PMSDS</b>	Performance Management and Staff Development System
<b>PPBD</b>	Program Performance and Budget Division
<b>RAS</b>	Risk Appetite Statement
<b>RBM</b>	Results Based Management
<b>RMG</b>	Risk Management Group
<b>RMM</b>	Reference Maturity Model
<b>SIC</b>	Statement of Internal Control
<b>SRC</b>	Sector Risk Coordinator
<b>UN</b>	United Nations
<b>UNRIAS</b>	United Nations Representatives of Internal Audit Services
<b>WIPO</b>	World Intellectual Property Organization

## EXECUTIVE SUMMARY

1. The implementation of efficient and effective risk management benefits organizations by helping them achieve operational and strategic objectives, and increase value and sustainability. The Internal Oversight Division (IOD) conducted an audit of Enterprise Risk Management (ERM) at the World Intellectual Property Organization (WIPO) to among others assess governance and design efficiency and operational effectiveness of risk management controls and practices, and the level of risk maturity of the Organization.
2. As part of the audit procedures, IOD administered an internal survey to selected staff members including, Sector Leads and their Alternates, Directors, Heads and other relevant staff members. IOD also conducted an external benchmarking exercise with the United Nations (UN) System and other International Organizations that make up the United Nations Representatives of Internal Audit Services (UNRIAS) group, to assess the evolution of risk management and capture insights and best practices that can further enhance the WIPO Risk Management framework and practices.
3. The audit including the survey results found that WIPO ERM framework conforms to best practices, and the governance setup generally operates effectively and efficiently. Further, WIPO ERM framework and practices ranked high when benchmarked with other Organizations.
4. The WIPO ERM processes are well established and positively evolving. The Central Risk Team within the Office of the Controller, while limited in resources, has implemented measures and taken consistent actions to support the continued integration of risk management at WIPO. The update of WIPO Risk Management and Internal Controls Manual may help further operationalize current risk management processes. Further, WIPO needs to raise staff awareness about its Risk Appetite Statement to increase integration and understanding of the Organization's risk strategy.
5. IOD recognizes the advanced state of WIPO concerning the implementation of tools to support risk management. However, feedback received from some stakeholders highlights issues on user-friendliness of the system. Considering user feedback in developing enhancements for the tool, supported by a fit-for-purpose training program would benefit the Organization's risk management. IOD also welcomes the initiative of the Office of the Controller to implement a system of self-assessment of its risk management maturity level. The result of the latest self-assessment are coherent with the observations and conclusions made in this audit.
6. The Risk Culture, while being intangible, is a key foundational element of risk management. Similar to the Office of the Controller, IOD highlights the need to further enhance the risk culture of WIPO. For instance, IOD draws attention to untapped opportunities that the Organization could benefit from, by expanding and enhancing the mandate and use of Sector Risk Coordinators (SRCs) as key enablers for enhancing the risk culture and raising risk awareness across the Organization. One such opportunity is the establishment of a community of practice by introducing rotation for the role of SRC, and increased interactions with other focal points such as Financial Closure and Results Based Management (RBM).
7. Further, IOD found that although the Terms of Reference advise that the SRC role be included in the Performance Management and Staff Development System (PMSDS) of designated staff members, this was not always the case, and Sector Leads need to take corrective measures in that regard. In addition, participants to the internal survey highlighted the need to enhance culture and move away from the perception of risk management as a bureaucratic burden by increased regular interactions and conversations on risk.
8. Finally, broadening the focus of Risk Management Group (RMG), including discussions on identifying opportunities and not only risks, and enhancing Sector Leads' knowledge of the

discussions of the RMG, would strongly contribute towards both setting the tone on risk management at the top, and enhancing the risk conversation across the Organization.

9. IOD makes four recommendations and nine points for consideration, covering areas such as, visibility of accountability and risk management frameworks; application of the risk appetite at operational levels; continued integration of risk management; visibility of key project risks; and timeliness of risk information updates. The recommendations and points for consideration made in this report will collectively contribute towards enhancing the operationalization of risk management, and the maturity of the risk culture in WIPO.