

Consultative Committee**CC/94/16****Ninety-Fourth Session
Geneva, October 25, 2017****Original:** English
Date: September 9, 2017**INTERNAL AUDIT AND REPORTS OF THE WIPO INDEPENDENT ADVISORY OVERSIGHT COMMITTEE**

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1. The purpose of this document is to report on matters concerning internal oversight and the WIPO Independent Advisory Oversight Committee (IAOC) and to consider the inclusion of this standard item in the agendas of the October/November sessions of the Consultative Committee.

BACKGROUND

2. At its seventy-ninth session, held in Geneva on March 26, 2010, the Consultative Committee recommended to the Council, at its forty-fourth ordinary session, held in Geneva on October 21, 2010, to request the WIPO Internal Audit and Oversight Division (now WIPO Internal Oversight Division - IOD) to conduct independent internal audit, inspections and investigations of UPOV in accordance with the provisions, applied *mutatis mutandis*, of the WIPO Internal Audit Charter (now WIPO Internal Oversight Charter). The Consultative Committee recommended to the Council not to establish an audit committee for the time being and requested the Secretary-General to transmit the WIPO Audit Committee's report on IAOD to the Consultative Committee (see document C/44/13 "Audit Committee", paragraph 5).

3. On the above basis, at its forty-fourth ordinary session, the Council:

(a) adopted document UPOV/INF/10/1 "Internal Audit" (see document C/44/17 "Report", paragraph 26) (see http://www.upov.int/edocs/infdocs/en/upov_inf_10_1.pdf); and

(b) decided not to establish an audit committee for the time being and to request the Secretary-General to transmit the WIPO Audit Committee's report on the WIPO Internal Audit and Oversight Division to the Consultative Committee (see document C/44/17 "Report", paragraph 14).

INTERNAL OVERSIGHT

4. Document UPOV/INF/10/1 "Internal Audit" provides as follows: "The Council, at its forty-fourth ordinary session, held in Geneva, on October 21, 2010, requested the Internal Audit and Oversight Division (IAOD) of the World Intellectual Property Organization (WIPO) to conduct independent internal audit, inspections and investigations of UPOV in accordance with the provisions, applied *mutatis mutandis*, of the WIPO Internal Oversight Charter."

5. The "WIPO Internal Oversight Charter" and the policies and procedures governing internal audit and investigation activities are available at <http://www.wipo.int/about-wipo/en/oversight/iaod/index.html>.

6. The "WIPO Internal Oversight Charter" states that the annual work plan shall be based, where relevant, on a risk assessment to be carried out at least annually, on which basis work would be prioritized." The risk model developed by IOD is available at http://www.wipo.int/export/sites/www/about-wipo/en/oversight/iaod/pdf/risk_assessment_methodology.pdf and it takes into account the following criteria:

- Materiality – High monetary value and/or volume of transactions;
- Past audit coverage;
- Past Audit results;
- Degree of Organizational and Management Change;
- Function criticality (core/non-core);
- Financial exposure of the area being audited;
- Inherent risk of the area being audited;
- Management/ WIPO Independent Advisory Oversight Committee (IAOC) concerns; and
- Historical data on fraud/wrongdoings.

7. A significant factor in the risk assessment of UPOV is that services rendered by WIPO to UPOV under the “Agreement between the World Intellectual Property Organization and the International Union for the Protection of New Varieties of Plants (WIPO/UPOV Agreement)” (see document UPOV/INF/8 at http://www.upov.int/information_documents/en/) are covered by internal audit at WIPO. On the basis of the risk assessment of UPOV, there was no internal audit of UPOV in 2016. The Secretary-General has not been made aware of the need for any investigations in UPOV in 2016.

8. At its ninetieth session held in Geneva, on October 28 and 29, 2015, the Consultative Committee considered document CC/90/4 “Presentation by the WIPO Internal Oversight Division” and received a presentation by Mr. Tuncay Efendioglu, Acting Director, WIPO Internal Oversight Division (IOD). The Consultative Committee agreed to request IOD to conduct an evaluation in 2016-2017 of the program of activities of UPOV (see document CC/90/19 “Report on the Conclusions”, paragraphs 40 and 41).

9. The IOD evaluation, which was conducted between January and June 2016, was based on a review of the activities in the 2014-2015 biennium. The Consultative Committee, at its ninety-second session, held in Geneva on October 27, 2016, considered the IOD Evaluation Report (see document CC/92/4 “Evaluation Report of by WIPO Internal Oversight Division (IOD)” and document CC/92/21 “Report”, paragraph 33). In response to the recommendation presented in the Evaluation Report, the Consultative Committee, at its ninety-second session, approved the proposal of the Office of the Union to prepare a draft Strategic Business Plan to be presented to the Consultative Committee in October/November 2017 (see document CC/92/21 “Report”, paragraph 38). The Consultative Committee will consider this matter under the agenda item “Draft Strategic Business Plan (document CC/94/3)”.

10. The Council, at its fiftieth ordinary session, held in Geneva on October 28, 2016, received a presentation on the “Evaluation of the International Union for the Protection of New Varieties of Plants (UPOV)” (Evaluation Report), conducted by the IOD in 2016. The Evaluation Report has been published on the UPOV website (see document C/50/20 “Report”, paragraph 11).

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11. The Consultative Committee, at its eighty-third session, held in Geneva on March 30, 2012, “decided to include a standard item in the agendas of the March/April sessions of the Consultative Committee entitled ‘Reports of the WIPO Independent Advisory Oversight Committee’. The Consultative Committee agreed that, if a Consultative Committee session was not held in March/April, the item would be included in the relevant session of the Consultative Committee in October” (see document CC/83/8 “Report”, paragraph 15).

12. The quarterly reports for 2016 of the IAOC (formerly WIPO Audit Committee) (documents WO/IAOC/40/2, WO/IAOC/41/2, WO/IAOC/42/2 and WO/IAOC/43/2) are available at <http://www.wipo.int/about-wipo/en/oversight/iaoc/>. There is no reference to UPOV in the IAOC quarterly reports for 2016.

13. The terms of reference of the IAOC, paragraph 19, provide as follows: “Based on its review of the Internal and External Audit functions of WIPO and its interactions with the Secretariat, the Independent Advisory Oversight Committee will submit an annual report to the Program and Budget Committee and to the WIPO General Assembly.” The Annual Report of the IAOC, covering the period September 1, 2015, to June 30, 2016 (document WO/PBC/25/2), is available at: http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=342237

14. The Council, at its thirty-fourth extraordinary session, held in Geneva on April 6, 2017, decided to organize only one annual session of the Council, Consultative Committee, Administrative and Legal Committee (CAJ) and Technical Committee (TC) from 2018, with the sessions being held during one week at the end of October / beginning of November (see document C(Extr.)/34/6 "Report on the Decisions", paragraph 13). On the above basis, it is proposed to include the standard item "Internal oversight and the WIPO Independent Advisory Oversight Committee (IAOC)" in the agenda of the October/November sessions of the Consultative Committee.

15. *The Consultative Committee is invited to:*

(a) *note that, on the basis of the risk assessment of UPOV, there was no internal audit of UPOV in 2016;*

(b) *note that the Secretary-General has not been made aware of the need for any investigations in UPOV in 2016;*

(c) *note that, in response to the recommendation presented in the Evaluation Report by IOD, the Consultative Committee, at its ninety-second session, approved the proposal of the Office of the Union to prepare a draft Strategic Business Plan which will be considered by the Consultative Committee under agenda item "Draft Strategic Business Plan (document CC/94/3)", as set out in paragraph 9, above;*

(d) *note the information contained in the IAOC quarterly reports for 2016 documents WO/IAOC/40/2, WO/IAOC/41/2, WO/IAOC/42/2 and WO/IAOC/43/2, and in the IAOC Annual Report 2015-2016 (document WO/PBC/25/2); and*

(e) *consider the inclusion of the standard item "Internal oversight and the WIPO Independent Advisory Oversight Committee (IAOC)" in the agenda of the October/November sessions of the Consultative Committee, as set out in paragraph 14, above.*

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