



Internal Oversight Division

Internal Audit Strategy 2018-2020

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LIST OF ACRONYMS

ACI	Advisory Committee on Investments
CMP	Capital Master Plan
ERP	Enterprise Resource Planning
IA	Information Assurance
IAOC	Independent Advisory Oversight Committee
ICT	Information and Communication Technologies
IIA	Institute of Internal Auditors
IOC	Internal Oversight Charter
IOD	Internal Oversight Division
IT	Information technology
MTSP	Medium-Term Strategic Plan
SDG	Sustainable Development Goals
SRP	Strategic Realignment Program
PCT	Patent Cooperation Treaty
QAIP	Quality Assurance and Improvement Program
UN	United Nations
WIPO	World Intellectual Property Organization

1. BACKGROUND

1. Within the context of Standard 2000 – Managing the Internal Audit Activity – of the International Standards for the Professional Practice of Internal Auditing (Standards), internal audit planning involves the development of:

(a) The Internal Audit Strategic Plan that relates the role of Internal Audit to the requirements of the Organizations by outlining the broad direction of Internal Audit over the medium term, in the context of all WIPO's assurance activities; and

(b) The Oversight Annual Work Plan which includes an Internal Audit plan and schedule for engagements, developed through a risk-based plan to determine the priorities of the internal audit activity over a two year period. A planning and risk assessment approach has been developed to provide guidance on the planning process.

2. Together, the above documents serve to set out strategic and operational roles and responsibilities that are included in the Internal Audit Charter, as well as identify key issues relating to internal audit capability.

3. In 2007, the Internal Oversight Division (IOD), known as Internal Audit and Oversight Division, developed a strategy document to set out the framework for internal audit activities at the World Intellectual Property Organization (WIPO). This strategy document has been revised in times in 2008, 2010 and 2012. Furthermore, a three year strategy was developed for 2015 to 2017 following the recommendations from the External Quality Assessment Report issued in April 2014¹. The present strategy builds on the previous (2015 to 2017) and will cover 2018 to 2020.

2. PURPOSE

4. The purpose of the internal audit strategy is to enable the Internal Audit Function to effectively allocate its financial and human resources to meet the expectations of its key stakeholders including the Director General, the Independent Advisory Oversight Committee (IAOC) and WIPO Member States to achieve its objectives by providing an independent and objective assessment of the Organization's governance, risk management and control processes.

¹ Internal Audit Quality Assessment http://www.wipo.int/export/sites/www/about-wipo/en/oversight/iaod/pdf/qa_report.pdf_page_13: In relation to Standard 2000, consider updating the 2012-2015 Strategic Plan for IOD that supports the dynamic nature of WIPO and that guides activities of Internal Audit in a proactive, thoughtful, systematic, and practical manner. Ensure strategies in the multi-year plan support: (1) the robust risk assessment and annual planning process to focus on emerging high risk areas to WIPO including coverage of technology, strategic, and business risks; (2) alignment and coordination between Internal Audit as a third line of defense and other assurance activities associated with the second line of defense including ERM; (3) alignment of Internal Audit resources with the annual plan requirements from an organizational, staffing and on-boarding, and professional development perspective; and (4) the deployment of technology within Internal Audit to support the expanded use of data analytics for engagement planning and execution, and the implementation of continuous auditing protocols. Strategy statements should be supported by specific actions to execute the defined strategy. The Institute of Internal Auditors (IIA) Practice Guide "Developing the Internal Audit Strategic Plan" (July 2012) might be considered as a resource when developing this plan.

3. WIPO STRATEGIC REALIGNMENT PROGRAM

5. WIPO's Strategic Realignment Program (SRP), which was launched by the Director General in 2008, was aimed at enhancing the Organization's responsiveness, efficiency and capacity to achieve its Strategic Goals and provide global leadership on IP issues. The SRP encompassed 19 initiatives, which all contributed to strengthening WIPO's Core Values of service orientation, working as one, accountability for results, environmental, social and governance responsibility.

6. These initiatives resulted in concrete positive improvements by the end of their implementation, in areas from improving customer experience, to strengthening communication; planning for business continuity; improving the Information and Communication Technologies (ICT) framework; implementing an Enterprise Resource Planning (ERP) system; enhancing cooperation across Sectors within the Organization; strengthening results-based, performance, risk, and financial management processes; the establishment of an ethics framework; and reducing WIPO's adverse impact on the environment.

(A) WIPO RESULTS FRAMEWORK

7. WIPO's Results Based Management framework guides the work and activities of the Organization as presented in the Program and Budget, and the Program Performance Reports. The framework identifies nine strategic goals and 38 expected results. WIPO Program activities, are linked to strategic goals and expected results, and are measured through performance indicators and targets. The WIPO Development Agenda, Gender and the Sustainable Development Goals (SDGs) are cross-cutting issues, which are mainstreamed across all Strategic Goals.

8. The Program and Budget is a defining document for the Organization. It establishes the results that Member States wish to see achieved by the Organization over the coming biennium and authorizes the programs and resources necessary for the realization for those results. The Program and Budget provides the planning for the biennium guided by WIPO's Medium-Term Strategic Plan (MTSP) which runs for six years. The current MTSP runs between 2016 and 2021. The Program and Budget also considers inputs received from Member States and the 2030 Agenda for Sustainable Development.

(B) THE MEDIUM TERM STRATEGIC PLAN

9. The MTSP serves as the overall strategic direction for the preparation of the three consecutive Programs and Budgets (2016/17, 2018/19 and 2020/21) covered by the MTSP. Progress under the MTSP will be measured by the biennial results frameworks corresponding to those Programs and Budgets, as approved by Member States

10. The main orientations and strategies proposed for the MTSP (2016 -2021) are outlined below²:

(a) The continued geographical expansion of participation in the Global IP Systems, notably the Patent Cooperation Treaty (PCT), the Madrid System for the international registration of marks and the Hague System for the international registration of designs, as well as continued investment in improvement in the management and performance of those systems;

² Extracted from Document A/56/10 - Medium-Term Strategic PLAN for the World Intellectual Property Organization (WIPO) for 2016-2021; August 17, 2016

- (b) Consolidating the international legal framework established by the Member States, bringing the existing agenda of normative projects to successful closure and searching for opportunities for consensus among the Member States to advance the normative agenda in new areas where multilateral action can add value to the intellectual property system;
- (c) Consolidating the mainstreaming of the development dimension and enhancing the quality of services delivered by the Organization in the field of development cooperation, with a focus on the special needs of the least developed countries and on progressing the Development Agenda;
- (d) Taking the successes achieved in the databases, platforms and systems developed in the Global Infrastructure Sector to an even higher level of excellence;
- (e) Consolidating the credibility and authority of the economic and statistical reports and studies produced by the Secretariat;
- (f) Progressing information exchange amongst Member States, legislative assistance and capacity building in building respect for intellectual property;
- (g) Expanding the geographical availability and penetration of the communication services and products of the Organization; and
- (h) Ensuring the delivery of secure, high-quality, efficient, and cost-effective administrative and management support services for the delivery and performance of all the Organization's programs.

4. KEY STRATEGIC INITIATIVES 2018-2021

11. The following strategies³ and initiatives have been identified in the Program and Budget for 2018/2019, with a number of initiatives expected to spill over to 2020/2021.

12. The Organization requires continued capital investments in the areas of premises, safety and security, and ICT initiatives in order to remain fit-for-purpose. A Capital Master Plan (CMP) outlining the major premises as well as safety and security related capital investments required over 10 years has been developed. In addition, several high priority ICT projects have been identified to strengthen the business operations of the international registration systems and the integration and resilience of WIPO's major Information technology (IT) systems.

13. WIPO will seek to provide reliable, secure and cost-effective ICT infrastructure services to key business sectors and users across the Headquarters in Geneva and External Offices in compliance with WIPO's security and risk management framework; review and re-align ICT processes; structure and service delivery models to enhance responsiveness to business needs; ensure cost-effectiveness of ICT operations and services through optimization of existing infrastructure, strategic sourcing and strengthened vendor and service provider management, including Cloud services.

14. WIPO will continue to progress the implementation of Information Assurance (IA) strategies, focusing on strengthening current IA capabilities; limit exposure and protect areas of highest risks to WIPO's business; protect WIPO's sensitive information assets by enforcing the information classification and handling policy; implement risk-based protection mechanisms to enhance resilience of PCT and other sensitive business systems; improve WIPO's

³ Extracted from the Program and Budget 2018/2019

cyber-security operations by expanding knowledge of actionable internal and external threat intelligence and 24/7 security monitoring.

15. WIPO will complete and close the ERP Portfolio of projects and effectively mainstream the delivered systems into operations; transform related structure, processes and skill sets and shift towards managed services to ensure effective operation of the ERP system and its ongoing evolution to respond to business needs; and support for the ERP system which will have a significantly enlarged footprint after the completion of the portfolio of projects.

16. Manage investments, under the oversight of the Advisory Committee on Investments (ACI) and with the assistance of investment advisors; strengthen management of foreign exchange risks by gradually extending the netting solution for foreign exchange flows between IP Offices and the IB; implement a common payment platform that will better integrate with the Organization's business operations, in particular, those that generate revenue from fees.

17. Implement a strategic and proactive approach to WIPO's sourcing activities to ensure efficient, customer-oriented and compliant processes for procuring goods, services, individual contractors, travel and event-associated requirements, including through expanding the use of Long Term Agreements and enhancing cooperation with the United Nations (UN).

18. Carry out regular quality maintenance of the premises and technical installations on the WIPO Campus, with a view to preserving optimal working conditions and reduce the need for delayed, emergency and costly repairs and interventions.

19. Develop new strategic cooperation possibilities with existing and new partners to support implementation of WIPO's Programs; and ensure that External Offices, including the new External Offices in Algeria and Nigeria, form a seamless extension of the Organization in the field and are fully integrated into the functioning of the Organization.

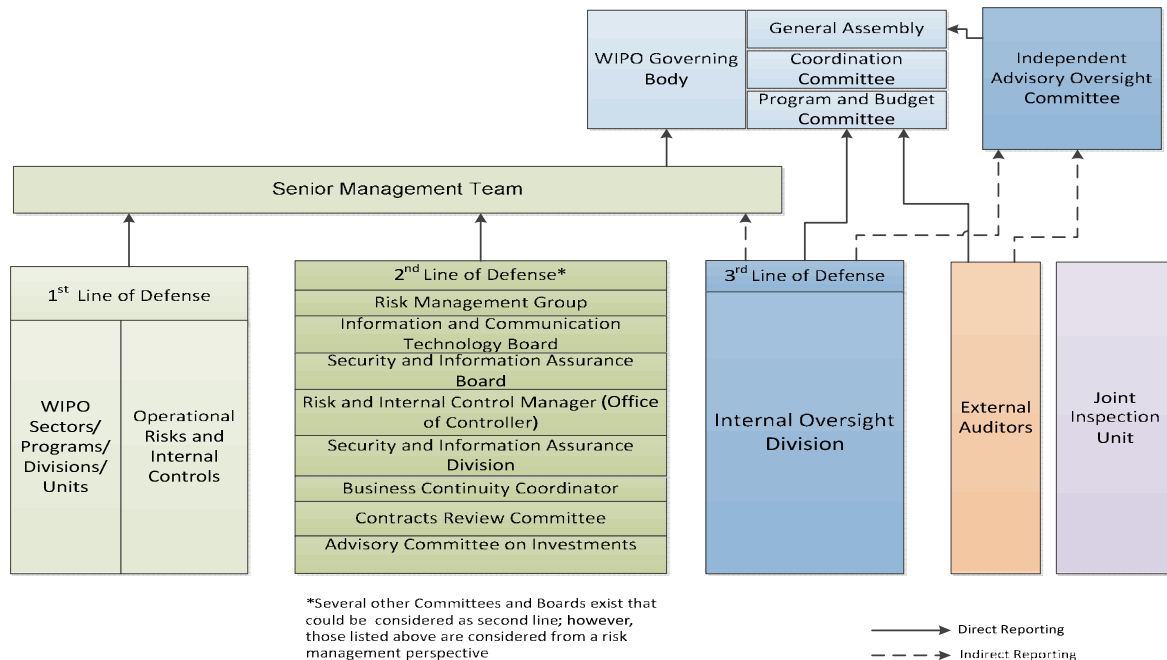
5. INTERNAL OVERSIGHT DIVISION – INTERNAL AUDIT FUNCTION

(A) VISION AND MISSION STATEMENTS

20. As defined in the introduction of the Internal Oversight Charter (IOC), the role of IOD is "to examine and evaluate, in an independent manner, WIPO's control and business systems and processes, and to provide recommendations for improvement, thus providing assurance and assistance to management and staff in the effective discharge of their responsibilities and the achievement of WIPO's goals and Expected Results."

21. The ultimate goal of the Internal Audit Function is to be relevant and to independently serve the Organization and its key stakeholders in the best possible way by contributing to the achievement of the Organization's strategic goals and Expected Results in a changing business environment.

22. In order to accomplish its mission, IOD being the third line of defense will work collaboratively and cooperatively with the first and second lines of defense within WIPO, and with other external governance bodies as depicted in the figure below:



(B) CORE SERVICES

23. Using a risk-based approach, the Internal Audit Function of IOD plans to deliver on the above stated Vision & Mission Statements by providing the following core services:

- (a) **Assurance Services** – Review policies, procedures and operations, people, processes and systems, to assess adequacy, efficiency and effectiveness of, and compliance with, related control structures, so as to determine whether risks are appropriately managed.
- (b) **Advisory Services** – Assist Key stakeholders by helping in reviewing specific issues and concerns that are better addressed through an advisory type engagement.

24. Furthermore, the Internal Audit Function will also undertake and take part in the following Support Activities in collaboration with other functions of the IOD:

- (a) IOD strategic and operational planning;
- (b) IOD reporting obligations to stakeholders and IAOC;
- (c) Monitoring the implementation of audit recommendations;
- (d) Managing the contracts with, and assessing the performance of outsourced/co-sourced service providers;
- (e) Managing the training program for Internal Audit staff members; and
- (f) Ensuring an effective continuous quality assurance and improvement program.

(C) Strengths Weaknesses Opportunities and Threats (SWOT)

25. In accordance with The Institute of Internal Auditors (IIA) Practice Guide – Developing the Internal Audit Strategic Plan, IOD performed an assessment of the current state of the Internal Audit Function that would help identify what should be incorporated into its strategic plan. The Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis against the vision, mission, and critical success factors was conducted with the aim of identifying the key internal and external factors that are important to achieving the strategy

STRENGTHS	WEAKNESSES
1. Defined internal audit vision, mission, values, and charter, as well as clear roles, responsibilities and reporting line	1. Limited staffing
2. Policies, procedures and manuals including formal reporting standards and templates	2. Significant changes in staffing
3. Individual staff training/certification plans	3. Institutional knowledge gap
4. Formalized recommendation follow-up and reporting process	4. Skill gaps due to limited human resources
5. Constructive relationship with Senior Management and IAOC	5. Limited use of data analytics and data mining
6. Quality assurance and improvement program in place	6. Limited staff career opportunities (within IOD and WIPO)
7. Use of integrated Audit Management System including recommendation follow-up process	7. Limited participation as observer on various Boards
OPPORTUNITIES	THREATS
1. Improve perception of staff skill, knowledge, and capabilities	1. Organization slow to implement recommendations ⁴
2. Educate stakeholders on internal audit's role and capabilities	2. Impairment of independence
3. Become involved in new initiatives early to incorporate controls	3. Ineffective communication with management
4. Increased collaboration with other assurance/risk management functions	4. Reduction in management cooperation
5. Introduce risk and control self-assessments	5. Increased skill gaps
6. Enhance knowledge and skills in data analytics	6. Staff turnover
7. Effective use of outsourcing and co-sourcing	7. Lack of awareness of evolving Organizational strategies and emerging risks (i.e. information and cyber-security, cloud, etc.)

⁴ One of Internal Audit's performance indicators being measured by the number of recommendations implemented by Management

6. INTERNAL OVERSIGHT DIVISION – IMPLEMENTATION STRATEGIES

26. IOD will play a crucial role in supporting Strategic Goal IX and the Expected Results thereof. Strategic Goal IX is, with Strategic Goal VIII (Communications), one of two enabling goals of the Organization. It deals among others with, the administrative, financial and management structures that underlie and support the delivery and performance of all the Organization's Programs.

27. These support structures are key to ensuring the delivery of secure, high-quality, efficient, and cost-effective services under each of the Strategic Goals and more broadly, to realizing the Organization's mission of promoting a balanced and effective international intellectual property system.

28. The attainment of IOD's Expected Result - *Improved Accountability, Organizational Learning, Value for Money, Stewardship, Internal Control and Corporate Governance through Assistance from Effective and Independent Oversight* - will require implementing a number of strategies that will contribute to WIPO achieving its overall Strategic Goals. These include⁵:

- (a) Assessing the adequacy of good stewardship of both financial and personnel resources by conducting objective assessments of management processes and systems;
- (b) Provide reasonable assurance as to whether WIPO's operations are in conformity with governing regulations through assessing the adequacy and effectiveness of internal controls, risk management and governance processes;
- (c) Foster institutional learning and accountability through transparent and participatory oversight processes;
- (d) Contribute to support management in the development and implementation of an efficient and effective Ethics and Integrity framework;
- (e) Improve internal oversight service delivery by building on the results and recommendations of the external quality assessments of the Audit Function
- (f) Continue to provide professional support and advice through continuous auditing and evaluations and reviews through relevant program managers;
- (g) Contribute to effective oversight coverage in close cooperation with organizational units which have a role as a second line of defense functions;
- (h) Identify unreported instances of fraud or abuse and propose controls to mitigate the consequences of such actions through audit activities;
- (i) Ensure that IOD contributes to and benefits from, latest developments in the area of oversight by continuing to cooperate with External Auditor, the UN internal oversight community and professional associations; and
- (j) Monitor and report on progress in implementation of oversight recommendations to the Director General, the IAOC and WIPO Assemblies.

⁵ Extracted from Program and Budget 2018/2019 – Program 26 – Internal Oversight Division, Page 187

(A) Critical success factors

29. The following factors are of critical importance to the Internal Audit Function, in order to successfully implement its strategies and support the Organizational goals.

<p>(A) Strategic Positioning and the Reporting Line of IOD within WIPO</p> <p>As part of IOD, the Internal Audit Function reports administratively to the Director General but is not part of WIPO's operational management. Internal audit enjoys functional and operational independence from Management in the conduct of its work. In the exercise of each stage of its work, internal audit takes advice from the Director General, Senior Management, the IAOC, Member States and the External Auditor.</p>
<p>(B) Focus on the Organization's Highest Risks and Strategy</p> <p>Work plans are aligned with WIPO's strategy and Expected results, and Internal Audit has incorporated management's risk assessment to its application used to develop the annual risk assessment and plan. Risks are also assessed and individual engagement level and audit programs systematically include a review of related risk registers during audit assignments. Finally, Internal Audit collaborates with other second line of defense functions such as risk management and information security in order to among others, harmonize and streamline risk management across the organization.</p>
<p>(C) Provide Impactful Reporting to Stakeholders</p> <p>Through established standard reports, Internal Audit has increased the transparency of internal audit's activities by providing timely and impactful communications to key stakeholders regarding internal control and risk management, audit findings, recommendations and their implementation status. Also, Internal Audit meets with auditees prior to engagements to capture client expectations. Further, Internal Audit regularly obtains feedback from auditees directly after engagements and one year after engagements, in order to capture information on effectiveness and efficiency of audit work, as well as outcome and impact of implemented recommendations.</p>
<p>(D) Policies, Procedures, Processes and Systems Adopted by IOD are Enabling and of Dynamic Nature in Meeting Business Needs</p> <p>Policy procedures and processes are prepared and approved in accordance with the Internal Oversight Charter. Such policies and procedures cover inter alia work plans, manuals, follow-up systems, and publication practices. Systems and tools have been put in place to support the effective implementation of these policies, procedures and practices, hence help Internal Audit in the effective discharge of its duties.</p>
<p>(E) Internal Audit Function Acquires, Retains and Develops Highly Skilled, Talented Staff</p> <p>In accordance with the IOC⁶, the Director, IOD shall ensure that IOD comprises staff, appointed in accordance with WIPO Staff Regulations and Rules, which collectively possess the knowledge, skills and other competencies needed to perform the Internal Audit Functions. The Director, IOD shall also promote continuing professional development to meet the requirements of the IOC.</p>
<p>(F) Internal Audit Function Implements a Quality Assurance and Improvement Program (QAIP)</p> <p>The Internal Audit Function has implemented a Quality Assurance and Improvement Program (QAIP) within OD, designed to provide reasonable assurance to the various stakeholders that Internal Audit: (a) performs its work in accordance with the IOC and the IIA Standards, the Definition of Internal Auditing, and the Code of Ethics; (b) operates in an effective and efficient manner; and (c) is perceived by stakeholders as adding value and improving Internal Audit's Operations.</p> <p>Internal Audit conducts annual self-assessments and undergoes a periodic independent quality assessment. The last such assessment was completed in 2014, and the next external independent assessment will take place in 2019.</p>

⁶ Paragraph 47 of the Internal Oversight Charter refers

(B) KEY ACTIONS AND RELATED RISKS

30. In order to successfully implement the above strategies, the following key actions detailed below, need to be taken; and whose successful implementation would depend on the critical success factors outlined above.

ACTION	RELATED RISK	CRITICAL SUCCESS FACTOR
I. Establishing robust risks assessment and annual planning process to focus on existing and emerging high risk areas such as strategic, technology and business risks	Annual plan is not risk based and does not consider organizational risk register.	B
II. Aligning the audit work plans and other oversight activities with WIPO's Strategic Goals and Expected Results.	Work plan not aligned with organizational strategies and Expected Results.	B
III. Cooperating closely with the external oversight bodies, i.e. the External Auditor, the IAOC to better coordinate oversight activities with a view to providing effective audit coverage and minimizing any overlaps	Lack of cooperation and coordination with other oversight providers.	A
IV. Coordinating oversight activities between internal audit as a third line of defense and other assurance activities within WIPO associated with the second line of defense including Enterprise Risk Management, Compliance and Information Security functions.	Lack of cooperation and coordination with second line of defense.	B
V. Expanding the use of technology and data analytics tools for engagement planning, execution and reporting as well as continuous auditing approach adopted by IOD.	Limited resources and lack of knowledge in the use of analytics tools.	D, E
VI. Communicating effectively with the Director General, Senior Management, IAOC, and Member States to receive the feedback on the preparation and reporting on the implementation of audit work plans.	Communication strategy not established.	A, C
VII. Regularly reviewing and improving the quality of audit reports by increasing the use of available information technology tools to gather, analyze and present factual data to further enhance the accuracy, completeness and timeliness of audit reports.	<p>Quality of audits and reports poor and ineffective;</p> <p>Lack of knowledge and skill sets to utilize tools; and</p> <p>Audit procedures and manuals not efficiently designed and effectively used.</p>	C,D,E,F

ACTION	RELATED RISK	CRITICAL SUCCESS FACTOR
VIII. Assess and enhance the impact of internal audits on WIPO's operations, systems and business processes by receiving constant feedback from WIPO staff on areas for improvement.	Reports are not relevant; Internal Audit does not communicate with stakeholders; and No effective feedback mechanism and capture of lessons learned.	A,B,F
IX. Attract and retain internal audit staff with the right balance of education, experience and professional skills and competencies.	High staff turnover; No effective training program; No skills gap analysis; and No process to review work performed.	E,F

7. KEY PERFORMANCE INDICATORS

31. Internal Audit has adopted the following Performance Indicators and targets based on the 2018/2019 Program and Budget, with the following Expected Result.

Expected Result: IX.8 Improved accountability, organizational learning, value for money, stewardship, internal control and corporate governance through assistance from effective and independent oversight	
Performance Indicators	Targets
INDEPENDENCE No interference and perceived independence by key stakeholders.	Full independence and perceived independence by key stakeholders (Clients/IAOC/Member States).
EFFECTIVENESS % of Oversight work completed and reported in a timely manner.	85% of planned audits completed and reported within 4 months of the opening meeting date.
EFFICIENCY % of internal stakeholders who perceive that IOD Recommendations are SMART ⁷ .	85% of managers perceived that IOD recommendations are SMART
RELEVANCE & ADDED VALUE % of stakeholders who perceive that Oversight work is relevant.	75% of surveyed internal stakeholders; % of IAOC stakeholders TBD.
ORGANIZATIONAL LEARNING Number of Oversight recommendations accepted and implemented.	90% of recommendations accepted; 90% of accepted recommendations implemented within a 2 year timeframe.

8. REVISION

The Internal Audit Strategy will be reviewed on a regular basis, preferably at least every year from the date of its issuance. Any significant deviation from the Internal Audit Strategic Plan is communicated to the IAOC, including any impact of resource limitations.

[End of document]

⁷ SMART – Specific, Measurable, Achievable, and Time-bound.