COUNCIL
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Agenda item 5

C 113/5/1
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IMO MEMBER STATE AUDIT SCHEME

Institutionalization of the Scheme

Note by the Secretary-General

SUMMARY

Executive summary:	This document provides information and policy issues to be considered relating to the overall audit schedule for 2016 and the audit of all Member States within the audit cycle
Strategic direction:	2.0
High-level action:	2.0.2
Planned output:	No related provisions
Action to be taken:	Paragraph 12
Related documents:	C 112/D, C 112/INF.3 and resolutions A.1067(28) and A.1068(28)

Development of the overall audit schedule for 2016

1 Following the determination of the audit schedule for all Member States and Associate Members for the implementation of audits under the mandatory Scheme, which was noted by C 112 in document C 112/INF.3, the Secretariat has carried out an analysis of the first 25 Member States that would be audited in 2016 with respect to the mandatory instruments to which they are parties. The outcome of that analysis is set out in the annex.

2 Based on the analysis, seven Member States (Angola, Egypt, Georgia, Jordan, Mongolia, Nigeria and Sri Lanka) that are on the schedule for 2016 have already volunteered for audits, which may take place before January 2016. If these audits were to proceed, the Member States concerned would be repositioned for mandatory audits as was the case with those that had already been audited at the time the audit schedule was determined. Notwithstanding that possibility, they have been left on the schedule for 2016 until such time when the audit of each of them has been completed.

3 Also on the list are three Member States (Guinea-Bissau, Bosnia and Herzegovina and Nepal) that have not ratified any of the IMO instruments concerned. It is therefore necessary for the audits of these three States to be postponed to a future date when they have become parties to any of the IMO instruments concerned.

4 A further two Member States have been assessed and the outcome of that warrants further consideration of the timing and extent of the audit to be conducted. Somalia, with 4,761 GT, has ratified only the 1966 Load Lines Convention, and with the need to re-establish a fully functioning maritime administration, there would be no tangible benefit to plan for, or undertake an audit in 2016. Paraguay, with 61,082 GT, has only ratified two instruments (SOLAS 1974 and the 1988 SOLAS Protocol) and with no coastline, further consideration needs to be given as to the extent of any possible audit.

5 In total, there is the potential for about 12 less audits in 2016. However, it would not be prudent at this stage for a formal position to be taken to bring forward additional audits of other Member States. This would allow the Secretariat to have a better assessment of the situation by the middle of next year and to have a manageable audit workload initially. Based on further firm commitment for audits from those Member States that have already volunteered for audits as indicated above, the Secretariat would be in a better position to provide a more robust assessment of the first year of audits to the Council in 2015. In view of the foregoing analysis, the Secretary-General has formally written to 20 of the 25 Member States, informing them that they are scheduled to be audited in 2016.

6 The Council may wish to endorse the postponement of the audits of Guinea-Bissau, Bosnia and Herzegovina, Nepal and Somalia based on the reasons provided in paragraphs 3 and 4 above, respectively.

Issues relating to the seven-year audit cycle

7 The audit cycle of seven years for the audit of all Member States on a periodic basis has been established in paragraph 4.1.1 of the Procedures for the Scheme (resolution A.1067(28)). In order to ensure that the cycle of audits is met, there is the core issue of how to maintain some flexibility in the audit schedule to achieve that outcome. In order to do this, there are a number of issues to be considered and a policy agreed to, prior to the commencement of mandatory audits and as soon as possible.

8 For the seven-year audit cycle to be met, it has been generally accepted that about 25 audits will have to be conducted annually, although this number of audits does not in any way establish a minimum or maximum number of audits a year. It is, however, a benchmark for establishing budgetary and audit resource requirements. Also, it is important to have a fixed number of named Member States to be audited in each year in order to be able to provide ample notification to those Member States that will be subjected to audits within the prescribed 18-month notification period, and to identify audit teams well in advance of the audit. Notwithstanding the foregoing, there will be instances where some audits may not proceed within the allocated time frame for a number of reasons, most of which may be beyond the control of the Secretariat.

9 In view of the preceding, it would be prudent to agree a policy of how shortfalls in the number of audits in any given year could be compensated for by taking on audits of Member States that are scheduled to be audited in succeeding years. Cardinal to this policy decision is the fact that automatically moving up Member States from one year to the next, in the order in which they are scheduled to be audited, has its own problems, not least of which is that the Member States concerned may not be prepared for audits at short notice and may have already planned their audits in the year that it is most likely to occur based on the audit schedule. Additionally, and from a planning perspective, the Secretariat would need to have a fixed audit schedule as the basis for planning and executing preparatory audit work. It is therefore not recommended that Member States should be automatically moved up in the audit schedule.

10 In order to address this issue, further consideration should be given to agreeing on a more dynamic system to fill any shortfall in the number of agreed and confirmed audits in a given year. The system would rely on the fact that some Member States would be prepared to be audited at short notice, i.e. with six months' notification of the availability of a shortfall in the number of audits for a given year. To achieve this, the six-monthly report to the Council will inform Member States of any shortfall or potential shortfall in the number of audits for the ensuing 12 months and this would provide the opportunity for all Member States that have not already had an agreed audit for the next 12 months to volunteer for a mandatory audit. Also, this system would place no undue pressure nor additional obligation on the Secretariat and its available audit resources to carry out such an audit, in cases where there are other mitigating circumstances.

11 Having considered the factors outlined in the preceding paragraphs, the Secretary-General is of the view that the delivery of the audit programme, within the seven-year cycle, whilst it should fully conform to the audit schedule as set out in document C 112/INF.3 and that the Secretariat will do its outmost to deliver the audit programme, some flexibility needs to be agreed in order to accommodate any potential shortfall in the number of audits to be conducted each year. In this regard, a dynamic system, which would allow Member States to volunteer to fill audit gaps at short notice, should be the preferred method and that the Council should consider and agree on the policy approach to this issue.

Action requested of the Council

12 The Council is invited to take note of the information provided in this document and, in particular, to:

.1 endorse the postponement of the audits of Guinea-Bissau, Bosnia and Herzegovina, Nepal and Somalia (paragraphs 3, 4 and 6); and

.2 agree on the policy that shortfalls in the number of audits in any given year should be compensated for by Member States that are scheduled to be audited in succeeding years, volunteering to be audited, recognizing that the Secretariat will need to manage audit resources and workload accordingly (paragraphs 10 and 11).

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ANNEX

ANALYSIS OF THE FIRST 25 MEMBER STATES TO BE AUDITED IN 2016

NO.	MEMBER STATE	COLREG 1972	LL 1966	MARPOL ANNEX I/II	MARPOL ANNEX III	MARPOL ANNEX IV	MARPOL ANNEX V	SOLAS 1974	STCW 1978	TONN 1969	LL PROT 1988	SOLAS PROT 1988	MARPOL ANNEX VI
1	Guinea-Bissau												
2	Guinea	x	x	x	x	x	x	x	x	x			
3	Côte d'Ivoire	x	x	x	x	x	x	x	x	x			
4	Bosnia and Herzegovina												
5	Togo	x	x	x	x	x	x	x	x	x			
6	Mauritania	x	x	x	x	x	x	x	x	x			
7	Qatar	x	x	x	x	x	x	x	x	x			
8	Georgia	x	x	x	x	x	x	x	x	x		x	
9	Nepal												
10	Serbia	x	x	x	x	x	x	x	x	x			x
11	United Arab Emirates	x	x	x	x	x	x	x	x	x			
12	Albania	x	x	x	x	x	x	x	x	x			
13	Angola	x	x	x	x	x	x	x	x	x			
14	Seychelles	x	x	x				x	x		x	x	
15	Nigeria	x	x	x	x	x	x	x	x	x			
16	Senegal	x	x	x	x	x	x	x	x	x			
17	Sri Lanka	x	x	x	x	x	x	x	x	x			
18	Paraguay							x				x	

NO.	MEMBER STATE	COLREG 1972	LL 1966	MARPOL ANNEX I/II	MARPOL ANNEX III	MARPOL ANNEX IV	MARPOL ANNEX V	SOLAS 1974	STCW 1978	TONN 1969	LL PROT 1988	SOLAS PROT 1988	MARPOL ANNEX VI
19	Papua New Guinea	x	x	x	x	x	x	x	x	x			
20	Jordan	x	x	x	x	x	x	x	x	x	x	x	
21	Somalia		x										
22	Egypt	x	x	x	x	x	x	x	x		x	x	
23	Yemen	x	x					x	x	x	x	x	
24	Hungary	x	x	x	x	x	x	x	x	x	x		
25	Mongolia	x	x	x	x	x	x	x	x	x	x	x	x