



COUNCIL
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Agenda item 13

C 89/13/3
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PROPOSED IMO MODEL AUDIT SCHEME

Proposal for the introduction of an IMO Model Audit Scheme

Submitted by the United Kingdom

SUMMARY

Executive summary: Council, at its eighty-eighth session, approved in principle the concept of an IMO voluntary Model Audit Scheme, while agreeing to continue discussion of the proposed Scheme at its eighty-ninth session. This paper is to facilitate that discussion; and to address some concerns that have been raised about the proposed Scheme.

Action to be taken: Paragraph 15

Related documents: C 88/13/2, C 88/13/3, C 88/13/4, C 88/WP.6, MEPC 48/10/5, MEPC 48/10/6, MEPC 48/10/7

Background

1 Document C 88/13/2 outlined a proposal of nineteen members for an IMO Model Audit Scheme, to be implemented on a voluntary basis. At its eighty-eighth session, the Council approved, in principle, the concept of an IMO Model Audit Scheme along the lines proposed.

2 In view of the lack of time to consider the comments on document C 88/13/2, as expressed in documents C 88/13/3 and C 88/13/4, and to take advantage of the presence of the newly expanded Council, the Council also decided to continue discussion on the proposed Scheme at its eighty-ninth session.

3 The Council requested the MSC, MEPC and TC Committee, if possible, to give preliminary consideration to the issue during the current year. In considering the issue, the Council requested the Committees *inter alia* to:

- .1 advise on those safety and environmentally-critical areas they consider should be covered by the Scheme;
- .2 consider the issue from a capacity building point of view (TC Committee); and
- .3 consider the desirability of establishing a joint working group to meet at MSC 77, to consider the matter further.

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4 Accordingly, MEPC gave preliminary consideration to the issue at its forty-eighth session and supported setting up the joint working group envisaged by Council. The issue is on the agenda for TC 52 and MSC 76.

Considerations

5 MEPC gave preliminary consideration to the Model Audit Scheme proposal at its forty-eighth session. Twenty delegations either co-sponsored document MEPC 48/10/5, which advocated setting up a joint working group, or spoke in support of such a group being established. One delegation spoke explicitly against the setting up of the joint working group.

6 The details of the Model Audit Scheme – how it should be organised, administered and funded – require further development. For example, colleagues have raised the issues of how auditors would be selected; what language audits might be carried out in; and who would pay auditors' costs. The United Kingdom believes that the appropriate forum for that discussion is the joint working group, as proposed by Council and already endorsed by MEPC. Experts from MSC, MEPC and TCC would have the opportunity to participate in this joint working group. Among issues which we would expect the joint working group to pursue are those noted in the following paragraphs.

7 Developmental work has been mentioned in ICAO, which has introduced a Safety Oversight Programme. This does not offer a precise model for direct transposition into maritime affairs, as it is recognised that there are differences between the international shipping and aviation industries. But there are also similarities, not least in terms of the global nature of both industries. So the joint working group should take account of ICAO's work.

8 Port State control provides a necessary safety net in seeking good environmental and safety performance. But it is the duty of flag States – not port States – to ensure that the ships on their registers meet internationally agreed safety and pollution prevention standards. Port State control is necessarily reactive to problems and we also need efforts by flag States to minimise problems. The United Kingdom believes that the introduction of a Model Audit Scheme would provide a spur in the drive to lever up flag State performance.

9 It has been suggested that an important function of the Model Audit Scheme would be to assess how Member States control and monitor the work of recognised organisations to which certain functions are delegated.

10 The proposed Scheme would not introduce new or additional standards, nor would it extend obligations. But it would assess compliance with conventions that have already been agreed. Document TC 52/2/2 envisages that, where areas for improvement are identified, the audited flag State, if a “developing nation”, might be able to apply to the Technical Co-operation Committee to help cover the costs of remedial action. It is not the intention that the Scheme be used to censure Member States, but rather to assist in improving performance.

11 Some have argued that the objectives of the Model Audit Scheme, as set out in paragraph 8 of document C 88/13/2, could be achieved more expeditiously through the FSI Sub-Committee. The Model Audit Scheme is intended to support the work of the FSI Sub-Committee, for example by providing the Member State being audited with feedback and advice on their current performance. But the benefits could extend more widely than the Member State being audited. We envisage that a summary report – anonymised to ensure confidentiality – containing the key findings and recommendations identified in a Model Audit would be circulated to all Member States so that any lessons learnt could be shared more widely.

12 It has also been suggested that better use could be made of the Self Assessment Form; and that self-review could achieve the same results as voluntary external audit. The United Kingdom believes that the Model Audit Scheme would complement the Self Assessment Form. Completion of an Audit would be a co-operative and positive process, with the Member State concerned necessarily involved at all stages. Audit content could therefore be tailored to the individual circumstances of the Member State. Furthermore, we envisage that audits might explore *how* Member States carry out their responsibilities – the purpose would not be simply to identify whether or not they do – but should do so recognising that there are various ways in which those responsibilities can be met.

13 Apart from its flexibility in use, the United Kingdom believes that external audit provides a level of assurance to the Member State on its compliance with international obligations. Having such a procedure considered and authenticated by the Organization adds further assurance that the methodology will be well understood, both by the Member State and by those who deal with the Member State.

14 It is recognised that the IMO's workload in the current biennium is heavy. But the United Kingdom believes the Model Audit Scheme initiative is too important to put on hold. That would delay the benefits in terms of the feedback and advice that audited States, and other Member States, could receive. We believe it will be practicable, and highly desirable, for one of the working groups at MSC 77 to be allocated to a detailed consideration of the Model Audit Scheme, with the active participation of experts from MEPC and TC Committee.

Action requested of the Council

15 The Council is invited to:

- .1 consider the above points when discussing further how a voluntary IMO Model Audit Scheme should be introduced;
- .2 note MEPC's support for the proposed joint working group as the way forward; and
- .3 support, subject to the views of MSC and TC Committee, the establishing of a joint working group to meet at MSC 77 to consider the details of the Model Audit Scheme.