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PROPOSED IMO MODEL AUDIT SCHEME

Note by Secretary-General

SUMMARY

Executive summary: The document provides the findings of the study of the ICAO universal safety oversight audit programme and advises the Council on those aspects of it which might be taken into account in developing the proposed voluntary IMO Model Audit Scheme.

Action to be taken: Paragraph 21

Related documents: C 88/13/2, C 88/13/3, C 88/13/4, C 88/D, paragraphs 13.5 to 13.12 and C 89/13

Introduction

1 The Council will recall that, at its eighty-eighth session, it approved, in principle, the concept for an IMO Model Audit Scheme, as outlined in document C 88/13/2, to be implemented on a voluntary basis. It further requested the Secretary-General to study the ICAO Model Audit Scheme and advise the Council, the Maritime Safety Committee, the Marine Environment Protection Committee and the Technical Co-operation Committee on any aspects of it which might be taken into account in developing the IMO Scheme.

2 In pursuance of that request, the findings of the study of the ICAO Model Audit Scheme, which is the ICAO universal safety oversight audit programme (USOAP), are provided hereunder with the Secretary-General's advice and recommendations given in italics.

Background to ICAO audit programme

3 In 1995, the ICAO Council approved the ICAO safety oversight programme for the voluntary assessment of States' implementation of the ICAO Standards and Recommended Practices (SARPs) and the associated mechanism for financial and technical contribution to the programme. The ICAO Assembly, at its thirty-first session, endorsed the programme, which became operational in March 1996.

4 During the first two years of the voluntary programme, 67 ICAO Contracting States safety oversight programmes were assessed and a number of deficiencies were detected. To address the need for increased global aviation safety, a Conference of Directors General of Civil Aviation was convened in 1997. That Conference unanimously agreed to change the mandate of the voluntary safety oversight programme to that of a regular, mandatory, systematic and

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harmonized safety audit to be applied to all Contracting States and to be carried out by ICAO. It was also agreed that greater transparency and increased disclosure should be implemented in the release of audit results.

5 In 1998, the ICAO Council approved the establishment of the ICAO universal safety oversight audit programme. The thirty-second session of the ICAO Assembly adopted resolution A32-11 entitled “Establishment of an ICAO universal safety oversight audit programme”, which in the operative paragraphs, *inter alia*:

- .1 resolves that the universal safety oversight audit programme be established, comprising regular, mandatory, systematic and harmonized safety audits, to be carried out by ICAO; that such universal safety oversight audit programme shall apply to all Contracting States; and that greater transparency and increased disclosure be implemented in the release of audit results;
- .2 directs the Council to bring into effect, from 1 January 1999, a universal safety oversight audit programme accordingly, including a systematic reporting and monitoring mechanism on the implementation of safety-related Standards and Recommended Practices;
- .3 urges all Contracting States to agree to audits to be carried out upon ICAO’s initiative, but always with the consent of the State to be audited, by signing a bilateral Memorandum of Understanding with the Organization, as the principle of sovereignty should be fully respected;
- .4 urges all Contracting States to ensure that the results of the audits be used for safety-related purposes only; and
- .5 directs the Council to apply the resources made available in order to implement the ICAO universal safety oversight audit programme.¹

6 Based on the resolution referred to above, the ICAO USOAP principles were established as follows:

- .1 sovereignty;
- .2 universality;
- .3 transparency and disclosure;
- .4 timeliness;
- .5 all-inclusiveness;
- .6 consistency and objectivity;
- .7 fairness; and
- .8 quality².

7 These principles, which were agreed by the ICAO Assembly, provided a strong and unambiguous basis for the development of the ICAO USOAP, which apparently continues to receive the strong support and respect of the Contracting States to the ICAO Convention. *It would be prudent, therefore, for the IMO Member States to also consider setting out clear*

¹ ICAO Assembly resolution A32-11 on Establishment of an ICAO universal safety oversight audit programme

² ICAO, Safety Oversight Audit Manual, First Edition 2000
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principles as the foundation for any voluntary IMO Model Audit Scheme, taking into account, as appropriate, the successful ICAO model.

Development of the audit objectives and audit reports

8 To implement the principles adopted by the ICAO Assembly, clear objectives were developed for conducting the safety oversight audits. The objectives of the ICAO safety oversight audit are to:

- .1 determine the degree of conformance of the State in implementing ICAO Standards;
- .2 observe and assess the State's adherence to ICAO Recommended Practices, associated procedures, guidance material and safety-related practices;
- .3 determine the effectiveness of a State's implementation of a safety oversight system, through the establishment of legislation, regulations, safety authority and inspection and auditing capability; and
- .4 provide advice to Contracting States to improve their safety oversight capability.

9 Although the above objectives are the key drivers of the programme, it was further agreed that the disclosure of audit information through the provision of an audit summary report to all ICAO Contracting States and the publication, in Annex Supplements, of differences to standards and recommended practices would provide sufficient safety information to permit Contracting States to draw their own conclusions of the status of safety oversight activities in the audited State.

10 To ensure that the findings of an audit would accomplish the audit objectives, various audit reports are produced to provide consistent information, with varying degrees of sensitivity, to the audited State and all other ICAO Contracting States. The reports produced are the following:

- .1 the audit interim report, which is provided only to the audited State, is the confidential and formal report of findings and recommendations on completion of the audit and forms the basis for the audited State to develop its corrective action plan;
- .2 the audit final report, which is provided only to the audited State, is the confidential and final report, which contains detailed information found in the audit interim report as well as the State's corrective action plan and the report on progress made to implement the plan; and
- .3 the audit summary report is a non-confidential report, which provides an overview of an audited State conformance with ICAO's Standards and Recommended Practices. The audit summary report is first submitted to the audited State for comments and then it is made available to all ICAO Contracting States.

11 It should be noted that the implementation of the above policy objectives removes consideration of the audit reports from the public bodies of the Organization, such as the Council and committees; thus leaving the decision of what action is necessary with respect to the outcome of the audit of a Contracting State to each Contracting State as a recipient of the audit summary

report. *In this regard, it would be important for the IMO Member States to decide on the objectives of the IMO Model Audit Scheme and how the audit report(s) of a Member State would be developed, circulated, considered and used.*

Establishment of the audit mandate, its operation and procedures

12 To ensure consistency and objectivity, an annual audit and audit follow-up plan is prepared by the ICAO Secretariat and forwarded to all ICAO Contracting States by the ICAO Secretary-General. This plan clearly establishes the timeframe and the order of audits of Contracting States for the year. The ICAO Assembly resolution A32-11, in establishing the ICAO USOAP, has also provided a mandate for the Secretary-General to carry out the audits through a State-specific Memorandum of Understanding (MoU) signed by him and forwarded to the State to be audited for signature. The ICAO Council has approved the MoU as a generic document for all Contracting States (see annex). The MoU is a comprehensive agreement between ICAO and the Contracting State concerned. It contains the methodology, procedures and obligations of both parties with respect to the audit and its findings, including specific provisions for technical assistance from ICAO to address difficulties identified by the audit.

13 *Whilst it is recognized that the ICAO USOAP is mandatory as compared to the proposed voluntary IMO Model Audit Scheme, it is essential for any audit to have a clear mandate which sets out the purpose, the process to be followed and the associated procedures as well as the expected action to be taken by both parties prior to, during and after the audit.*

Funding, capacity-building and the audit protocol for the ICAO USOAP

14 At the commencement of the ICAO voluntary safety oversight audit in 1996, the ICAO Council established a special project budget of about US\$ 7 to 8 million for a three-year period, which was paid for by assessment to all Contracting States. This budget was for the development of the audit programme, the training of auditors and for the execution of audits at the request of Contracting States concerned.

15 Under the aforementioned project, 120 auditors were trained. Those eligible for auditor training were specific ICAO staff members and personnel seconded from Contracting States; all of whom had to meet strict eligibility requirements for the specific areas for which the audit protocols were developed. Also, as the authority to audit is conferred on the ICAO Secretariat, through the mandate granted to the Secretary-General, the selection of the audit team rests solely with the Secretariat with appropriate notification of the team's composition provided to the State to be audited. During audit assignment, auditors are seconded to ICAO for up to two years or for a single audit mission. The auditors are considered as ICAO staff members and are bound by the obligations and responsibilities applicable to international civil servants.

16 The areas for which audit protocols have been developed are the following:

- .1 Primary Aviation Legislation and Civil Aviation Regulations;
- .2 Organization of the State's Civil Aviation Authority;
- .3 Personnel Licensing (Annex 1);
- .4 Operation of Aircraft (Annex 6), and
- .5 Airworthiness of Aircraft (Annex 8).

17 The audit protocols were developed based on standard industry practices, and the element of subjectivity in the auditing process was removed by the use of clear questions, the answers to which were measurable. Furthermore, the areas that were selected for the development of the audit protocols were those that were manageable and represented a sufficient enough cross section of activities that are critical in assessing the safety oversight programme of Contracting States.

18 *The Council may wish to consider whether the credibility, sustainability and integrity of an audit scheme would depend on institution of a special project budget, which was not dependent on the State being audited. Specialized training for auditors, the careful identification of those areas and responsibilities of the State which are contained in the appropriate treaties and which can be audited without subjectivity, and the development of clear and unambiguous audit protocols to the foregoing, are all crucial components for the success of an audit programme.*

Conclusion

19 The ICAO universal safety oversight audit programme provides a structured and well-defined process for the audit of sovereign States, which have collectively established the mandate and objectives of the programme. The areas identified in this document are those that are critical and form the core issues relevant to the development of an IMO Model Audit Scheme. There are a number of detailed procedures and requirements contained in the ICAO audit programme which could be considered when developing the details of an IMO Model Audit Scheme, if the Council so decides.

20 *The IMO Model Audit Scheme, as outlined in document C 88/13/2, is an adaptation of the ICAO USOAP. Were the proposed IMO Model Audit Scheme to be developed, further work would be required to consider those elements of the ICAO audit programme which could be agreed by the IMO Member States as suitable for the Organization to achieve the objectives of the IMO Scheme.*

Action requested of the Council

21 The Council is invited to consider the findings and recommendations contained in this document and, in particular, to:

- .1 decide on establishing clear principles as the foundation for the voluntary IMO Model Audit Scheme (paragraph 7);
- .2 decide on establishing the objectives of the IMO Model Audit Scheme (paragraph 11);
- .3 decide how audit report(s) of a Member State would be developed, circulated, considered and used (paragraph 11);
- .4 decide on the need for a clear mandate for the audit, to set out the purpose, the process to be followed and the associated procedures as well as the expected action to be taken by both parties prior to, during and after the audit (paragraph 13);

- .5 note the method used by ICAO for committing all parties concerned to .4 above and decide as appropriate (paragraph 12);
- .6 note the conclusions reached on ensuring the credibility, sustainability and integrity of an audit programme and decide as appropriate (paragraph 18);
- .7 note the conclusion reached on the ICAO universal safety oversight audit programme (paragraph 19); and
- .8 note the conclusion reached on the proposed IMO Model Audit Scheme as outlined in document C 88/13/2 (paragraph 20).

ANNEX

Appendix B

Sample Memorandum of Understanding (MOU)

Memorandum of Understanding (MOU) between State [long name] and the International Civil Aviation Organization (ICAO) Regarding Safety Oversight Audit

Whereas the 32nd Assembly of ICAO in Assembly Resolution A32-11 directed the Council to establish the ICAO Universal Safety Oversight Audit Programme, providing for regular, mandatory, systematic and harmonized safety audits to be carried out by ICAO, that such universal safety oversight programme shall apply to all Contracting States, and that greater transparency and increased disclosure be implemented in the release of audit results;

Whereas the 32nd Assembly urged all Contracting States to agree to audits to be carried out upon ICAO's initiative, but always with the consent of the State to be audited, by signing a bilateral Memorandum of Understanding with the Organization;

IT IS AGREED AS FOLLOWS:

1. In accordance with Assembly Resolution A32-11, State [long name], hereafter referred to as State [abbreviated name], hereby agrees to the conduct of a safety oversight audit by an ICAO safety oversight audit team, on the dates established by ICAO as published in its yearly schedule of audits, unless justified reasons lead the parties to mutually agree on other dates.
2. No change in the annual schedule of audits will be allowed within sixty calendar days prior to the starting date of the audit of the State, except for a compelling reason, which must be submitted to the President of the ICAO Council for his consideration.
3. The ICAO Regional Office accredited to State [abbreviated name] will be actively involved in the safety oversight audit process.
4. The safety oversight audit team will be comprised of experts in the fields of personnel licensing, flight operations, airworthiness or any other related discipline that might be required for the audit. The composition of the team (names and qualifications) will be provided to the civil aviation administration of the State prior to the safety oversight audit.
5. The team members will have command of one of the ICAO languages and good working knowledge of English. At least one of the team members will have command of the ICAO language chosen by the State. State [abbreviated name] will be informed of the other specific language capabilities of each team member prior to the audit.
6. State [abbreviated name] agrees to facilitate the audit by making appropriate staff from its Civil Aviation Authority (or any relevant entity responsible for safety regulation), locally based commercial air transport operators and aerodrome facilities, available for interview by the safety oversight audit team. State [abbreviated name] will be required to take the necessary measures to facilitate the work of the safety oversight audit team, including interpretation services, local transportation, interviews, paperwork, etc. State [abbreviated name] will also arrange and meet the cost of transportation and accommodation when visits are required outside the main administrative office.
7. The safety oversight audit team will review State [abbreviated name] compliance with the Standards and Recommended Practices (SARPs) set out in Annexes 1, 6 and 8, as well as with related procedures, and adherence to guidance material and relevant safety-related practices in general use in the aviation industry, as referred to in such material. The safety oversight audit team will also review whether State [abbreviated name] has the organizational structure with the legal status necessary to carry out its safety oversight responsibilities. State [abbreviated name] agrees to make all relevant documents, files and information available to the safety oversight audit team.
8. The safety oversight audit team will review the State's regulatory provisions, examine records and documentation and conduct interviews, in order to make its findings and recommendations, on the basis of safety oversight audit general requirements, as follows:

- a) consideration of existing national legislation enabling States to enforce the provisions of the Convention on International Civil Aviation;
- b) consideration of existing national regulations enabling States to carry out detailed safety regulation in support of the Convention on International Civil Aviation and Annexes 1, 6 and 8 thereto and related provisions in other Annexes, as well as associated ICAO procedures, guidance material and relevant safety-related practices in general use in the aviation industry as referred to in such material;
- c) a system for both the certification and the continued surveillance of personnel, aircraft and operators, to ensure that the relevant SARPs are maintained, in particular with respect to:
 - i) qualified airworthiness and flight operations inspectors and licensing personnel supported by an appropriate organizational and managerial structure;
 - ii) detailed records of training given to airworthiness inspectors, flight operations inspectors and licensing personnel;
 - iii) policy on the safety regulation of maintenance, flight operations and licensing;
 - iv) availability of appropriate reference material, including ICAO documentation;
 - v) information on which ICAO SARPs have been used for approval of air operator certificate (AOC) holders or maintenance organizations;
 - vi) inspection results containing details of technical and operational deficiencies;
 - vii) evidence of compliance with airworthiness directives (ADs) and of adherence to approved maintenance programmes;
 - viii) evidence of procedures for the issuance, approval, suspension and revocation of licences, AOCs and Certificates of Airworthiness (CofAs) when unsafe conditions are identified and records of how often action has been taken;
 - ix) evidence that major modifications to aircraft have been properly approved and that relevant information has been duly transmitted to the State of registry, the State of manufacture and the State of design, as applicable; and
 - x) evidence of overall system safety awareness and of a mechanism for accident prevention; and
- d) implementation of ICAO SARPs and procedures, as well as adherence to guidance material and relevant safety-related practices in general use in the aviation industry as referred to in such material, related to the certification and supervision of the operator, in particular with respect to the requirements of an adequate organization, method of control and supervision of flight operations, training programmes and maintenance arrangements consistent with the nature and extent of the operations specified.

State [abbreviated name] agrees to make all relevant documents, files and information available to the safety oversight audit team.

9. On the last day of the safety oversight audit, the ICAO safety oversight audit team will give a detailed debriefing on the audit results to government officials as well as senior management and other higher officials, as applicable, of the Civil Aviation Authority (CAA) of the State, including an explanation of subsequent activities in the audit process. Before departing the State, the audit team will also provide the CAA with a list of preliminary findings and recommendations, and with general guidelines for the preparation of an action plan, so that the State may be in a position to begin work immediately on its action plan.

10. Upon completion of the safety oversight audit, ICAO undertakes to make available to State [abbreviated name] a confidential interim report within thirty calendar days after the last day of the audit, if no translation of the report into another ICAO language is required. If such a translation is required, a translated copy will be made available within an additional thirty working days. The confidential interim report will detail:

- a) findings on the general requirements specified in paragraph 8 above;
 - b) differences which exist between national regulations and practices of State [abbreviated name] and ICAO SARPs;
 - c) lack of implementation or non-compliance with ICAO SARPs and related procedures;
 - d) adherence to guidance material and relevant safety-related practices in general use in the aviation industry, as referred to in such material; and
 - e) recommendations of the ICAO safety oversight audit team for immediate remedial action.
11. Should action be necessary to remedy deficiencies, State [abbreviated name] undertakes to start working on the preparation of an appropriate action plan immediately after State [abbreviated name] has been debriefed on the audit and provided with a list of findings and recommendations by the safety oversight audit team, as described in paragraph 9 above. Feedback on the development of the action plan by State [abbreviated name] will be provided by ICAO at the request of the State during the preparation period.
12. Should action be necessary to remedy deficiencies, State [abbreviated name] undertakes to provide, within thirty calendar days from the date the interim report has been made available to the State, an action plan acceptable to the ICAO Secretary General. The action plan should address the findings and recommendations of the safety oversight audit team, providing specific actions and deadlines for the correction of the deficiencies identified during the safety oversight audit. If the interim report requires translation, the time line for the production of an action plan starts when the State receives the translated interim report. All subsequent actions will be sequenced accordingly.
13. Within thirty calendar days after State [abbreviated name] has submitted an action plan, officials from the ICAO accredited Regional Office may conduct a preliminary review to determine the progress made by State [abbreviated name] towards activation of the action plan. If no action plan has been submitted, the ICAO accredited Regional Office will contact State [abbreviated name] to determine why an action plan has not been submitted.
14. After the preliminary review has been conducted by the ICAO accredited Regional Office, a confidential final report will be completed by ICAO and made available to State [abbreviated name] within thirty calendar days if no translation of the report into another ICAO language is required, or within an additional thirty working days if such translation is required.
15. In addition to the information contained in the interim report, as detailed in paragraph 10 above, the final report will include a comprehensive analysis by ICAO of the action plan submitted by State [abbreviated name], as well as information on the progress made by State [abbreviated name] on the implementation of the action plan and on any remedied deficiencies and outstanding differences to ICAO SARPs. If no acceptable action plan is provided in accordance with paragraph 12 above, ICAO will issue the confidential final safety oversight audit report. This report will contain the deficiencies identified during the audit, the status of implementation and/or differences from ICAO SARPs and procedures, as well as adherence by State [abbreviated name] to guidance material and relevant safety-related practices in general use in the aviation industry, as referred to in such material. Mention will also be made of the failure of the State to submit an action plan to ICAO.
16. Safety oversight interim and final reports will be confidential and made available to State [abbreviated name] and the accredited ICAO Regional Office only. Concurrently with the preparation of the final report, a non-confidential summary report containing an abstract of the overall findings and recommendations of the safety oversight audit team, of the actions proposed by State [abbreviated name] to remedy the identified deficiencies, if any, and of the progress made on the implementation of the action plan will be provided to the State. State [abbreviated name] will be given twenty-one calendar days to provide its comments on the final and the summary reports, after which the summary report will be made available to other Contracting States.
17. The obligations and responsibilities for notifying to ICAO any difference or non-compliance with Standards contained in any ICAO Annex shall rest with State [abbreviated name]. Differences which exist between the national regulations and practices of State [abbreviated name] and ICAO Standards, which have been identified during the course of the safety oversight audit, and which will continue to exist when the final report is issued, shall be deemed to have been notified to ICAO by State [abbreviated name]. ICAO will incorporate these differences in the Supplements to the appropriate Annexes and in any other relevant ICAO safety-related publication.

18. State [abbreviated name] undertakes to remedy the identified deficiencies, and also agrees to any other subsequent safety oversight audit follow-up in due course, to confirm that the recommendations made by ICAO to State [abbreviated name] have been implemented as provided for in the action plan. Such audit follow-ups will lead to the production of a confidential audit follow-up report and a non-confidential audit follow-up summary report providing an updated status on the safety oversight situation in State [abbreviated name]. The latter will be given twenty-one calendar days to provide its comments on these reports, after which the audit follow-up summary report will be made available to other Contracting States.

19. If requested by State [abbreviated name], direct assistance may be provided by ICAO through its Technical Co-operation Bureau (TCB) in the development of a document which may serve as an action plan as referred to in paragraphs 11 and 12 of this MOU. This document would include all necessary details on time frame, costing, as well as personnel and training requirements as a basis for seeking funding from donor organizations and/or financial institutions for the implementation of a safety oversight improvement project. This document would need to be funded by State [abbreviated name], on a cost recovery basis, and would be completed within the time limits specified in paragraph 12 above.

20. Any difference or dispute concerning the interpretation or the application of this Memorandum of Understanding will be resolved by negotiation between the parties concerned.

**For the Civil Aviation Authority
of State [long name]**

Director General

Date

**For the International Civil
Aviation Organization**

Secretary General

Date