

COUNCIL  
114th session  
Agenda item 3

C 114/3/3  
12 May 2015  
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## STRATEGY, PLANNING AND REFORM

### Transparency and accountability of the Organization

#### Note by the Secretary-General

#### SUMMARY

*Executive summary:* This document provides updated information on the publication, on the IMO website, of a summary of internal audit reports for 2014, as reported to C 113 (C 113/3/9), and on the implementation of the financial disclosure programme for relevant IMO officials, as reported to C 112 (C 112/3/3). This document also informs the Council of the intention of the Secretary-General to strengthen existing provisions for protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations, and to issue a Statement of Internal Control with the Organization's Financial Statements for the year ending 2015.

*Strategic direction:* 4

*High-level action:* 4.0.1

*Planned output:* 4.0.1.1 and 4.0.1.4

*Action to be taken:* Paragraph 7

*Related documents:* C 113/3/9 and C 112/3/3

#### Introduction

1 At its 113th session, the Secretary-General, in document C 113/3/9, reported to the Council that a summary of internal audit activities and reports for 2014 would be published on the IMO website during 2015, thereafter becoming a systematic annual process. At its 112th session, the Secretary-General, in document C 112/3/3, reported to the Council that a policy and procedure on financial disclosure at IMO would become effective on 1 July 2014, and that thereafter financial disclosures would be made by relevant IMO staff members. To enhance existing accountability mechanisms within IMO, the Secretary-General intends to strengthen existing provisions for protection against retaliation for reporting misconduct and for cooperating with duly authorized audits and investigations. Additionally, to further enhance transparency within IMO, the Secretary-General intends to issue a Statement of

Internal Control alongside the Organization's 2015 Financial Statements, to be presented to the Council's 116th session in 2016.

### **Publication of internal audit activities and reports**

2 The inaugural Summary of Internal Audit Activities and Reports for the reporting year ending 31 December 2014 was published on the IMO public website on 7 April 2015. The Summary was prepared by the Internal Oversight and Ethics Office (IOEO), cleared by the Director, Administrative Division, and approved by the Secretary-General, prior to publication. The Summary is accessible under the Resources section, located on the home page of the IMO public website.

3 The summary report contains: a brief description of the core internal audit activities (assurance and consulting) undertaken during 2014; a list of internal audit reports issued during the year with a brief synopsis of the audit objective, conclusions and major findings and recommendations for each audit report; the status of implementation of internal audit recommendations based on the regular follow-up audit; and the Secretary-General's comments on reports completed and issued during the year.

### **Personal financial disclosure programme**

4 Following the approval of the IMO policy and procedures for the filing and utilization of financial disclosure statements (appendix G to the Staff Regulations and Staff Rules), which became effective on 1 July 2014, after necessary consultations with staff representatives, the financial disclosure programme was rolled out during the latter part of 2014. Thirty relevant IMO staff members were required to submit their financial disclosure statements covering the reporting year 2014 to IOEO, with the Secretary-General submitting his own disclosure also to the Chairman of the Council. The disclosures submitted by staff members will be reviewed and the result will be reported to the Secretary-General before the end of 2015. The financial disclosure programme is an annual process, and staff members to whom appendix G applies will be required to submit financial disclosure statements for the period 1 January to 31 December 2015, on or before 31 March 2016.

### **Policy for protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations**

5 With a view to further ensuring that the Organization always functions in an open, transparent and fair manner, and with the objective of ensuring protection for individuals who report misconduct or cooperate with duly authorized audits or investigations, the Secretary-General intends to strengthen existing policy provisions within the Staff Regulations and Staff Rules for protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. The Secretary-General will inform the Council, at its 116th session in 2016, on the strengthening of the policy.

### **Statement on Internal Control**

6 As part of the annual financial reporting to Member States, the Organization's financial statements make reference to an established framework of internal controls, including internal oversight, designed to maximize the effective and efficient use of resources, safeguard assets and complement the existing risk management framework. In line with the Secretary-General's pursuit of greater transparency within IMO, he and the senior management team have agreed that the above practice should now be augmented by the issuance of a Statement on Internal Control (SIC) accompanying the annual financial statements. The SIC is an emerging corporate governance principle that has been integrated into the annual financial reports of organizations within and outside the United Nations system. It is increasingly seen as best

practice and as a natural follow on from IPSAS, and is a public accountability document that describes the effectiveness of internal controls in an organization, identifies the level of accountability of all individuals given delegated responsibility, and thereby provides assurance to stakeholders (e.g. Member States, donors, contractors, etc.) that the Organization is appropriately managing and controlling the resources that have been entrusted to it. The Council may therefore wish to note that preparations for the issuance of an SIC along with the Organization's 2015 Financial Statements, to be presented to the Council at its 116th session in 2016, are already being made as part of the Secretariat's business plan for the current biennium.

**Action requested of the Council**

- 7        The Council is invited to note the information provided.
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