

COUNCIL
116th session
Agenda item 6

C 116/6
9 May 2015
Original: ENGLISH

IMO MEMBER STATE AUDIT SCHEME

Progress report on the implementation of the Scheme

Note by the Secretary-General

SUMMARY

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|-----------------------------|---|
| <i>Executive summary:</i> | This document provides an updated report on progress made in the implementation of the Audit Scheme since C 114, as well as information on the audit schedule, audit management and reporting |
| <i>Strategic direction:</i> | 2.0 |
| <i>High-level action:</i> | 2.0.2 |
| <i>Output:</i> | No related provisions |
| <i>Action to be taken:</i> | Paragraph 17 |
| <i>Related documents:</i> | C 112/D, C 112/INF.3; C 113/D; C 114/D and resolutions A.1067(28) and A.1068(28) |

Final figures on voluntary audits under the Scheme

1 During the voluntary phase of the audit scheme, a total of 75 audits have been conducted, which included 67 Member States, two Associate Members, five dependent territories and a second audit of a Member State. Nine of these audits were conducted pursuant to operative paragraph 1 of resolution A.1068(28) on the Transition from the Voluntary IMO Member State Audit Scheme to the IMO Member State Audit Scheme. The last of these audits was conducted in October 2015, marking the end of voluntary audits.

2 The various reports listed in the Procedures for the Scheme were prepared as audits were completed. With respect to the two reports that are of interest to Member States, namely the audit summary report (ASR) and consolidated audit summary report (CASR), the ASRs from all voluntary audits conducted under the Scheme have been circulated to all Member States through circular letters with the last being No.3637 of 27 April 2016. The tenth CASR has been issued for consideration of the Council as document C 116/6/1 and it completes the set of CASRs, which will form the basis for the full analysis of audit outcomes from the voluntary phase of the Scheme.

IMSAS

3 Audits under IMSAS commenced in February 2016, in accordance with the audit timetable for 2016, which is based on the overall audit schedule (document C 112/INF.3) as developed by the Secretary-General and noted by C 112.

4 The Council may recall that, four audits (Guinea-Bissau, Bosnia and Herzegovina, Nepal and Somalia), which were included in the overall audit schedule for 2016, were postponed until such time that conditions for the conduct of any of these audits were established (i.e. ratification of mandatory instruments covered by the Scheme). Audits of two other Member States (Angola and Georgia) have been conducted under the transitional arrangements and, consequently, those two Member States have been moved to the back of the audit schedule in similar order as those Member States that had been audited prior to the development of the overall audit schedule.

5 In addition, in January 2016, the Secretary-General received a communication from Yemen, informing him of the unstable security situation in the country and requesting the audit of Yemen to be postponed. Based on the prevailing conditions, and taking into account the Procedures for the audit and decision of the Council (document C 113/D, paragraph 5.6(v)), the Secretary-General has accepted that the audit of Yemen is not viable in 2016, consequently it has been postponed.

6 In accordance with the policy endorsed by C 113 that shortfalls in the number of audits in any given year should be compensated for by Member States which are scheduled to be audited in succeeding years and which had volunteered to be audited, the Secretariat had received a request from Portugal to move its audit to 2016 and this has been accommodated.

7 Based on the foregoing, the Secretariat has 19 Member States on its audit schedule for 2016 and, as of the date of this document, seven audits (Côte d'Ivoire, Togo, Qatar, Serbia, Mauritania, Portugal and the United Arab Emirates) have been conducted under IMSAS. Reports from these audits are currently at different stages of completion and the remaining 12 audits are proceeding to plan.

Audits planned for 2017

8 In accordance with the overall audit schedule and the need to notify each Member State of the projected date of its audit as soon as possible, but not less than 18 months in advance, the Secretary-General has formally written to the 23 Member States that are scheduled to be audited in 2017. One Member State (El Salvador) was audited under the transitional arrangements and has been moved to the back of the audit schedule.

9 In addition, the Council may wish to note that Iraq is scheduled to be audited in 2017. However, it is the considered view of the Secretary-General that the audit of Iraq should be postponed as it would not be viable to undertake this audit under the prevailing conditions.

Overall audit schedule

10 Taking into account the completion of voluntary audits of several Member States appearing on the original overall audit schedule, as well as decisions to postpone some audits as stated above, the overall audit schedule has been updated and is set out in the annex to this document. The overall audit schedule now provides an indication of the years of audit of each Member State and Associate Members as well as relevant comments where appropriate.

MSA module in GISIS

11 As part of the preparatory work for the commencement of audits in 2016, the Secretariat had completed the development of a new GISIS module on Member State Audits (MSA), which provides a common platform for the implementation of audits and support from planning through to the reporting phases of the audit. This module will contribute both to the effectiveness for the execution of audits and to rationalize the use of available resources of Member States, audit teams and the Secretariat.

12 In terms of providing reports to Member States or to the public, based on the authorization received from each Member State, the module has the functionality to display all available reports from audits, including audit final reports (FR), executive summary reports (ESR), corrective action plans (CAP) and Member States' comments on the progress of the implementation of their corrective action plans (CPICAP). The MSA module also displays all FRs, audit summary reports (ASRs) and CAPs from audits carried out under VIMSAS and under the transitional arrangements. The MSA module would indicate the availability of a particular report, but only the Member State audited will be able to view or download its reports automatically. If the audited Member State has authorized any of the reports to be made available to other Member States or to the public, these reports will be made available accordingly.

13 For mandatory audits, the authorization for the release of the ESR, CAP and CPICAP is normally provided through the Memorandum of Cooperation (MoC). In addition to the authorization granted through the MoC, a State may grant further authorization (e.g. for release of FR) through an official communication to the Secretariat. For the voluntary and transitional audits carried out, those Member States concerned can provide authorization to the Secretariat for any of the audit reports and CAP to be made available to all Member States or to the public. The Council may wish to reiterate its invitation to those Member States that have been audited to provide authorization to the Secretariat for the release of any of the reports and CAP from audits carried out since the commencement of the Scheme, so that as many audit reports as possible are made available to all Member States or to the public.

14 With regard to those reports authorized for release to Member States only, access to those reports will be granted to one designated person per Member State. This is particularly important as under the current Scheme, restricted distribution of reports from audits, including CAP and CPICAP, would be better managed through the MSA module in GISIS. Information on the procedure for the nomination of authorized persons to access the MSA module in GISIS has been made available through Circular Letter No.3587 of 15 September 2015. The Council may therefore wish to reiterate the invitation extended at the twenty-ninth session of the Assembly to Member States to provide the Secretariat with the details of an individual designated to receive access to the reports on the MSA module.

Auditors

15 Following from the Council's decision on the option for the conduct of audits under the current Scheme, whereby two auditors from Member States and one auditor from the Secretariat, as necessary, will form audit teams, currently, there are 195 individuals on the roster who have met the criteria established in the Procedures for the Scheme. It is considered that the aforementioned number of active and qualified auditors currently on the roster is reasonable for the commencement of mandatory audits. With a view to ensuring that additional qualified auditors will be available for audits, the Council may wish to encourage Member States to nominate those individuals who meet the criteria established in the Procedures for the Scheme (resolution A.1067(28)), which also includes demonstrable auditing skills and techniques.

16 With respect to the procedure for the nomination of auditors, Member States should continue to nominate auditors as before. Individuals to be nominated by Member States should enter their details through the E-roster of experts and consultants, which will then be validated by the Secretariat after an official nomination has been received from the Member State concerned. Updated information on the procedure for the nomination of auditors has been made available through Circular Letter No.3547 of 8 May 2015.

Action requested of the Council

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

- .1 to note the updated overall audit schedule, taking into account the completion of voluntary audits of several Member States appearing on the original overall audit schedule, as well as decisions to postpone non-viable audits involving Iraq and Yemen (paragraphs 5, 9 and 10 and annex);
- .2 to invite those Member States that have been audited to provide authorization to the Secretariat for the release of any of the reports and corrective action plan from audits carried out since the commencement of the Scheme, so that as many audit reports as possible are made available to all Member States or to the public (paragraph 13);
- .3 to invite Member States to provide the Secretariat with the details of an individual designated to receive access to Member State audit reports through the GISIS module as per Circular Letter No.3587 (paragraph 14); and
- .4 to encourage Member States to nominate those individuals who meet the criteria established in the Procedures for the Scheme as auditors under the Scheme, which includes demonstrable auditing skills and techniques, taking into account Circular Letter No.3547 (paragraphs 15 and 16).

ANNEX

MEMBER STATES SCHEDULED TO BE AUDITED IN 2016

| NO. | MEMBER STATE | Audit period | Remark |
|-----|-------------------------|--------------|--|
| 1 | Guinea-Bissau* | | No audit based on decision of C113 |
| 2 | Guinea | July | Confirmed |
| 3 | Côte d'Ivoire | February | Audited |
| 4 | Bosnia and Herzegovina* | | No audit based on decision of C113 |
| 5 | Togo | February | Audited |
| 6 | Mauritania | April | Audited |
| 7 | Qatar | March | Audited |
| 8 | Georgia** | | Voluntary audit carried out, moved to the back of the list |
| 9 | Nepal* | | No audit based on decision of C113 |
| 78 | Portugal | April | Audited |
| 10 | Serbia | April | Audited |
| 11 | United Arab Emirates | May | Audited |
| 12 | Albania | May | Confirmed |
| 13 | Angola** | | Voluntary audit carried out, moved to the back of the list |
| 14 | Seychelles | June | Confirmed |
| 15 | Nigeria | June | Confirmed |
| 16 | Senegal | July | Confirmed |
| 17 | Sri Lanka | July | Confirmed |
| 18 | Paraguay | July | Confirmed |
| 19 | Papua New Guinea | September | Confirmed |
| 20 | Jordan | September | Confirmed |
| 21 | Somalia* | | No audit based on decision of C113 |
| 22 | Egypt | September | Confirmed |
| 23 | Yemen | | Postponed Subject to C116 review |
| 24 | Hungary | October | Confirmed |
| 25 | Mongolia | November | Confirmed |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2017

| NO. | MEMBER STATE | Audit period | Remark |
|------------|------------------------------------|---------------------|---|
| 26 | Ghana | January | Audit confirmed |
| 27 | Kazakhstan | February | Audit confirmed |
| 28 | Macao, China ⁺ | February | Audit confirmed |
| 29 | Gambia | February | Audit confirmed |
| 30 | Kiribati | March | Audit confirmed |
| 31 | Bahrain | March | Audit confirmed |
| 32 | Oman | April | Audit confirmed |
| 33 | Gabon | April | Audit confirmed |
| 34 | Venezuela (Bolivarian Republic of) | May | No response |
| 35 | Democratic Republic of the Congo | May | No response |
| 36 | Azerbaijan | May | Audit confirmed |
| 37 | Cabo Verde | May | Audit confirmed |
| 38 | Nicaragua | June | Audit confirmed |
| 39 | Iraq | | Postponed Subject to C 116 review |
| 40 | El Salvador** | | Voluntary audit carried out, moved to the back of the list |
| 41 | Czech Republic | July | Audit confirmed |
| 42 | Cambodia | July | Audit confirmed |
| 43 | Slovakia | July | Audit confirmed |
| 44 | Cuba | September | No response |
| 45 | Bangladesh | September | Audit confirmed |
| 46 | Trinidad and Tobago | September | Audit confirmed |
| 47 | Monaco | October | Audit confirmed |
| 48 | Madagascar | October | Audit confirmed |
| 49 | Vanuatu | October | Audit confirmed |
| 50 | Bolivia (Plurinational State of) | November | Audit confirmed |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2018

| NO. | MEMBER STATE | Audit period | Remark |
|------------|-----------------------|---------------------|--|
| 51 | Djibouti | | - |
| 52 | Myanmar | | - |
| 53 | Guyana | | - |
| 54 | Suriname | | - |
| 55 | Ukraine | | - |
| 56 | Barbados | | - |
| 57 | Fiji | | - |
| 58 | Brunei Darussalam | | - |
| 59 | Samoa | | - |
| 60 | Cook Islands** | | Voluntary audit carried out, moved to the back of the list |
| 61 | Colombia** | | Voluntary audit carried out, moved to the back of the list |
| 62 | Saint Lucia | | - |
| 63 | Lebanon | | - |
| 64 | Turkmenistan | | - |
| 65 | Indonesia** | | Voluntary audit carried out, moved to the back of the list |
| 66 | Austria | | - |
| 67 | Kenya | | - |
| 68 | Sudan | | - |
| 69 | Grenada | | - |
| 70 | Sao Tome and Principe | | - |
| 71 | Equatorial Guinea | | - |
| 72 | Costa Rica | | - |
| 73 | Sierra Leone | | - |
| 74 | San Marino | | - |
| 75 | Congo | | - |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2019

| NO. | MEMBER STATE | Audit period | Remark |
|------------|---|---------------------|--|
| 76 | Eritrea | | - |
| 77 | Viet Nam | | - |
| 78 | Portugal | | Audited in 2016 |
| 79 | Algeria | | - |
| 80 | United Republic of Tanzania | | - |
| 81 | Tuvalu | | - |
| 82 | Comoros | | - |
| 83 | Uganda | | - |
| 84 | Croatia** | | Voluntary audit carried out, moved to the back of the list |
| 85 | Zimbabwe | | - |
| 86 | Iceland | | - |
| 87 | Tonga | | - |
| 88 | Solomon Islands | | - |
| 89 | Saint Vincent and the Grenadines** | | Voluntary audit carried out, moved to the back of the list |
| 90 | Libya | | - |
| 91 | Saudi Arabia | | - |
| 92 | The former Yugoslav Republic of Macedonia | | - |
| 93 | Mozambique | | - |
| 94 | Kuwait | | - |
| 95 | Dominica | | - |
| 96 | Montenegro | | - |
| 97 | Syrian Arab Republic | | - |
| 98 | Guatemala | | - |
| 99 | Haiti | | - |
| 100 | Palau | | - |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2020

| NO. | MEMBER STATE | Audit period | Remark |
|------------|--|---------------------|---------------|
| 101 | Malawi | | - |
| 102 | Maldives | | - |
| 103 | Mauritius | | - |
| 104 | Benin | | - |
| 105 | Cameroon | | |
| 106 | Pakistan | | - |
| 107 | Republic of Moldova | | - |
| 108 | Dominican Republic | | - |
| 109 | Ethiopia | | - |
| 110 | Namibia | | - |
| 111 | Democratic People's Republic of Korea | | - |
| 112 | Timor-Leste | | - |
| 113 | Denmark | | - |
| 114 | Cyprus | | - |
| 115 | United Kingdom | | - |
| 116 | Spain | | - |
| 117 | Marshall Islands | | - |
| 118 | Sweden | | - |
| 119 | Japan | | - |
| 120 | Liberia | | - |
| 121 | Chile | | - |
| 122 | Republic of Korea | | - |
| 123 | Greece | | - |
| 124 | Canada | | - |
| 125 | New Zealand | | - |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2021

| NO. | MEMBER STATE | Audit period | Remark |
|------------|---------------------|---------------------|---------------|
| 126 | Netherlands | | - |
| 127 | Italy | | - |
| 128 | Thailand | | - |
| 129 | Norway | | - |
| 130 | Germany | | - |
| 131 | South Africa | | - |
| 132 | United States | | - |
| 133 | Uruguay | | - |
| 134 | Australia | | - |
| 135 | Luxembourg | | - |
| 136 | Singapore | | - |
| 137 | Bulgaria | | - |
| 138 | Panama | | - |
| 139 | Romania | | - |
| 140 | Malaysia | | - |
| 141 | Argentina | | - |
| 142 | Brazil | | - |
| 143 | Russian Federation | | - |
| 144 | France | | - |
| 145 | Ecuador | | - |
| 146 | Philippines | | - |
| 147 | China | | - |
| 148 | Hong Kong, China+ | | - |

MEMBER STATES SCHEDULED TO BE AUDITED IN 2022

| NO. | MEMBER STATE | Audit period | Remark |
|------------|----------------------------------|---------------------|---------------|
| 149 | Poland | | - |
| 150 | Ireland | | - |
| 151 | India | | - |
| 152 | Latvia | | - |
| 153 | Estonia | | - |
| 154 | Mexico | | - |
| 155 | Bahamas | | - |
| 156 | Jamaica | | - |
| 157 | Lithuania | | - |
| 158 | Iran (Islamic Republic of) | | - |
| 159 | Malta | | - |
| 160 | Faroese+ | | - |
| 161 | Finland | | - |
| 162 | Honduras | | - |
| 163 | Antigua and Barbuda | | - |
| 164 | Israel | | - |
| 165 | Peru | | - |
| 166 | Switzerland | | - |
| 167 | Slovenia | | - |
| 168 | Morocco | | - |
| 169 | Turkey | | - |
| 170 | Belize | | - |
| 171 | Tunisia | | - |
| 172 | Saint Kitts and Nevis | | - |
| 173 | Belgium | | - |
| 15 | El Salvador** | | |
| 61 | Colombia** | | |
| 84 | Croatia** | | |
| 13 | Angola** | | |
| 65 | Indonesia** | | |
| 8 | Georgia** | | |
| 60 | Cook Islands** | | |
| 89 | St. Vincent and the Grenadines** | | |

Postponed audits

| | |
|----|-------------------------|
| 1 | Guinea-Bissau* |
| 4 | Bosnia and Herzegovina* |
| 9 | Nepal* |
| 21 | Somalia* |

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- * No audit based on decision of C 113.
** Audited under Transitional arrangements and moved.
+ Associate Member.