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VOLUNTARY IMO MEMBER STATE AUDIT SCHEME

Progress report on the implementation of the Audit Scheme

Note by the Secretary-General

SUMMARY

Executive summary: This document informs the Council on progress made in the implementation of the Audit Scheme

Action to be taken: Paragraph 14

Related document: Assembly resolution A.974(24)

Introduction

1 Following the adoption by the twenty-fourth regular session of the Assembly of resolution A.974(24) – Framework and Procedures for the Voluntary IMO Member State Audit Scheme, the Secretary-General, consistent with his responsibilities as assigned to him under the Framework, issued, on 2 December 2005, Circular letters Nos.2686 and 2687, inviting Member States to nominate qualified auditors for inclusion in the roster of auditors made available for the implementation of the Scheme and for Member States to volunteer to be audited, respectively.

2 In all his opening addresses at IMO meetings since the beginning of the year, the Secretary-General has invited Members to:

- .1 offer themselves for audit;
- .2 nominate auditors to enable him to select audit teams from among them to conduct the audit of volunteering Members; and
- .3 nominate qualified auditors to participate in the regional training courses the Organization was convening to provide uniform training to auditors to be used for the effective implementation of the Scheme.

3 Implementation of the global programme on “Voluntary IMO Member State Audit Scheme”, which is part of the approved Integrated Technical Co-operation Programme (ITCP) for 2006-2007, has begun with the training of auditors.

4 This document reports on progress made on the above activities and sets out the timetable for the conduct of audits during the current biennium.

For reasons of economy, this document is printed in a limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

Response to Circular letter No 2686 – Nomination of auditors

5 In response to Circular letter No.2686, 38 individuals have, by the time of writing, been nominated for inclusion in the roster of auditors maintained by the Secretariat. Section 4.3 of the Procedures stipulates the criteria to be applied by the Secretary-General in selecting members of an audit team. In this regard, it should be noted that some of the individuals nominated so far do not fully meet the criteria established. However, there are indications from Member States that some of those nominated are already undertaking appropriate training to meet the criteria established in the Procedures.

6 Nomination by Member States of suitably qualified auditors is a key component for the successful implementation of the Scheme and, as of the date of this document, there are insufficient qualified auditors on the roster to ensure the smooth commencement of audits from September of this year. Therefore, the Council may wish to encourage Member States to nominate as many qualified auditors as possible.

Response to Circular letter No. 2687 – Volunteering States

7 As of the date of this document, the Secretary-General has received official communications from 18 Member States of their readiness to be audited as well as their commitment to meet the cost of the audit visit. It is important to note that the number of Member States that have so far volunteered for audit is encouraging, given the previous estimate of about 25 audits to be conducted during the current biennium starting from September of this year. Furthermore, there have been significant efforts made by these Member States to reach the stage where they have committed themselves to be audited and there are encouraging signs that other Member States are undertaking similar efforts to officially volunteer for audit. Therefore, it can be reasonably expected that sufficient Member States will volunteer within the near future to reach the target for 25 audits, whilst providing the basis for future planning of audits beyond the current biennium.

8 Whilst the 18 Member States that have so far volunteered for audits may be related to the 31 March 2006 deadline contained in the above referred Circular letter, that date was established only as a marker from which the audit timetable would be developed. Member States are welcome to volunteer at anytime for audits and they would be included in a regularly updated audit timetable. In this connection, the Council may also wish to encourage Member States to continue to volunteer for audits as and when they are ready, which would assist in the regular planning of audits and updating of the audit timetable.

Training of auditors

9 Within the context of the global programme on “Voluntary IMO Member State Audit Scheme” as contained in the approved ITCP for 2006-2007, training of auditors in the Framework and Procedures of the Scheme has commenced. Following the pilot training course held in Ljubljana, Slovenia, from 12 to 16 September 2005, which was attended by 29 participants from CIS and European countries, two further training courses have been held as follows:

- .1 Colombo, Sri Lanka, from 20 to 24 February 2006, attended by 19 participants from countries in Asia; and
- .2 Guayaquil, Ecuador, from 27 to 31 March 2006, attended by 20 participants from countries in Latin America.

10 Two more training courses are scheduled for this year, one in Egypt and the other in the United Republic of Tanzania. The training courses are designed for individuals who will undertake internal or external audits. In this regard, the Council may wish to invite Member States to nominate those individuals who they intend to use for audit purposes, within the context of the Audit Scheme, to participate in the training courses. This would ensure that sufficient residual capacity is being developed for the implementation of the Audit Scheme, especially in light of the concerns expressed in paragraph 5 above.

Overall audit timetable

11 As required of the Secretary-General in paragraph 8.1.7 of the Framework, an overall audit timetable has been developed, taking into account the projected number of 25 audits for this biennium and the number of Member States that have so far volunteered for audits. The overall audit timetable is set out at annex.

12 Whilst every effort will be made to meet the targets set in the timetable, the planning and the conduct of the audits depend on a number of factors. Therefore, the Council may wish to encourage:

- .1 Member States that volunteer for audits to respond in time to requests for information, especially information for which specific deadlines have been established in the Procedures for the Scheme; and
- .2 all Member States to make available those individuals that they have nominated as auditors when their services are required.

13 Based on the overall timetable set out at annex, the Secretary-General will transmit the details of those Member States to be audited to the appropriate authority of all Member States. To safeguard the integrity of the audit process, the details to be provided should be treated as restricted information. As necessary, the overall audit timetable will be updated regularly as well as the details of those Member States to be audited.

Action requested of the Council

14 The Council is invited to take note of the information provided and to:

- .1 encourage Member States to nominate as many qualified auditors as possible (paragraph 6);
- .2 encourage Member States to continue to volunteer for audits as and when they are ready, which would assist in the regular planning of audits and updating of the audit timetable (paragraph 8);
- .3 invite Member States to nominate individuals they intend to use for audit purposes, within the context of the Audit Scheme, to participate in the training courses organized by the Organization (paragraph 10);
- .4 note the planned audit timetable as set out at annex (paragraph 11 and annex);

- .5 encourage Member States that volunteer for audits to respond in time to requests for information, especially information for which specific deadlines have been established in the Procedures for the Scheme (paragraph 12.1); and
- .6 encourage all Member States to make available individuals they have nominated as auditors when their services are required (paragraph 12.2).

ANNEX

OVERALL IMO AUDIT TIMETABLE FOR 2006-2007

2006	NUMBER OF AUDITS
September	1
October	1
November	1
December	1
2007	
January	2
February	2
March	2
April	2
May	2
June	2
July	1
August	0
September	2
October	2
November	2
December	2
16 Months	25 audits
