



JOINT MSC/MEPC/TCC WORKING
GROUP ON THE VOLUNTARY IMO
MEMBER STATE AUDIT SCHEME
2nd session
Agenda item 1

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**REPORT OF THE COUNCIL CORRESPONDENCE GROUP ON
THE VOLUNTARY IMO MEMBER STATE AUDIT SCHEME**

Submitted by Denmark

SUMMARY

Executive summary: This document provides the report of the Council Correspondence Group on the Voluntary IMO Member State Audit Scheme

Action to be taken: Paragraph 10

Related documents: C 90/15/Add.1

Background

1 The Council, at its ninetieth session, established a correspondence group to continue the work on the development of the Voluntary IMO Member State Audit Scheme, under the co-ordination of Denmark, with the following terms of reference (C 90/15/Add.1, annex 3):

- .1 to progress further the development of the audit scheme through the compilation of various technical annexes for the composite document of the scheme, by addressing the following subject matters:
 - .1.1 the procedures for Member State audits;
 - .1.2 an appropriate audit standard;
 - .1.3 a Memorandum of Understanding (MoU);
 - .1.4 audit checklists and standard reporting forms; and
 - .1.5 development of an audit flowchart, with timelines;
- .2 to refer for further detail to the report to the Council of the Joint MSC/MEPC/TCC Working Group (C 90/15/Add.1), the outcome of the consideration thereof by C 90 and the concurrent development of the Code for the Implementation of [Mandatory] IMO Instruments; and

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- .3 to produce a written report, annexing the above-mentioned material, in time for consideration by the aforementioned Joint Working Group at its meeting which is scheduled to take place from 22 to 26 March 2004.

In the conduct of its work, the correspondence group should, as appropriate, follow the Guidelines for correspondence groups outlined in appendix 4 of the Guidelines on the organization and method of work of the MSC and MEPC and their subsidiary bodies (MSC/Circ. 931-MEPC/Circ. 311, as amended).

2 Representatives of the following Member Governments participated in the Correspondence Group:

AUSTRALIA	MARSHALL ISLANDS
BAHAMAS	NEW ZEALAND
BELIZE	NORWAY
BRAZIL	PANAMA
CANADA	REPUBLIC OF KOREA
CYPRUS	SPAIN
INDIA	SWEDEN
ITALY	UNITED KINGDOM
JAPAN	UNITED STATES
LIBERIA	

the following Associate Member of IMO:

HONG KONG, CHINA

and an observer from the:

EUROPEAN COMMISSION (EC)

General issues

3 The group, in accordance with its terms of reference, has progressed further the development of the scheme and the results of this work is reflected in the body of this report and in the composite document given in annex 1.

4 One participant suggested that a systems approach as opposed to an audit against wholly prescriptive elements be adopted. Such a methodology, using elements of risk, could allow IMO to better focus on the more important areas. Time did not allow the group to consider this issue.

5 The co-ordinator identified a number of issues of principle from the comments received and summarized them in the form of 10 questions. The questions and comments received on them are set out hereunder:

Question 1

“It has been stated that the present text reflects a ‘particular style of administration’. That has never been the intention. Do other share this view?”

Several participants have indicated that they do not share this view. No participant indicated that they share this view.

Question 2

“Several comments have addressed the question of languages including the possibility/desirability of translation/interpretation. I have attempted to pinpoint this in the relevant paragraphs, but is left with some square brackets. Please give me your views on how to handle this issue.”

One participant was of the opinion that information meetings, official documents, and relevant legislation to conduct the audit are to be in the language of the audited State. The team of auditors should have the support of translators/interpreters recruited by IMO, with no cost to the audited State, so ensuring reliability on the audit process.

A number of participants saw a possible need for translation/interpretation. One participant suggested that it should be handled on a case-by-case basis; another participant raised the question of funding and one participant suggested that the audited State should pay for such services.

Question 3

“One comment was to the effect that the proposed MoU might not be necessary. Some have stated that they wish to retain an MoU. Your views, please.”

Many participants indicated that they saw a need for an MoU. One participant suggested that a better name might be ‘contract’.

Question 4

“One comment stated that there should be no option for the State to be audited to indicate areas, which should not be covered in an audit. Other has indicated that a certain flexibility is needed/desirable. Views?”

A number of participants indicated that there should be no flexibility. A similar number of participants indicated that a certain flexibility would be needed. One participant stated that the audited State should have full freedom to decide on the areas to be audited. Another participant suggested that a ‘core’ – always to be audited – should be identified.

Question 5

“It has been suggested to include ILO instruments. Personally I do not think we can do that in an IMO system without the agreement of ILO. Do we wish to pursue this?”

Many participants indicated that ILO instruments should not be included. Some participants also indicated that ILO instruments might be included in the future.

Question 6

“It has also been suggested that participation in IMO meetings by a State may be an indicator. Should this be considered? If so, what should be stated?”

Many participants indicated that participation in IMO meetings would not be a useful and suitable indicator. No participants supported the suggestion.

Question 7

“An ‘IMO Auditing Committee’ has been suggested. How do you feel about that?”

Two participants did not see a need for such a body. Several participants found that the suggestion had considerable merit and should be considered further.

Question 8

“Some have proposed to leave out the issue of security. If security is to be part of the system we will have to address control of RSOs. Views?”

This question has been overtaken by later events (the 22nd extraordinary session of the Council and the 23rd Assembly). In the group views were divided on this issue.

Question 9

“Several comments state that we should not duplicate the system already set up by STCW. Personally I fully agree with that. How do we avoid such duplication – somebody come up with a text, please.”

Several participants found that there should be no duplication. Two participants suggested that a simple text be inserted under the heading of ‘Scope’. Time did not allow further consideration of this issue.

Question 10

“The issue of using audits to also identify ‘best practices’ has been raised. Views?”

The views expressed were mainly positive, but it was pointed out that the audit should not ‘go out of its way’ to identify best practices. However, if best practices were identified they should be promoted. Two participants were not sure that the term ‘best practice’ was the right term, but they considered that it would be useful to document this sort of information and promulgate it in an advisory fashion to interested States. One participant expressed doubt as to the value of this, because Administrations work in different ways, which may be equally effective.

Part II – draft Procedures

6 One participant proposed to use ISO 19011:2002 more directly as the basis for Part II on procedures. The proposed alternative text is given in annex 2.

7 Several participants, while appreciating the idea and the proposed alternative text, felt that the draft text of Part II as found in annex 1 was better suited to the purposes of the scheme. However, it was recognized that the text would have to be further considered with a view to aligning it, to the extent necessary/desirable, with relevant parts of ISO 19011:2002. Time did not permit the group to further consider this issue.

Part III – draft Standard

8 The draft text for Part III was suggested by the co-ordinator as a first attempt.

9 Some participants have suggested that the draft Code for the Implementation of [Mandatory] IMO Instruments, presently being developed by the Sub-Committee on Flag State Implementation, might become the standard against which an audit should be carried out.

Action requested of the Joint Working Group

10 The Joint Working Group is invited to consider the comments and suggestions given in the body of this report and its annexes, and to approve the report in general.

ANNEX 1

Part I	Draft Framework for Member State Audits
Part II	Draft Procedures for Member State Audits
Part III	Draft Standard for Member State Audits
Annex 1	Draft Memorandum of Understanding (MoU)
Annex 2	Draft report form (example)
Annex 3	Audit flowchart with timelines
Annex 4	Checklists (general thoughts on the issue)

PART I

DRAFT FRAMEWORK FOR MEMBER STATE AUDITS

1 PURPOSE

1.1 The purpose of this Framework is to describe the objectives, principles, scope, responsibilities, and the capacity-building aspect for Member State audits, which together constitute the strategy for the audit scheme.

1.2 The Framework is supported by the “Procedures for Member State Audits” (to include all the other annexes to be developed), [and the Code for the implementation of [mandatory] IMO instruments] to be developed by the Organization.

2 APPLICATION

2.1 This Framework will apply to all those involved in Member State audits.

3 AUDIT STANDARD

3.1 The audit shall be conducted in line with the Standard (to be developed).

4 OBJECTIVES

4.1 The aim of the audit scheme is to determine to what extent Member States are implementing and enforcing the applicable IMO instruments, so as to enhance further their performance. In order to achieve this, the audit will observe and assess the following:

- [.1 [full] compliance with the Code for the implementation of [mandatory] IMO instruments to be developed by the Organization;]
- .2 progress of the Member State in enacting legislation, as appropriate, for the applicable IMO instruments relating to maritime safety, security and prevention of pollution to which it is a Party;
- .3 the administration and enforcement of the [applicable][relevant] laws and regulations of the Member State;
- .4 the mechanism and controls in place by which the delegation of authority by a Member State to a recognized organization for the purposes of the implementation of convention requirements related to safety [, security] and environmental protection is effected;
- .5 the control, monitoring and feedback mechanism of the Member State’s survey and certification process and of its recognized organization(s), as appropriate;
- .6 the extent to which the Member State discharges any other obligations and responsibilities under the applicable IMO instruments;

- .7 [to foster capacity-building [including, *inter alia*, infrastructure building] and the provision of related technical assistance][the extent to which enhancement of capacity building for the Administration, in terms of both buildings and IT systems, would assist the Administration in discharging its responsibilities *UK*][by identifying areas which would benefit by further development *AUS*];
- [.7bis the extent to which technical assistance could assist the Administration in discharging its responsibilities;]
- .8 the audit is intended to provide the audited Member State with feedback to assist in improving its capacity to implement the applicable instruments;
- .9 to provide all Member States with feedback on generic lessons learnt from audits of Member States, so that the benefits can be widely shared, while taking care to preserve the anonymity of the audited Member State; and
- .10 systematically feedback any lessons learnt from the audits, as may be appropriate, into further consideration by the Organization of the effectiveness and appropriateness of its legislation.

5 PRINCIPLES

5.1 Sovereignty and universality

5.1.1 Audits should be constructive in approach and carried out on a voluntary basis, at the request of the Member State to be audited, and in accordance with established procedures. Nevertheless, the benefits of the scheme would be greater if all Member States of the Organization volunteered themselves to be audited. Audits should therefore be organized and conducted in such a way as to encourage Member States to submit to audit. All Member States will benefit from positive and constructively conducted audits.

5.2 Consistency, fairness, objectivity, and timeliness

5.2.1 Audits should be pragmatic, fair and carried out in accordance with an agreed time frame. Recognizing and appreciating that different Member States may have different and equally valid ways of discharging their responsibilities; audits should be conducted by appropriately trained and qualified auditors, and in a consistent and objective manner. Consistency and uniformity in the quality of audits must be ensured.

5.3 Transparency and disclosure

5.3.1 Audit reports should be confidential and available only to the audited Member State and to the Secretary-General of IMO. An audited Member State may make available to other parties details of the findings and of its own subsequent actions. After consultation with the audited Member State, an anonymized audit summary report should be given to, and circulated by, the Organization in a standardised format for information to all Member States on a periodical basis, so that the benefit of any generic lessons can be learned.

5.4 Co-operation and inclusiveness

5.4.1 Audits should be conducted in a manner such that the Member State being audited can contribute to the audit process within an established time frame.

5.5 Continual improvement

5.5.1 Audits should lead to continual improvement of the implementation and enforcement of the applicable IMO instruments by the Member State. [In this regard, the Member State should carry out appropriate and agreed follow-up activities to an agreed timescale.]

6 SCOPE

6.1 General

6.1.1 The effective implementation and enforcement of IMO treaties obligations and responsibilities are reinforced by the 1982 United Nations Convention on the Law of the Sea (UNCLOS), which is acknowledged as an “umbrella convention” because most of its provisions, being of a general nature, are primarily implemented through specific operative regulations in other international agreements, which in this case are the IMO instruments.

6.2 IMO mandatory instruments

6.2.1 Recognizing the foregoing, the IMO mandatory instruments which should be covered by audits to determine how the relevant obligations and responsibilities relating to maritime safety [and security] and protection of the environment are carried out by Member States, with a view to enhancing further their performance, are as follows:

- .1 the International Convention for the Safety of Life at Sea (SOLAS 74), as amended;
- .2 the International Convention for the Safety of Life at Sea (SOLAS 74), as amended, and as modified by its 1978 Protocol;
- .3 the International Convention for the Safety of Life at Sea (SOLAS 74), as amended, and as modified by its 1988 Protocol;
- .4 the International Convention for the Prevention of Pollution from Ships, 1973, as modified by its 1978 Protocol (MARPOL 73/78);
- .5 the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 (STCW), as amended;
- .6 the International Convention on Load Lines, 1966 (LL 66);
- .7 the International Convention on Load Lines, 1966 (LL 66), as modified by its 1988 Protocol;
- .8 the International Convention on Tonnage Measurement of Ships, 1969 (Tonnage 69); and
- .9 the Convention on the International Regulations for Preventing Collisions at Sea, 1972 (COLREG 72), as amended.

6.3 Obligations and responsibilities

6.3.1 The scheme should cover those obligations and responsibilities contained in the applicable IMO mandatory instruments to the extent that such instruments have entered into force for the Member State and under which a Member State is required to act in the capacity as a flag State, port State and/or coastal State.

6.3.2 The obligations and responsibilities should be such that measures related to maritime safety [and security] and protection of the environment which are undertaken by the Member State can be audited, consistent with¹ the Code for the Implementation of [mandatory] IMO Instruments to be developed by the Organization.

6.4 Areas to be covered by the scheme

6.4.1 The scheme would focus on the Member State's implementation and enforcement of applicable IMO mandatory instruments in its legislation; effective control and monitoring mechanism; effectiveness in promulgating IMO rules and regulations; enforcement action for the contravention of its laws and regulations; and other obligations and responsibilities under the applicable instruments.

6.4.2 The administrative, legal and technical areas which should provide the minimum scope for an audit are:

- .1 jurisdiction;
- .2 organization and authority;
- .3 implementation (legislation, rules and regulations);
- .4 promulgation of IMO mandatory instruments, rules and regulations;
- .5 enforcement;
- .6 control, survey, inspection, audit, verification, approval and certification functions;
- .7 selection, recognition, authorization, empowerment and monitoring of recognized organizations, as appropriate, and of nominated surveyors;
- .8 investigations; and
- .9 reporting to IMO, other Administrations, and organizations.

6.4.3 In those instances where work to give effect to the Member State's responsibilities is divided between different organizations or offices, or delegated to others, audits should address whether the respective tasks are clearly defined and should be conducted on a technical basis with the entity assigned those tasks.

¹ Refer to resolution A.911(22) – Uniform wording for referencing IMO instruments.

7 RESPONSIBILITIES

7.1 The Secretary-General is responsible for:

- .1 the implementation of the audit scheme;
- .2 formal appointment and maintenance of an appropriate list of lead auditors and [auditors];
- .3 establishing each audit team for Member State audit;
- .4 ensuring that lead auditors and [auditors] have the competencies as they are defined in paragraph 4.2 of the Procedures for Member State Audits;
- .5 defining and ensuring appropriate standards of training of audit team members to ensure consistency;
- [.6 concluding an MoU with the Member State to be audited prior to the audit;]
- .7 ensuring that the audits are planned in accordance with the overall IMO audit timetable [based on][agreed with] Member States that volunteer to be audited;
- .8 ensuring that the Member State to be audited is offered the opportunity of receiving a visit by the audit team leader in advance of the actual audit in order to be provided with information about the intention behind the scheme, the scope of the audit, how such an audit is carried out, and all other information needed to enhance understanding and co-operation between the audit team and the Member State to be audited;
- .9 maintaining appropriate records of the findings of the actual audits of Member States and disseminating an anonymized summary of the findings to all Member States; and
- .10 managing the audit scheme of audits and follow-ups.

7.2 The Member State is responsible for:

- .1 fully facilitating the audit[, in accordance with the agreed MoU];
- .2 agreeing with the IMO Secretary-General, the person who shall be the audit team leader and the total membership of the audit team;
- .3 responding to audit team findings by preparation of an action plan; and
- .4 implementing a programme of actions to address findings.

7.3 The audit team leader is responsible for:

- .1 the detailed planning of the actual audit;

- .2 performing audit interviews and meetings, etc. in accordance with the .Procedures for Member State Audits, and overall responsibility over the other team members conducting such interviews, meetings, etc.;
- .3 preparing and completing the audit reports (interim and final);
- .4 reporting details of any non-conformities found to the audited Member State;
- .5 preparing and agreeing with the Member State on the audit summary report to be submitted to the Secretary-General;
- .6 assisting in the verification of corrective actions recommended to the Member State when this leads to requests for assistance from the IMO; and
- .7 conducting a follow-up audit, as appropriate.

8 CAPACITY-BUILDING

8.1 In order to obtain the full benefits of the scheme, consideration of capacity-building matters is essential, particularly addressing human and financial resources. Where appropriate, Member States should be assisted in order to prepare and volunteer for the audit, as well as to address audit findings.

8.2 Capacity-building includes an adequate supply of suitably trained personnel, with maritime and audit skills, along with the required hardware and software systems. The need for infrastructure facilities defined as including workspace, utilities, and communication systems relevant to meeting initially the needs of the audit and ultimately the aims of the scheme are also to be taken into account.

8.3 Technical assistance will become part of the process with a view to facilitating:

- .1 the preparation of the audit;
- .2 the identification of obstacles to completing the audit;
- .3 the training of auditors to be engaged in the auditing process; and
- .4 the effective implementation of the findings of the audit.

8.4 Technical assistance may, *inter alia*, take the form of:

- .1 training;
- .2 exchange programmes;
- .3 provision of experts; and
- .4 participation of observers during the conduct of audits.

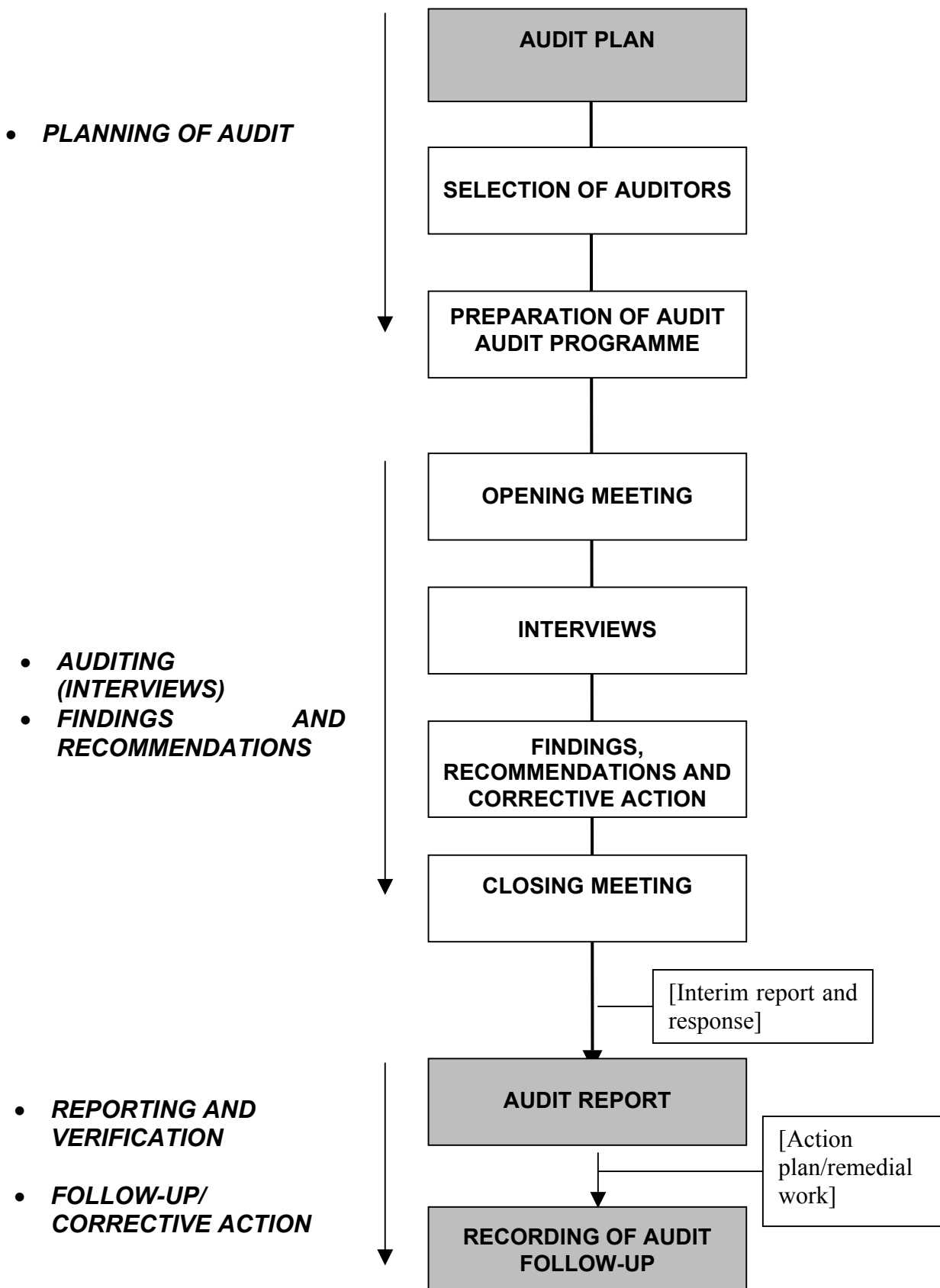
8.5 Account should also be taken of the need to ensure the participation of maritime and auditing experts from developing countries in the audit process. Arrangements should be provided for the training of internal auditors, who may [eventually] become part of audit teams.

9 THE AUDIT PROCESS

9.1 The audit process is illustrated in the diagram given in the appendix.

Appendix

AUDIT PROCES (“PLAN-DO-CHECK-ACT”)



PART II
DRAFT PROCEDURES FOR MEMBER STATE AUDITS
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Appendix Pre-audit questionnaire

PROCEDURES FOR MEMBER STATE AUDITS

1 PURPOSE

1.1 The purpose of this document is to describe the procedures for Member State audits including, but not limited to:

- .1 preparation;
- .2 the actual audit; and
- .3 reporting requirements.

2 APPLICATION

2.1 The present procedures apply to all those involved in Member State audits.

3 DEFINITIONS

3.1 “Audit” Systematic, independent and documented *process* for obtaining *audit evidence* and evaluating it objectively to determine the extent to which *audit criteria* are fulfilled (*ISO 9000:2000*).

3.2 “Audit criteria” Set of policies, procedures *or* requirements *used* as a reference (*ISO 9000:2000*).

3.3 “Audit evidence” *Records*, statements of fact or other *information* that is relevant to the *audit criteria* and verifiable (*ISO 9000:2000*).

3.4 “Conformity” Fulfilment of a *requirement* (*ISO 9000:2000*).

3.5 “Corrective action” Action to eliminate the cause of a detected *non-conformity* or other undesirable situation (*ISO 9000:2000*).

3.6 “Document” *Information* and its supporting medium (*ISO 9000:2000*).

3.7 “Information” Meaningful data (*ISO 9000:2000*).

[3.8 “Non-conformity” An observed situation where *objective evidence* indicates the non-fulfilment of a specified *requirement* (*ISM Code, as amended*).]

[3.9 “Observation” Statements of fact made during an audit and substantiated by objective evidence (*ISM Code, as amended*).]

[3.10 “Objective evidence” Quantitative or qualitative information, records or statements of fact, which is based on *observation*, measurement or test and which can be verified (*ISM Code, as amended*).]

3.11 “Preventive action” Action to eliminate the cause of a potential *non-conformity* or other undesirable potential situation (*ISO 9000:2000*).

3.12 “Procedure” Specified way to carry out an activity or a *process* (*ISO 9000:2000*).

3.13 “Process” Set of interrelated or interacting activities that transform inputs into outputs (*ISO 9000:2000*).

3.14 “Records” Documents *stating* results achieved or providing evidence of activities performed (*ISO 9000:2000*).

3.15 “Requirements” Need or expectation that is stated, generally implied or obligatory (*ISO 9000:2000*).

3.16 “Verification” Confirmation, through the provision of objective *evidence*, that specified *requirements* have been fulfilled (*ISO 9000:2000*).

4 PLANNING

4.1 Scope of the audit

4.1.1 Audits of a Member State should be planned in accordance with an agreed timetable.

4.1.2 The scope of the actual audit should be discussed and agreed between the audit team leader and the Member State to be audited prior to the commencement of the audit.

[4.1.3 Prior to the commencement of an audit, the Member State to be audited should agree to the contents of the Memorandum of Understanding (MoU) signed by the IMO Secretary-General and the Member State. A copy of the MoU signed by the Member State should be returned to the Secretary-General. No audit should be conducted unless a properly signed MoU has been received by the Secretary-General.

4.1.4 The MoU will confirm that the audit will be conducted in accordance with the terms specified in the MoU on the basis of the criteria contained in the present Procedures.]

4.2 Selection of the audit team

4.2.1 Individuals to be designated as members of an audit team should be selected following nomination of appropriately competent auditors from the IMO Member States. Acceptance should be by the IMO Secretary-General who should verify the competences of the relevant individuals to conduct the audit. The criteria that should be applied in the verification should include:

- .1 audit team leader [or auditors] qualification in accordance with [pertinent ISO standards][ISO 19011];
- .2 comprehensive knowledge of IMO instruments and maritime Administration;
- .3 language capabilities (IMO languages and others); and
- .4 geographical mix and range of nationalities, including developing countries.

4.2.2 When putting together a team to carry out an individual Member State audit, the IMO Secretary-General should have regard to the need for:

- .1 all teams to aspire to the highest standards of excellence in their task;
- .2 an audit team leader, able to combine high professional qualifications as an auditor, knowledge of the relevant IMO instruments, and an ability to lead/manage;
- .3 the audit team leader to be fully conversant with the [Audit Standard];
- .4 necessary capability of the team leader [and/or] other team members to have full command of the IMO language chosen by the Member State. [Where possible, at least [one][two] team member to have working knowledge of the language of the Member State's legislation and other relevant documentation, if not available in the chosen IMO language];
- .5 agreement with the Member State with regard to the suitability of the team members being proposed;
- .6 the audit team to consist of a [number of auditors sufficient to ensure that the audit can be conducted and completed in a satisfactory way, within the agreed period][minimum of xx members and a maximum of yy members]. In some situations, this should allow the team to be subdivided to conduct parallel activities during the course of the audit; and
- .7 stressing to all parties that all members of the audit team operate on behalf of IMO and are fully independent of both their own Member State and the Member State being audited. A range of nationalities is also required.

4.2.3 When selecting auditors as individuals, and the audit team in general, care should also extend to ensuring appropriate personal qualities and qualifications. These extend to the following:

- .1 have initiative, judgement, tact, sensitivity, and the ability to maintain harmonious working relations when meeting intended or unintended obstacles during the audit, and when working in an environment with cultural differences;
- .2 have proven skills at managerial and/or senior level;
- .3 have demonstrated motivation and the ability to write clearly and concisely;
- .4 have full command of at least one of the six official IMO languages: i.e. Arabic, Chinese, English, French, Russian and Spanish;
- .5 have in-depth knowledge of the functions of a maritime Administration;
- .6 have good knowledge of the IMO regulatory framework; and
- .7 have the ability to use office automation equipment and contemporary computer software.

5 PREPARING FOR THE AUDIT

5.1 The Member State to be audited should be advised of the names of the audit team members and other relevant personal information prior to the commencement of the audit.

[5.1bis The Member State should notify the Organization if any of the auditors has his designation turned down as a member of the audit team at least xx months before the commencement of the audit.]

5.2 The audit team leader is responsible for obtaining the necessary background information about the Member State to be audited. This should include the Pre-Audit Questionnaire as shown in the appendix as well as the latest Self-Assessment Form from the Member State, if available. [If available, the Member State's maritime legislation should be provided in one of the IMO languages, preferably in English, to facilitate better understanding by the audit team.]

5.3 If the Member State to be audited has requested an information meeting in accordance with paragraph 7.1.8 of the Framework for the Member State Audits, the audit team leader should make the necessary arrangements for such a meeting in consultation with the Member State to be audited.

5.4 If the audit team leader finds it necessary, he/she may, after consultations with the other members of the audit team, include additional questions to the Member State on an *ad hoc* basis.

5.5 The audit team should send the pre-audit questionnaire at least xx months before the commencement of the audit. The Member State should complete and return the pre-audit questionnaire at least [two months] before the commencement of the audit.

5.6 The audit team should review the reply to the pre-audit questionnaire as well as any additional information provided by the Member State, including, but not limited to, information about its management system.

5.7 The audit team leader should reflect in the scope of the audit any statements from the Member State regarding specific areas or responsibilities that should, or should not, be covered.

5.8 Based on the information given by the Member State in the pre-audit questionnaire and any attached documents, the audit team leader, assisted by the other members of the audit team, should finalize the detailed plan for the audit.

5.9 The audit plan should include:

- .1 the location(s) where the audit is (are) to take place;
- .2 the purpose, scope and objectives of the audit as defined in the Framework document;
- .3 the starting and ending dates of the audit;
- .4 names of the participants in the audit, both the auditors and key personnel from the Member State, including a contact person designated by the Member State;
- .5 identification of documents necessary to conduct the audit;

- .6 time of the opening meeting;
- .7 a tentative programme of the audit activities;
- .8 travel and administration plans (entry visas, security clearances, health requirements etc.), as well as the travel schedules of audit team members;
- .9 the language to be used for the audit, the audit briefing preparation material for team members;
- .10 assignments and responsibilities of the audit team members;
- .11 [contents and] scope of the audit leaders mission report; and
- .12 time of the audit closure meeting.

5.10 Checklists are most important tools when conducting the audit in the specific fields to be audited. When preparing the audit, the audit team leader and the audit team should consider whether standard checklists could be used as they are, whether some parts should be left out and/or whether some questions/issues should be added. Changes may be necessary, *inter alia*, if the Member State wishes any areas left out of the audit and/or if the information/or lack of information in the pre-audit questionnaire necessitates changes.

5.11 A communication including relevant parts of the audit plan should be sent to the Member State to be audited xx months before the audit. This allows the Member State to make the necessary arrangements (book the calendars of members of the management and staff involved, book meeting rooms, etc.)

5.12 The audit team leader should brief the other members of the audit team ahead of the audit. The purpose of this briefing is to ensure that all members are aware of the results from the pre-audit questionnaire and the audit plan, including who is responsible for conducting the different parts of the audit. The briefing should at least include:

- .1 the purpose and scope of the audit;
- .2 analysis of the pre-audit questionnaire including management system if any; and
- .3 agreeing on roles and responsibilities during the audit, including the final preparations on checklists in specific fields.

The briefing may be carried out by correspondence.

6 CONDUCTING THE AUDIT

6.1 Timeline

6.1.1 The audit shall proceed on the basis of the flowchart and timeline (to be developed) unless agreed otherwise by mutual consent between the IMO Secretary-General, the audit team leader and the Member State.

6.2 Code of Conduct for auditors

6.2.1 The overall framework for the audit team when conducting the audit should be the objective, strategy and principles as they are described in Part 3 of the Guidelines for Member State Audits.

6.2.2 When conducting the audit, the members of the audit team must strive to achieve the highest degree of objectivity, confidentiality and impartiality. Correct behaviour is important to avoid any impression that they have bias for or against the Member State that is being audited.

6.2.3 It should be recognized that the final result of the audit, the audit report including its findings, is a very sensitive document, as it gives the Member State an indication of how it fulfils its role as a responsible Member State.

6.2.4 Audits may result in raising the awareness and interest of the local media, employers organizations, trade unions, etc., some of which may request interviews with the audit team. Such interviews should only be conducted with the consent of, and in the presence of, an official of the Member State. Information provided by the audit team should be limited to explaining its mandate and objectives.

6.3 Opening meeting

6.3.1 An opening meeting between the auditors and the representatives of the Member State to be audited should be held in order to confirm the arrangements prior to commencing the on-site audit. The audit team leader can use the opening meeting to present the objective and scope of the audit. The opening meeting is to be scheduled in advance and included in the audit plan.

6.3.2 The opening meeting may be jointly chaired by the audit team leader and the senior executive of the audited Member State, who may also wish to provide briefing and information to the audit team. The agenda should include at least the following items:

- .1 introduction of the participants (a list of participants should be distributed before the meeting);
- .2 background history and the purpose of the audit;
- .3 review and confirmation of the provisional audit programme, including the objective and scope of the audit;
- .4 a short summary of the methods and procedures to be used to conduct the audit;
- .5 official communication links between the audit team and the Member State's officials;

- .6 facilities and administrative arrangements;
- .7 programme of visits to the Member State's regional offices, maritime schools, etc.;
- .8 time, date and place of the audit closure meeting and any interim meetings of the audit team and the Member State's senior management; and
- .9 procedures for documenting audit observations, and providing response to such observations.

6.3.3 The audited Member State should be prepared to assist the by providing:

- .1 working space, preferably with privacy;
- .2 access to a personal computer, photocopier and facsimile machine, as well as electronic communication media such as the Internet and e-mail, if available;
- .3 access to facilities (i.e. building passes);
- .4 access to relevant files and records including those of any other relevant entity responsible for maritime regulation related to the IMO instruments; and
- .5 access to selected personnel for interviews.

6.4 The audit

6.4.1 Audits should be conducted using checklists based on the Audit Standard and developed for the specific audit.

6.4.2 A Member State official from the area being audited should accompany the auditor.

6.4.3 Evidence should be collected through interviewing staff, reviewing documents and observing selected activities of the Administration in the Member State.

6.4.4 When an auditor observes a non-conformity, he or she should discuss it with the responsible Member State official and record the following details as appropriate:

- .1 details of the observed non-conformity (giving the title, number and issue of any document involved, where appropriate); and
- .2 the location where the non-conformity was observed.

6.4.5 To assist the Member State in finding early solutions to any non-conformities identified, the audit team may provide information on findings to their Member State counterparts on a regular basis, in advance of the audit closure meeting.

6.5 Audit Closure meeting

6.5.1 The audit closure meeting provides all relevant personnel from the audited Member State with information relating to the findings and recommendations of the audit team. The meeting should ensure that the Member State authorities clearly understand the situation as audited by the audit team and are able to start working on the corrective action plan, if necessary. The meeting should emphasize the most significant issues and concisely present the team's findings and opinions regarding the effectiveness of the Member State as compared to the Audit Standard.

6.5.2 The audit closure meeting should also include a short briefing on all findings and recommendations to be included in the audit interim report[, which [should]][may] be provided to the Member State at the end of the audit during the audit closure meeting, as appropriate].

6.5.3 The audit team leader should inform the Member State senior executives of the follow-up activities, including any proposals for a possible corrective action plan to be developed by the Member State. The audit team leader should also inform the parties of critical dates for the final and summary reports and for the submission of the corrective action plan.

6.5.4 The format of the audit closure meeting should be as follows:

- .1 review of the objective and scope of the audit;
- .2 summary of audit procedures;
- .3 presentation of draft findings and recommendations included in the audit interim report;
- .4 information on visits to regional offices, maritime schools, as applicable;
- .5 actions by the audited Member State following the audit; and
- .6 timeframe for response, action plan and final report.

6.5.5 Specialist meetings of the audit team members and their Member State counterparts may be held prior to or after the audit closure meeting, at the discretion of the audit team leader and the senior executive of the Member State.

7 REPORTING

7.1 General

7.1.1 The following principles should be taken into account when preparing audit reports:

- .1 consistency of audit findings and recommendations in the audit closure meeting brief, audit interim report and audit final report;
- .2 substantiated conclusions with relevant references;
- .3 findings and recommendations must be stated clearly and concisely and be summarized at the end of the reports;

- .4 avoidance of generalities and vague observations;
- .5 objective presentation of audit observations;
- .6 use of widely accepted maritime terminology, avoiding acronyms and jargon; and
- .7 avoidance of criticism of individuals or positions.

7.1.2 With the exception of the audit summary report, all materials, notes and reports obtained or made out during the Member State audit should be considered confidential. Only the audited State should have the right to publish its audit final report and/or its corrective action plan and also to request the IMO to do so on its behalf.

7.1.3 On completion of an audit, the audit team leader will transmit the completed audit checklists, and any other associated records and reports to the Secretary-General for retention in confidence [until].

7.2 Audit interim report

7.2.1 The audit interim report is an official and formal report of the audit findings and recommendations submitted to the Member State during the audit closure meeting. The Member State corrective action plan should be based on the audit interim report. The audit interim report forms the basis for the preparation of the audit final report and is superseded by the audit final report when completed.

7.2.2 The audit interim report should be available only to the audited Member State and to the audit team. The contents of the audit interim report should be:

- .1 *Introduction*
 - .1.1 background;
 - .1.2 members of the audit team;
 - .1.3 involved officials from the Member State; and
 - .1.4 acknowledgement.
- .2 *Objectives and activities of the audit*
- .3 *Maritime activities in the Member State*
- .4 *Summary of findings and recommendations*
- .5 *Audit results*
 - .5.1 strategy and implementation;
 - .5.2 enforcement and processes;

.5.3 review and evaluation; and

.5.4 improvement.

.6 *Possible recommendations for follow-up action*

.7 *Appendices*

.8 *Attachments*

7.2.3 While every endeavour shall be made by both the Member State and the audit team to avoid disagreement over the audit findings, it is at this stage where the Member State should notify any concerns with respect to the validity and/or interpretation of any audit findings.

7.3 Audit final report

7.3.1 The audit final report represents the official and actual report of the audit. The structure and contents of the audit final report should be similar to the audit interim report, with the exception that the audit final report should include an analysis of the Member State corrective action plan submitted by the audited State, and information on the progress made by the audited State on the implementation of the Member State corrective action plan.

7.3.2 The audit team is responsible for preparing the audit final report. The audit final report should only be available to the audited Member State and the audit team.

7.4 Audit summary report

7.4.1 An audit summary report providing an overview of an audited Member State adherence to the Maritime State Standard should be prepared by the audit team together with the audit final report and forwarded to the audited state for comments before an anonymised summary report is made available to other IMO Member States.

7.4.2 The primary objective of making the audit summary report available is to improve general information on maritime safety and prevention of pollution. The audit summary report should be prepared in a format that enables other IMO Member States to benefit from the generic lessons to be learned.

7.4.3 The audit team leader, assisted by the other members of the audit team, is responsible for preparing the audit summary report. The report should contain at least the following items:

- .1 background;
- .2 maritime activities in the Member State;
- .3 summary of findings; and
- .4 comments.

[7.4.4 The audit summary report should be published annually, composed of the reports of the States that have been audited for one year. In this audit summary report, the activities of the audited States are published with their names, and the items which should be anonymous, such as the summary of observations, will appear randomly within the report, so as not to disclose observations on a particular State.]

7.5 Audit team leader's mission report

7.5.1 The audit team leader should prepare a separate report describing the conduct of the audit, positives and difficulties encountered and proposals to improve the planning and conduct of audits. The audit team leaders' mission report should, therefore, provide feedback on the conduct of the audit from planning to completion. The mission report is an integrated part of the quality assurance programme for the audit scheme and will be used by the Secretary-General to improve audit planning.

7.5.2 A record of all feedback and recommendations made in the audit team leaders' mission reports and of action taken to address concerns raised should be maintained.

8 MEMBER STATE CORRECTIVE ACTION PLAN

8.1 The Member State corrective action plan responds to the audit findings and recommendations by proposing action to bring the Member State in conformance or adherence to the Maritime State Standard.

8.2 Corrective actions and deadlines, as necessary, should be established for each of the audit findings. Together, the corrective actions form the Member State corrective action plan.

8.3 The Member State corrective action plan should be submitted to the [audit team][the Secretary-General] within [30][60][xx] calendar days after receiving the audit interim report, which was submitted to the Member State during the audit closure meeting.

8.4 The Member State corrective action plan should contain information relevant to the audit conducted and respond to each recommendation resulting from an audit finding. The Member State corrective action plan should provide detailed information of action to be taken, including a time frame for the commencement of and completion of each action, and must be signed by the chief executive(s) of the organization(s) audited.

8.5 The audit final report should include information on the possible corrective action plan proposed by the Member State. If the Member State is not required to submit a corrective action plan or has not submitted one within the period agreed upon, the final audit report will be prepared and submitted without any corrective action plan. In the latter case, the final report will indicate that the Member State has failed to provide a Member State corrective action plan within the prescribed period.

8.6 An auditor review meeting should consider the effectiveness of corrective action arising from audits in general and on observations.

8.7 Appropriate corrective actions may, *inter alia*, be:

- .1 revision of a procedure or work instruction;
- .2 issue of a new procedure or work instruction;
- [.3 revised administrative structures;]
- [.4 revised legislations;]
- [.5 new resourcing and/or material;]
- .3[.6] ensuring that Member State personnel adhere to the existing procedures; and
- .4[.7] further training/education.

9 RECORDS AND FOLLOW-UP

9.1 Records from all Member State audits conducted should be maintained. Such records should include:

- .1 Member State audit interim and final reports including findings and recommendations;
- .2 Member State audit summary reports;
- .3 Member State audit corrective action plans, if any; and
- .4 audit team leaders' mission report.

9.2 An audit follow-up should be conducted between one and two years following a Member State audit, in order to determine the status of implementation of the corrective action plan.

9.3 The standard auditing procedures applied to the audit follow-up are the same as for a regular Member State audit. The only exception is the difference in scope, as the audit follow-up can be limited in certain cases only to issues identified during the initial audit as being in need of improvement or further monitoring.

9.4 The audit follow-up team will normally consist of an audit team leader and other members as required depending on the scope of the audit. [Where possible, at least one of the] audit team members for an audit follow-up should have been members of the original audit team.

Appendix

PRE-AUDIT QUESTIONNAIRE

I General information

- 1 Name of the State
- 2 Full contact details for each relevant Government entity
- 3 Number of ships on the register(s) (specified for each register, as appropriate) by type (e.g. passenger, cargo, fishing, other) and trade (international or domestic). [And minimum tonnage limit, based on GT, may be set].
- [4 Number of employees of the relevant Government entities by category (management, technical, surveyors and other technical, legal, educational, clerical, etc.) and location]
- 5 Organizational structure (relevant entities) and which entity is responsible for what?
- 6 How are staff, including surveyors recruited, trained, etc.?

II Information on international instruments

- 1 Which mandatory international instruments have been ratified or acceded to?
- 2 For each listed instrument the following questions should be answered:
 - .1 how has it been incorporated into national legislation?
 - .2 has information on national laws, etc. been communicated to the relevant international organization?
 - .3 which government entity(s) is responsible for the implementation and enforcement of this instrument?
 - .4 which equivalents/exemptions have been issued under this instrument and reported, as appropriate, to the relevant international organization?
 - .5 have the obligations, or part of the obligations, under this instrument been delegated to one or more recognized organizations? (brief reply with reference to Part III of this questionnaire); and
 - .6 have you requested other Contracting Governments or Parties to act on behalf of the Government entity in relation to this instrument?

[III Information on human resources]

IV Information on recognized organizations (ROs)

- 1 Which ROs have been authorized to act on behalf of the Administration?
- 2 The scope of the authorization(s)
- 3 Is there a written agreement with each RO in accordance with MSC/Circ.788-MEPC/Circ.325? Please attach a copy of all agreements or sample agreement, if standard agreement with all ROs.
- 4 How do you verify and monitor the performance of such ROs?

V Information on investigation and analysis of marine casualties and pollution incidents

- 1 National legislation
- 2 Organizational structure
- 3 Analyses/databases
- 4 Reporting to the IMO

VI Information on actions in relation to own ships detained by PSC

VII Information on port State control (PSC) activities

VIII Information about management systems

1 The State can declare whether it uses quality management systems for part of its activities. Manuals can be copied and submitted together with the pre-audit questionnaire. The State can declare whether it uses other management system as for example internal contracts between the management and the subdivisions, external contracts between the organisation to be audited and its superiors of either a political and/or administrative nature. Copies of such contracts (in an appropriate language) can be submitted together with this questionnaire.

IX Scope of the audit

1 The State can declare whether it wants some of the areas formally included in [the Audit Standard] not to be included in the audit. Reasons for this could be that it is not a contracting party to some international instruments or only recently has acceded to a particular instrument, or, that it wants the audit to be concentrated to specific organizational and/or legislative areas, etc.

PART III

DRAFT [MEMBER STATE] AUDIT STANDARD

Introduction

The *objective* of this Audit Standard is to promote global maritime safety, security and protection of the marine environment.

The *strategy* for the State to meet this objective is:

- implementation of international mandatory instruments including their scope and purpose;
- continually reviewing and verifying the effectiveness of the State's capabilities [in respect of:
 - legislation;
 - regulation and enforcement;
 - safety authority;
 - inspections and surveys;
 - accident investigation; and
 - supervision and control of ROs].
- [achieving, maintaining and improving overall organizational performance and capabilities.]

1 Strategy and implementation

1.1 General

[1.1.1 The State shall endeavour to continually improve its effectiveness in accordance with the requirements of appropriate international mandatory instruments and recommendations.]

1.2 Strategy, policies and objectives

1.2.1 The State shall ensure that its policies and strategic objectives are:

- .1 appropriate to the purpose of the State organization;
- .2 communicated and understood within the organization, by its customers including the maritime community; and
- .3 reviewed periodically for continuing suitability.

1.2.2 The State shall implement policies through issuance of national legislation and guidance which will assist the implementation and enforcement of the convention requirements.

1.2.3 The State shall ensure that the objectives are established at relevant functions and levels within the organization.

1.3 Definitions and terms

1.3.1 For the purpose of this Standard, the terms and definitions are as follows:

Audit A systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled.

Document Information and its supporting medium

Procedure Specified way to carry out an activity or a process.

Records Documents stating results achieved or providing evidence of activities performed.

Class Agreement Formal written agreement with a recognised organization.

1.4 Incorporation of international instruments into the national legislation and implementation

1.4.1 Having accepted an instrument, the State shall promulgate laws in relation to the implementation of its provisions through appropriate national legislation for effective entry into force on the stipulated date.

1.4.2 The State shall establish and maintain measures for the effective application and enforcement of the IMO instruments to which it is a party.

1.5 Organizational set-up

1.5.1 Internal set-up

The State shall ensure that responsibilities and authorities are defined and communicated within the relevant organizations.

1.5.2 External set-up

The State shall ensure that:

- .1 responsibilities and authorities are defined and communicated within the relevant organizations in order to establish, publish and maintain records and reports as required by the respective conventions; and

- .2 the Class Agreement clearly defines the responsibilities in connection with delegation of authority to recognized organizations acting on behalf of the Administration.

1.6 Human resources - Qualifications

1.6.1 Personnel performing work on behalf of the State shall be competent on the basis of appropriate education, training, skills and experience including maritime expertise for the promulgation of the necessary national laws and to discharge the responsibilities of the State.

1.6.2 The State shall:

- .1 determine the necessary competence for personnel in an official capacity; [and]
- [.2 provide training and evaluate the effectiveness of same;]
- .3 ensure that the personnel are aware of the relevance and importance of their activities; [and
- .4 maintain appropriate records of education, training, skills, and experience].

1.7 Contract review - Class agreement

1.7.1 The State shall establish and maintain a formal written agreement with the organizations recognized by it.

1.7.2 The State shall review, at planned intervals, the Class Agreement for continuing suitability.

2 Enforcement and processes

2.1 Communication of information

2.1.1 The State shall communicate information on relevant national legislation to the appropriate parties.

2.2 Enforcement

2.2.1 The State shall take:

- .1 all necessary measures to ensure observance and compliance with all relevant international rules and standards by ships flying its flag; and
- .2 the necessary action against ships flying its flag, which are not in compliance with applicable requirements.

2.2.2 The State shall establish, maintain and review supervision and control of the organizations recognized by it in order to verify compliance with the Class Agreement.

2.3 Issuing of certificates

2.3.1 The State or an organization recognized by it shall only issue an international certificate for an equipment or a ship after it has determined that it meets all applicable requirements.

2.3.2 The State or an organization recognized by it shall only issue an international certificate of competency or endorsement to a person after it has determined that the person meets all applicable requirements.

2.4 Other measures

2.4.1 The State shall establish and maintain measures for the effective application and enforcement of for example:

- port State control; and
- environmental protection,

as appropriate.

2.5 Records

2.5.1 Records, as appropriate, shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the State.

2.5.2 These records may include but are not limited to:

- management review;
- internal audits;
- external audits,
- marine casualty and pollution incident investigation and analysis;
- State organization;
- State Inspection and follow-up;
- development, review and evaluation of national legislation and requirements;
- personnel records;
- minutes of external and internal meetings;
- delegation of authority including development, review and evaluation of the Class Agreement; and
- handling and issuing of certificates.

3 Review and evaluation

3.1 Management review

3.1.1 Top management shall review the State's organization, at planned intervals, to ensure continuing suitability, adequacy, and effectiveness in order to fulfil this Standard.

[3.2 Internal audit

3.2.1 The organization shall conduct internal audits at planned intervals to determine whether the State conforms:

- .1 to this Standard; and
- .2 to relevant national legislation, requirements, international conventions etc.]

3.3 Analysis/evaluation of data

3.3.1 The State shall ensure that investigations into and analysis of marine casualties and pollution incident are conducted and ensure adequate and timely handling of cases of deficient ships.

3.3.2 The State shall establish and maintain a control and monitoring programme in order to provide prompt and thorough investigation and corrective action in relation to own ships detained by port State control.

[3.4 Monitoring

3.4.1 The State shall implement a control and monitoring programme in order to maintain and evaluate the effectiveness of the State's action in complying with this standard and to identify areas of improvement.

3.4.2 The control and monitoring programme shall also serve the purpose of providing prompt and thorough investigation and corrective action in relation to appeals relating to its port State control activities.]

4 Improvement

4.1 Corrective action

4.1.1 The State shall take action to eliminate the cause of non-conformities in order to prevent recurrence including:

- review and analysis of non-conformities;
- implementation of necessary corrective action; and
- review of the corrective action taken.

4.2 Preventive action

4.3.1 The State shall determine action to eliminate the causes of potential non-conformities in order to prevent their occurrence.

4.3 Improvement

4.3.1 The State shall take steps intended to create a culture which involves people actively seeking opportunities for improvement of performance in safety, health and environmental activities.

ANNEX 1

[Draft Memorandum of Understanding (MOU)]

**Memorandum of Understanding (MOU) between
the Government of and the International Maritime Organization (IMO)
Regarding Member State Audit**

Introduction (*reference to relevant IMO documents*).

IT IS AGREED AS FOLLOWS:

1. The Government of hereby agrees to the conduct of a Member State Audit by an IMO audit team [during the period from ... to ...] [on the dates established by IMO in its published schedule of audits, unless justified reasons lead the parties to mutually agree on other dates].
2. The IMO audit team will be comprised of experts in [the field of maritime administration] [in any discipline that might be required for the audit]. The composition of the audit team (names, nationalities and qualifications and other relevant information that may be necessary to facilitate entry) will be provided to the Maritime Administration of the Government of prior to the audit.
3. The team members will have command of one of the IMO languages and good working knowledge of English. At least one of the team members will have command of the [IMO] language [chosen by][of] the Government of The Government of will be informed of the other specific language capabilities of each team member prior to the audit.
4. The Government of agrees to facilitate the audit by making appropriate staff from its Maritime Administration and any other relevant responsible entity available for interview by the audit team. The Government of will be required to take the necessary measures to facilitate the work of the audit team, [including interpretation services], local transportation, interviews, paperwork, etc. The Government of will also arrange and meet the cost of transportation and accommodation when visits are required outside the main administrative office.
5. The audit team will review the regulatory provisions, examine records and documentation and conduct interviews, in order to make its findings and recommendations, on the basis of general audit requirements as follows:

(List applicable requirements)

The Government of agrees to make all appropriate documents, files and information available to the audit team.

6. The audit team will conduct an opening meeting to explain the audit process for government officials and to resolve any initial concerns or questions. On the last day of the audit, the IMO audit team will conduct an audit closure meeting giving a detailed debriefing on the audit results to government officials, including an explanation of subsequent activities in the audit process. Before departing the Member State, the audit team will also provide the Maritime Administration and other relevant entities of the Government of with a list of preliminary findings and recommendations, and with general guidelines for the preparation of an action plan, so that the

Member State may be in a position to begin work immediately on its corrective action plan. Any effort should be made at the audit closure meeting to resolve any disagreement between the audit team and the Maritime Administration regarding the preliminary observations and recommendations.

7. Upon completion of the audit, IMO undertakes to make available to the Government of a confidential interim audit report [within [thirty calendar days] after the last day of the audit,]if no translation into another IMO 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 audit report will detail:

(list of content of interim audit report)

8. Should action be necessary to remedy deficiencies, the Government of undertakes to start working on the preparation of an appropriate corrective action plan immediately after the Government of has been debriefed on the audit and provided with a list of findings and recommendations by the audit team, as described in paragraph 6 above. Feedback on the preparation of the corrective action plan by the Government of will be provided by IMO at the request of the Member State during the preparation period.

9. Should action be necessary to remedy deficiencies, the Government of undertakes to provide, within [sixty calendar days] from the date the interim audit report has been made available to the Member State, unless another date has been agreed between the parties, a corrective action plan to the IMO Secretary-General. The corrective action plan should address the findings and recommendations of the audit team, providing specific actions and deadlines for the correction of the deficiencies identified during the audit. If the interim audit report requires translation, the time line for the production of a corrective action plan starts when the Member State receives the translated interim audit report. All subsequent actions will be sequenced accordingly.

10. After review of the received corrective action plan, a confidential final audit report will be completed by IMO and made available to the Government of within [thirty calendar days] if no translation of the report into another IMO language is required, or within an additional [thirty working days] if such translation is required.

11. In addition to the information contained in the interim audit report, as detailed in paragraph 7 above, the final audit report will include [an analysis] [a comprehensive analysis] of the corrective action plan submitted by the Government of, as well as information on the progress made by the Government of on the implementation of the corrective action plan and on any remedied deficiencies. If no corrective action plan is provided in accordance with paragraph 9 above, IMO will issue the confidential final audit report. This report will include the deficiencies identified during the audit and will mention the fact that no corrective action plan was submitted to the IMO Secretary-General.

12. Interim and final audit reports will be confidential and made available to the Government of only. Concurrently with the preparation of the final audit report, a non-confidential summary audit report containing an abstract of the overall observations and recommendations of the audit team, of the actions proposed by the Government of to remedy the identified deficiencies, if any, and of the progress made on the implementation of the corrective action plan will be provided to the Member State. The Government of will be given [twenty-one calendar days] to provide its comments on the final and the summary report, after which the summary report will be made available to other Member States.

13. *(Paragraph on possible technical co-operation)*

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

15. This Memorandum of Understanding is not intended to create any legal rights or obligations between the parties concerned or third parties.

16. It is understood that the execution of this Memorandum of Understanding is subject to the availability of funding to support the audit.]

ANNEX 2

MEMBER STATE AUDIT
DRAFT REPORT FORM

A reporting form should be completed for each finding. Annex 2 Page 2

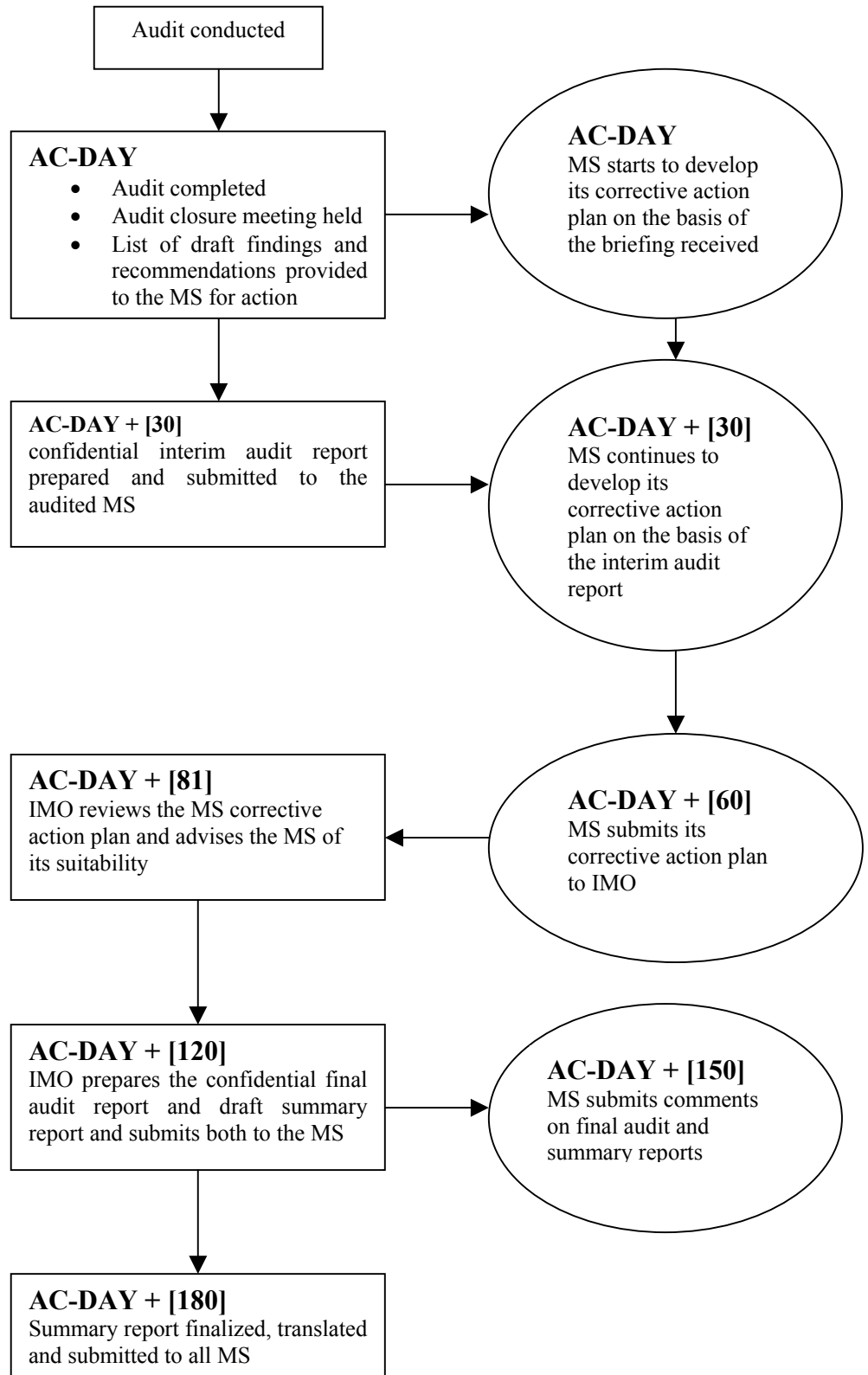
APPENDIX TO THE INTERIM AUDIT REPORT

FINDINGS AND RECOMMENDATIONS

Member State:	Finding and Recommendation Number:
Audit period:	
Document reference:	File No.:
Type of finding:	<input type="checkbox"/> Non-compliance with Conventions <input type="checkbox"/> Non-compliance with other mandatory instrument
FINDING:	
RECOMMENDATION:	
Auditor:	Date:
Team leader:	

ANNEX 3

AUDIT CYCLE (AC)



ANNEX 4

CHECKLISTS

When thinking of checklists in relation to auditing one could group them into two different categories:

Requirement checklists

These address each element, clause, or individual requirements of the standard used (in the order presented in the standard, i.e. 'topic-based').

They are suitable for use in conjunction with the auditee's documentation.

They are not suitable for conformance auditing, as they usually do not cause the real probing questions.

They can be useful after the audit to check that nothing has been missed.

Process checklists

A quality system is, in effect, a collection of processes. The most effective way to verify compliance with the standard used is to follow the processes from input to output. Process checklists can cover a single process or a group of processes.

They are suitable for conformance verification.

They are useful for inexperienced auditors.

They must be generated for each audit ('tailored').

ICAO Protocols

ICAO has developed a set of very detailed protocols (checklists), covering:

- Primary aviation legislation and civil aviation regulations;
- Organization of the State's civil aviation authority;
- Personnel licensing;
- Operation of aircraft; and
- Airworthiness of aircraft.

We might consider following their example and try to develop similar checklists, at least for legislation/regulation and for organizational issues. *What are your thoughts on this?*

ANNEX 2
DRAFT PROCEDURES FOR MEMBER STATE AUDITING
Proposal by the Republic of Korea
CONTENTS

Foreword

- 1 Purpose
- 2 Application
- [2 Normative references]
- 3 Terms and definitions
- [4 Principles of auditing]
- 5 Managing an audit programme
 - 5.1 General
 - 5.2 Audit programme extent
 - 5.3 Audit programme responsibilities, resources and procedures
 - 5.4 Audit programme implementation
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- 6 Audit activities
 - 6.1 General
 - 6.2 Signing of MOU
 - 6.3 Initiating the audit
 - 6.4 Conducting document review
 - 6.5 Preparing for the on-site audit activities
 - 6.6 Conducting on-site audit activities
 - 6.7 Preparing, approving and distributing the audit report
 - 6.8 Completing the audit
 - 6.9 Member State corrective action plan
 - 6.10 Conducting audit follow-up
 - 6.11 Maintenance of records
- 7 Competence [and evaluation] of auditors
 - 7.1 General
 - 7.2 Personal attributes
 - 7.3 Knowledge and skills

PROCEDURES FOR MEMBER STATE AUDITING

1 Purpose

The purpose of these documents is to describe the procedures for Member State audits including, but not limited to, principles of auditing, managing audit programmes, conducting and reporting audits as well as guidance on the competence of auditors.

2 Application

The present procedures apply to all those involved in Maritime State audits.

[2 Normative references

The following normative documents contain provisions which, through references in this text, constitute provisions of this Procedure. For dated references, subsequent amendments to, or revisions of, any of these publications do not apply. However, parties to agreements based on this Procedure are encouraged to investigate the Possibility of applying the most recent edition of the normative documents indicated below. For undated references, the latest edition of the normative document referred to apply.

ISO 9000:2000, Quality management systems - Fundamentals and vocabulary
ISO 19011:2002 Guidelines for quality and /or environmental management systems
Framework for Member State Audit
Standard for Member State Audit
Memorandum of Understanding]

3 Terms and definitions

For the purposes of this Procedure, the terms and definitions given in ISO 9000 and ISO 19011 apply, unless superseded by the terms and definitions given below.

3.1 Audit

Systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

3.2 Audit criteria

Set of policies, procedures or requirements and this is generally covered by the Standards for Member State Audits.

3.3 Audit evidence

Records, statements of fact or other information, which are relevant to the audit criteria and verifiable.

NOTE: Audit evidence may be quantitative.

3.4 Audit findings

Results of the evaluation of the collected audit evidence against audit criteria.

NOTE: Audit findings can indicate either conformity or nonconformity with audit criteria or opportunities for improvement.

3.5 Audit conclusion

Outcome of an audit, provided by the audit team after consideration of the audit objectives and all audit findings.

3.6 Auditee

Member State being audited or to be audited.

3.7 Auditor

Person with the competence to conduct an audit.

3.8 Audit team

One or more auditors conducting an audit~~[, supported if needed by technical experts(3.10)].~~

NOTE 1: One auditor of the audit team is appointed as the audit team leader.

NOTE 2: The audit team may include auditors-in-training, observers from Member States (e.g. Maritime experts from developing countries).

~~**3.9 technical expert**~~

~~person who provides specific knowledge or expertise to the audit team(3.9)~~

~~NOTE 1 Specific knowledge or expertise is that which relates to the organization, the process or activity to be audited, or language or culture.~~

~~NOTE 2 A technical expert does not act as an auditor(3.8) in the audit team.]~~

3.10 Audit programme

Set of one or more audit planned for a specific time frame and directed towards a specific purpose.

NOTE: An audit programme includes all activities necessary for planning, organizing and conduction the audits.

3.11 Audit plan

Description of the activities and arrangements for an audit.

3.12 Audit scope

Extent and boundaries of an audit.

NOTE: The audit scope generally includes a description of the physical locations, organizational units, activities and processes, as well as the time period covered.

3.13 Conformity

Fulfilment of a requirement.

3.14 Corrective action

Action to eliminate the cause of a detected non-conformity or other undesirable situation.

3.15 Non-conformity

An observed situation where objective evidence indicates the non fulfilment of a specified requirement.

3.16 Objective evidence

Quantitative or qualitative information, records or statements of fact, which is based on observation, measurement or test and which can be verified.

[3.17 Preventive action

Action to eliminate the cause of a potential non-conformity or other undesirable potential situation].

3.18 Procedure

Specified way to carry out an activity or a process.

3.19 Process

Set of interrelated or interacting activities that transform inputs into outputs.

3.20 Document

Information and its supporting medium.

3.21 Information

Meaningful data.

3.22 Records

Documents *stating* results achieved or providing evidence of activities performed.

3.23 Requirements

Need or expectation that is stated, generally implied, or obligatory.

3.24 Verification

Confirmation, through the provision of objective evidence, that specified requirements have been fulfilled.

3.25 Competence

Demonstrated personal attributes and demonstrated ability to apply knowledge and skills.

[4 Principles of auditing

Auditing is characterized by reliance on a number of principles. These make the audit an effective and reliable tool in support of management policies and controls, providing information on which the IMO can act to improve its performance. Adherence to these principles is a prerequisite for providing audit conclusions that are relevant and sufficient and for enabling auditors working independently from one another to reach similar conclusions in similar circumstances.

The following principles relate to auditors:.

- a) **Ethical conduct:** the foundation of professionalism trust, integrity, confidentiality and discretion are essential to auditing.
- b) **Fair presentation:** the obligation to report truthfully and accurately. Audit findings, audit conclusions and audit reports reflect truthfully and accurately the audit activities. Significant obstacles encountered during the audit and unresolved diverging opinions between the audit team and the auditee are reported.
- c) **Due professional care:** the application of diligence and judgment in auditing. Auditors exercise care in accordance with the importance of the task they perform and the confidence placed in them by auditee and other interested parties. Having the necessary competence is an importance factor.

Further principles relate to the audit, which is by definition independent and systematic.

- d) **Independence:** the basis for the impartiality of the audit and objectivity of the audit conclusions. Auditors are independent of the activity being audited and are free from bias and conflict of interest. Auditors maintain an objective state of mind throughout the audit process to ensure that the audit findings and conclusions will be based only on the audit evidence.

- e) **Evidence-based approach:** the rational method for reaching reliable and reproducible audit conclusions in a systematic audit process. Audit evidence is verifiable. It is based on samples of the information available, since an audit is conducted during a finite period of time and with finite resources. The appropriate use of sampling is closely related to the confidence that can be placed in the audit conclusions.

The guidance and procedures given in the remaining paragraphs of this document is based on the principles set out above.]

5 Managing an audit programme

5.1 General

An audit programme may include one or more audits, depending upon size, nature and complexity of the auditee. An audit programme also includes all activities necessary for planning and organizing the types and number of audits, and for providing resources to conduct them effectively and efficiently within the specified time frames.

The IMO may establish more than one audit programme.

The IMO Secretary should be given the authority for managing the audit programme. Those assigned the responsibility for managing the audit programme should:

- a) establish, implement, monitor, review and improve the audit programme, and the Member State Audit Section should produce an annual audit schedule to be endorsed by the Council. This is based on the mandate received from the Assembly to audit IMO Member States that have volunteered. The schedule should indicate within which quarter of the coming year an individual Member State is to be audited. A number of priority criteria are used when drawing up the schedule. This criteria includes requests and report received, the wish to achieve regional balance in the conduct of the Audit Scheme, as well as more practical and administrative criteria such as geographical location, accessibility and the working languages to be used; and
- b) identify the necessary resources and ensure they are provided.

Figure 1 illustrates the process flow for the management of an audit programme.

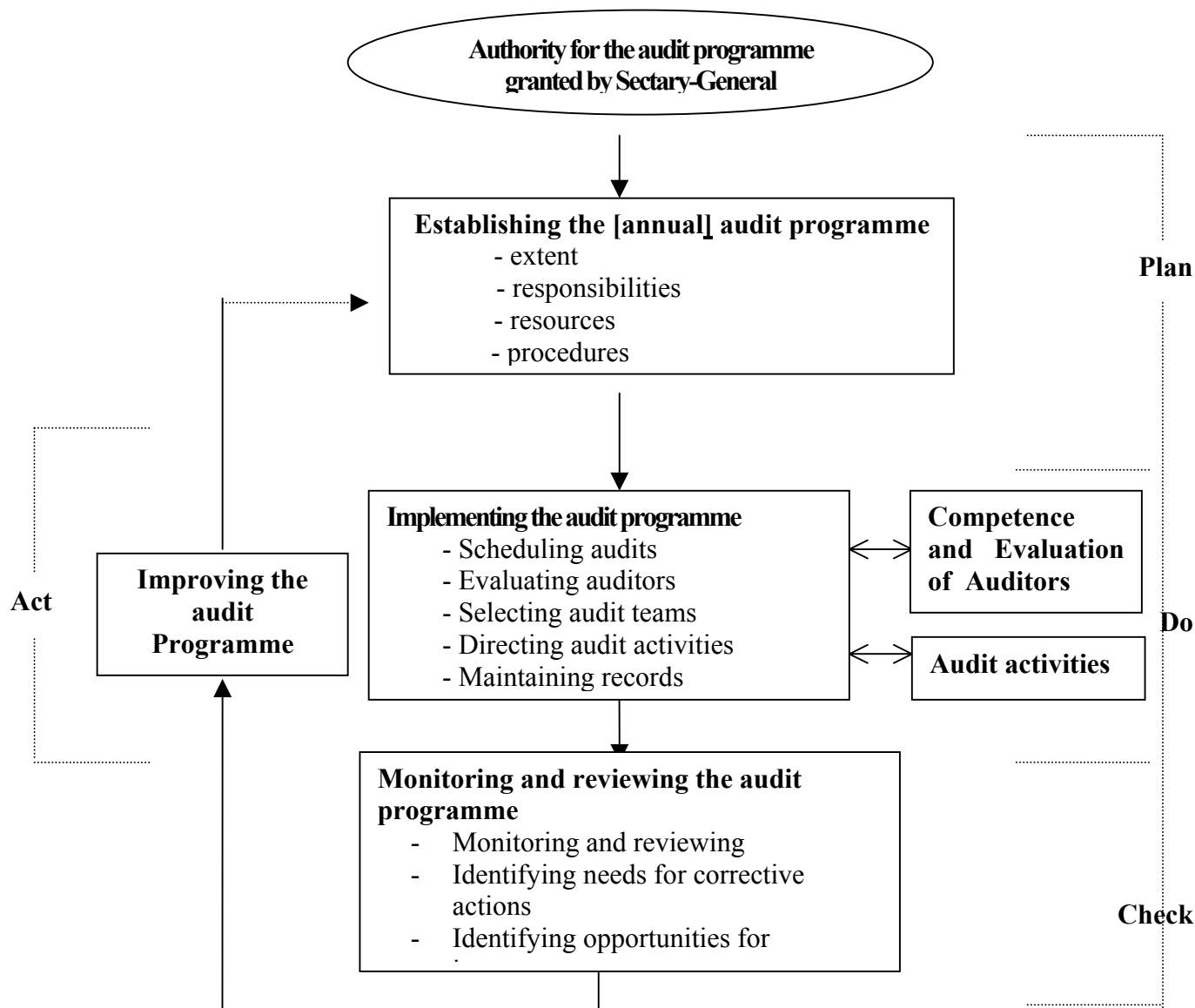


Figure 1- Illustration of the process flow for the management of an audit programme.

NOTE: Figure 1 also illustrates the application of the Plan-Do-Check-Act methodology in this document.

Practical help – Examples of Audit programmes

Examples of audit programmes include the following:

- a) a series of [initial] audits covering all Member States that have volunteered to be audited for the current year; and
- b) follow-up audits covering audited Member States if applicable.

An audit programme also includes appropriate planning including timeline, the provision of resources and the establishment of procedures to conduct audit within the programme.

5.2 Audit programme extent

The extent of an audit programme can vary and will be influenced by the size, nature and complexity of the Member State to be audited, as well as by the following:

- a) the scope, objective and duration of each audit to be conducted;
- b) the frequency of audits to be conducted;
- c) the number, importance, complexity, similarity and locations of the activities to be audited;
- d) the number of Member States to be audited for the current year;
- e) audit criteria such as audit standards, statutory, regulatory and IMO Convention requirements applicable to the Member State;
- f) conclusions of previous audits or results of a previous audit programme review;
- g) any language, cultural and social issues; and
- h) significant changes to the Member State or its operations.

5.3 Audit programme responsibilities, resources and procedures

5.3.1 Audit programme responsibilities

The responsibility for managing an audit programme should be assigned to one or more individuals [within the IMO Audit Section] with a general understanding of audit principles, of the competence of auditors and the application of audit techniques. They should have management skills as well as technical and business understanding relevant to the activities to be audited.

Those assigned the responsibility for managing the audit programme should:

- a) establish the extent of the audit programme;
- b) establish the responsibilities and procedures, and ensure resources are provided;
- c) ensure the implementation of the audit programme;
- d) ensure that appropriate audit programme records are maintained; and
- e) monitor, review and improve the audit programme.

5.3.2 Audit programme resources

When identifying resources for the audit programme, consideration should be given to:

- a) financial resources necessary to develop, implement, manage and improve audit activities;

- b) audit techniques;
- c) processes to achieve and maintain the competence of auditors, and to improve auditor performance;
- d) the availability of auditors [~~and technical experts~~] having competence appropriate to the objectives of the IMO Member State Audit Scheme;
- e) the extent of the audit programme; and
- f) traveling time, accommodation and other auditing needs.

5.3.3 Audit programme procedures

Audit programme procedures should address the following:

- a) planning and scheduling audits;
- b) assuring the competence of auditors and audit team leaders;
- c) selecting appropriate audit teams and assigning their roles and responsibilities;
- d) conducting audits;
- e) conducting audit follow-up, if applicable;
- f) maintaining audit programme records;
- g) monitoring the performance and effectiveness of the audit programme; and
- h) reporting to IMO Secretary [and Member States] on the overall achievements of the audit programme.

The activities above can be addressed in a single procedure.

5.4 Audit programme implementation

The implementation of an audit programme should address the following:

- a) communicating the audit programme to relevant parties;
- b) co-ordinating and scheduling audits and other activities relevant to the audit programme;
- c) establishing and maintaining a process for the evaluation of the auditors and their continual professional development,
- d) ensuring the selection of audit teams;
- e) providing necessary resources to the audit teams;

- f) ensuring the conduct of audits according to the audit programme;
- g) ensuring the control of records of the audit activities;
- h) ensuring review and approval of audit reports, and ensuring their distribution to the auditee and other specified parties and, in case of audit summary report, Member States; and
- i) ensuring audit follow-up, if applicable.

5.5 Audit programme records

Records should be maintained to demonstrate the implementation of the audit programme and should include the following:

- a) records related to individual audits, such as
 - audit plans;
 - audit reports;
 - nonconformity reports;
 - corrective action reports; and
 - audit follow-up reports, if applicable;
- b) results of audit programme review; and
- c) records related to audit personnel covering subjects such as
 - auditor competence and performance evaluation;
 - audit team selection; and
 - maintenance and improvement of competence.

Records should be retained and suitably safeguarded.

5.6 Audit programme monitoring and reviewing

The implementation of the audit programme should be monitored and, at appropriate intervals, reviewed to assess whether its objectives have been met and to identify opportunities for improvement. The results should be reported to IMO Secretary-General.

Performance indicators should be used to monitor characteristics such as:

- the ability of the audit teams to implement the audit plan;
- conformity with audit programmes and schedules; and

- feedback from auditees and auditors.

The audit programme review should consider, for example, the following:

- a) results and trends from monitoring;
- b) conformity with procedures;
- c) evolving needs and expectations of interested parties in the maritime sectors;
- d) audit programme records;
- e) alternative or new auditing practices;
- f) consistency in performance between audit teams in similar situations; and
- g) audit team leader's mission report.

Results of audit programme reviews can lead to corrective and preventive actions and the improvement of the audit programme.

6 Audit activities

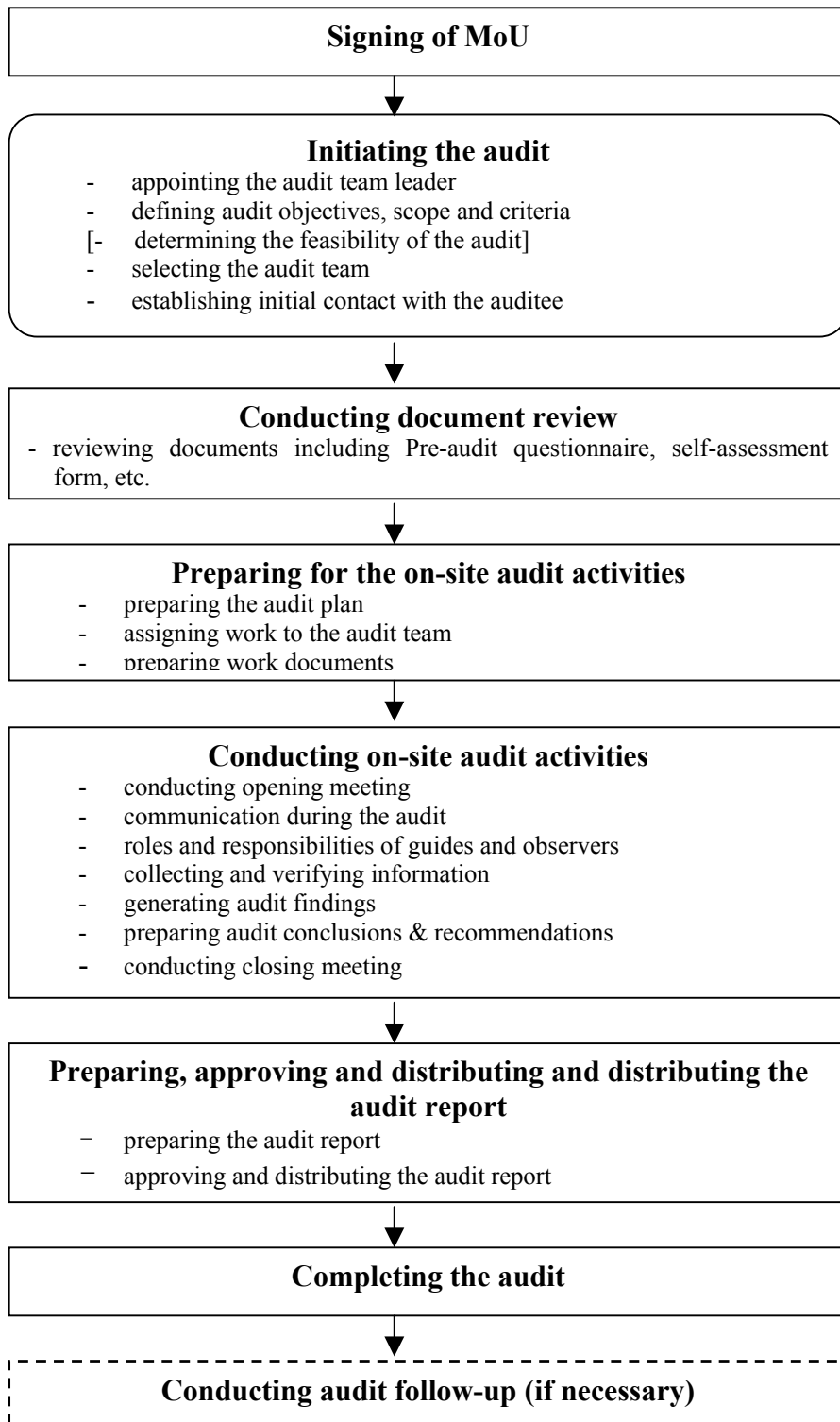
6.1 General

This section contains procedures on planning and conducting audit activities as part of an audit programme. Figure 2 provides an overview of typical audit activities. The extent to which the provisions of this paragraph are applicable depends on the scope and complexity of the specific audit and the intended use of the audit conclusions.

6.2 Signing of MoU

Prior to the commencement of an audit, the auditee should agree to the contents of the Memorandum of Understanding (MoU) signed by the IMO Secretary-General and the Member State. A copy of the MoU signed by the Member State should be returned to the Secretary-General. No audit should be conducted unless a properly signed MoU has been received by the Secretary-General. After the signing, normally no deviation from the material scope timeline of the MoU is accepted. The MoU is prepared based on the standardized form as shown in Appendix I of this document. The MoU will confirm that the audit will be conducted in accordance with the terms specified in the MoU, [against the Audit Standard] and on the basis of the criteria contained in the present Procedures.

The next step thereafter is the dispatch of a "Pre-audit Questionnaire" to the Member State. The purpose of this questionnaire is primarily to provide the auditing team with a necessary factual update on the State to be audited. The questionnaire therefore seeks general information about the State and its organizational structure, the number and categories of the employees in its maritime Administration, etc. as shown in Appendix II.



NOTE: The dotted lines indicate that any audit follow-up actions are usually not considered to be part of the audit.

Figure. 2 – Overview of typical audit activities

6.3 Initiating the audit

6.3.1 Appointing the audit team leader

Those assigned the responsibility for managing the audit programme should appoint the audit team leader for the specific audit.

6.3.2 Defining audit objectives, scope and criteria

Within the overall objectives of an audit programme, an individual audit should be based on documented objectives, scope and criteria.

The audit objectives define what is to be accomplished by the audit and may include the following:

- a) determination of the extent of the Member State's performance including implementation and enforcement of applicable IMO instruments against audit criteria;
- b) evaluation of the capability of the Member State's maritime Administration to ensure discharge of obligations and responsibilities under the applicable IMO instruments;
- c) any other audit objectives mentioned in the "Framework for Member State Audit"; and
- d) any additional objectives or areas subject to special attention directed by the Secretary-General if exist.

The audit scope describes the extent and boundaries of the audit, such as physical locations, organizational units, activities and process to be audited in relation to the audit scope defined in paragraph 6 of the "Framework of Member State Audit", as well as the time period covered by the audit. The scope of the actual audit, [to be carried out against the Maritime State Standard], should be discussed and finalized between the audit team leader and the auditee.

[6.3.3 Determining the feasibility of the audit

The feasibility of the audit should be determined, taking into consideration such factors as the availability of:

- sufficient and appropriate information for planning the audit;
- adequate co-operation from the auditee; and
- adequate time and resources.

Where the audit is not feasible, an alternative should be proposed to the auditee.]

6.3.4 Selecting the audit team

Persons to form an audit team should be selected following nomination from IMO Member States. [~~When the audit has been declared feasible,~~] An audit team should be selected, taking into account

the competence needed to achieve the objectives of the audit. Acceptance should be by the IMO Secretary-General who should verify the competences of the relevant individuals to conduct the audit. Section 7 contains guidance on determining the competence need and describes processes for evaluating auditors.

In deciding the size and composition of the audit team, consideration should be given to the following:

- a) audit objectives, scope, criteria and estimated duration of the audit;
- b) all team members to aspire to the highest standards of excellence in their task;
- c) geographical mix and range of nationalities, including developing countries;
- d) the overall competence of the audit team needed to achieve the objectives of the audit;
- e) the audit team leader to be fully conversant with the “Maritime State Standard” and other applicable IMO instrument;
- f) the need to ensure the independence of the audit team from the activities to be audited and to avoid conflict of interest. The need for stressing to all parties that all members of the audit team operate on behalf of IMO and are fully independent of both their own Member State and the Member State being audited. A range of nationalities is also preferred;
- g) the ability of the audit team members to interact effectively with the auditee and to work together;
- h) the need for the audit team to consist of a number of auditors sufficient to ensure that the audit can be conducted and completed in a satisfactory way, within the agreed period. In some situations, this should allow the team to be subdivided to conduct parallel activities during the course of the audit; and
- i) the need for necessary capability within the team leader [and/or] other team members to have full command of the IMO language chosen by the Member State and, further, if practicable, the language of the Member State’s legislation and other relevant documentation.

The process of assuring the overall competence of audit team should include the following steps:

- identification of the knowledge and skills needed to achieve the objectives of the audit; and
- selection of the audit team members such that all of the necessary knowledge and skills are present in the audit team.

~~[If not fully covered by the auditors in the audit team, the necessary knowledge and skills may be satisfied by including technical experts. Technical experts should operate under the direction of an auditor.]~~

Auditors-in-training may be included in the audit team, but should not audit without direction or guidance.

Agreement should be made with the auditee with regard to the suitability of the team members being proposed. The auditee can request the replacement of particular audit team members on reasonable grounds based on the principles of auditing described in section 4. Examples of reasonable grounds include conflict of interest situations (such as an audit team member having been a former employee of the auditee or having provided consultancy services to the auditee) and previous unethical behavior. Such grounds should be communicated to the audit team leader and to those assigned responsibility for managing the audit programme, who should resolve the issue with the auditee before making any decisions on replacing audit team members.

6.3.5 Establishing initial contact with the auditee

The initial contact of the audit with the auditee may be informal or formal, but should be made by those assigned responsibility for managing the audit programme or the audit team leader.

The purpose of the initial contact is:

- a) to establish communication channels with the auditee's representative;
- b) to request the auditee to provide relevant information such as those contained in the "Pre-audit questionnaire";
- c) to confirm the authority to conduct the audit (relevant resolution and MoU signed);
- d) to provide information on the proposed timing and audit team composition;
- e) to request access to relevant documents, including records;
- f) to determine applicable site safety rules;
- g) to make arrangements for the audit; and
- h) to agree on the composition of audit team and the attendance of observers and the need for guides for the audit team.

6.4 Conducting document review

The audit team, prior to the on-site audit activities, should review the auditee's documentation to be prepared for the audit by understand the auditee's maritime Administration structure, ways of discharging its responsibilities, structure of relevant legislation, etc. in advance. The audit plan and work document such as checklists can be prepared based on these information.

The audit team leader is responsible for obtaining the necessary background information about the Member State to be audited. This should include the "Pre-audit questionnaire", the latest Self-Assessment Form from the Member State and other relevant information. If available, the Member State's marine legislation should be provided in one of the IMO languages, preferably in English, to facilitate better understanding by the audit team.

The “Pre-audit questionnaire” is to obtain necessary factual update on the Maritime State to be audited and, therefore, mainly seek general information about the State and its organizational structure, the number and categories of the employees in its maritime Administration and so on as shown in Appendix II of this document. If the audit team leader find it necessary, he/she may, after consultation with the other members of the audit team, include additional questions to the Member State on an *ad hoc* basis.

The Member State should complete and return the “Pre-audit questionnaire” at least [two months] before the commencement of the audit. The Audit Team should review the reply to the pre-audit questionnaire as well as any additional information provided by the Member State, including, but not limited to, information about its management system. The audit team leader should note whether the Member State has stated in the “Pre-audit questionnaire” that some areas should not be included in the audit.

6.5 Preparing for the on-site audit activities

6.5.1 Preparing the audit plan

The audit team leader, assisted by the other members of the audit team, should finalize the detailed audit plan to provide the basis for the agreement between audit team and the Member State regarding the conduct of the audit.

The plan should facilitate scheduling and coordination of the audit activities. The plan should be prepared based on the information given by the Member State in the “Pre-audit questionnaire” and any other attached documents, and in accordance with agreed timetable with the auditee.

The auditee should be advised of the names of the audit team members in advance.

If the auditee has requested an information meeting in accordance with the paragraph 7.1.8 of the “Framework for the Member State Audit”, the audit team leader should make the necessary arrangements for such a meeting in consultation with the auditee.

The amount of detail provided in the audit plan should reflect the scope and complexity of the audit. The audit plan should be sufficiently flexible to permit changes, such as changes in the audit scope, which can become necessary as the on-site activities progress.

The audit plan should cover the following:

- a) the audit objectives, purpose, scope, as are defined in the “Framework for the Member State Audit”;
- b) the audit criteria and any reference documents to conduct the audit;
- c) the audit scope in terms of locations for the audit, including identification of the organization and functional units and processes to be audited;
- d) the dates, time and places where the on-site audit activities including opening and closing meeting are to be conducted.;

- e) the expected time and duration of on-site audit activities, including meetings with the auditee's management and audit team meetings;
- f) the roles and responsibilities of the audit team members and accompanying persons; and
- g) the allocation of appropriate resources to critical areas of the audit.

The audit plan should also cover the following, as appropriate:

- h) identification of the auditee's representative for the audit;
- i) names of the participants in the audit – both auditors and key personnel from the Member State, including a contact person designated by the Member State;
- j) the working and reporting language of the audit including language for the audit briefing material for the audit team members and the audit mission package;
- k) the audit report topics;
- l) contents and scope of the audit team leader's mission report m)logistic arrangements (travel, entry visas, security clearances, health requirement, on-site facilities, etc.) as well as the travel schedules of audit team members;
- n) matters related to confidentiality; and
- o) any audit follow-up actions.

The plan should be reviewed and accepted by the auditee, before the on-site audit activities begin.

Any objections by the auditee should be resolved between the audit team leader and the auditee. Any revised audit plan should be agreed among the parties concerned before continuing the audit.

A communication including relevant parts of the audit plan should be sent to the auditee well ahead of the audit. This allows the auditee to make the necessary arrangements (book the calendars of the members of the management and staffs involved, book meeting rooms, etc.).

6.5.2 Assigning work to the audit team

The audit team leader should brief the other members of the audit team ahead of the audit. The purpose of this briefing is to ensure that all members are aware of the results from the pre-audit questionnaire and the audit plan, including who is responsible for conducting the different parts of the audit. The briefing should at least include:

- a) the purpose and scope of the audit;
- b) analysis of the pre-audit questionnaire including management system if any; and
- c) agreeing on roles and responsibilities during the audit, including the final preparations on checklists in specific fields.

The audit team leader, in consultation with the audit team, should assign to each team member responsibility for auditing specific processes, functions, sites, areas or activities. Such assignments should take into account the need for the independence and competence of auditors and the effective use of resources, as well as different roles and responsibilities of auditors, auditors-in-training. Changes to the work assignments may be made as the audit progresses to ensure the achievement of the audit objectives.

6.5.3 Preparing work documents

The audit team members should review the information relevant to their audit assignments and prepare work documents as necessary for reference and for recording audit proceedings. Such work documents may include:

- checklists in specific fields and audit sampling plans; and
- forms for recording information, such as supporting evidence, audit findings and recommendations and records of meetings.

Checklists are the most important tools when conducting the audit in the specific fields to be audited. When preparing the audit, the audit team leader and the audit team should consider whether standard checklists could be used as they are, whether some parts should be left out and/or whether some questions/issues should be added. Changes may be necessary, *inter alia*, if the Member State wishes any areas left out of the audit and/or if the information or lack of information in the pre-audit questionnaire necessitates changes.

~~[The use of checklists and forms should not restrict the extent of audit activities, which can change as a result of information collected during the audit.]~~

Work documents, including records resulting from their use, should be retained at least until the audit completion. Retention of documents after audit completion is described in 6.7. Those documents involving confidential or proprietary information should be suitably safeguarded at all times by the audit team members.

6.6 Conducting on-site audit activities

6.6.1 Timeline

The audit shall proceed on the basis of the flowchart and timeline (to be developed) unless agreed otherwise by mutual consent between the IMO Secretary-General, the audit team leader and the Member State.

6.6.2 Code of conduct for auditors

The overall framework for the audit team when conducting the audit should be the objective, strategy and principles as they are described in Part 3 of the Guidelines for Member State Audits.

When conducting the audit, the members of the audit team should be aware that they must strive to achieve the highest degree of objectivity, confidentiality and be impartial. Correct behaviour is important to avoid any impression that they have any positive or negative preferences towards the Member State that is being audited.

It should be recognized that the final result of the audit, the audit report including its findings is a very sensitive document, as it gives the Member State an indication of how it fulfils its role as a responsible Member State.

Audits may result in raising the awareness and interest of the local media, employers, Organizations, trade unions, etc., some of which may request interviews with the audit team. Such interviews should only be conducted with the consent of, and in the presence of, an official of the Member State. Information provided by the audit team should be limited to explaining its mandate and objectives.

6.6.3 Conducting the opening meeting

Prior to commencing the on-site audit, an opening meeting should be held with the auditee's [~~management~~] representatives or, where appropriate, those responsible for the functions or processes to be audited. The purpose of an opening meeting is the following:

- a) to present the objectives and scope of the audit;
- b) to confirm the audit plan;
- c) to provide a short summary of how the audit activities will be undertaken;
- d) to confirm communication channels; and
- e) to provide an opportunity for the auditee to ask questions.

The opening meeting is scheduled in advance and included in the audit plan. The audited Member State should be prepared to assist the audit team by providing:

- a) working space, preferably with privacy;
- b) access to a photocopier and facsimile machine;
- c) access to facilities (i.e. building passes);
- d) access to electronic communication media such as the Internet and e-mail, if available;
- e) access to the files and records of any other relevant entity responsible for maritime regulation; and
- f) access to selected personnel for interviews.

Practical help - Opening the meeting

For most audit situations, the meeting should be formal and records of the attendance should be kept. The meeting should be chaired by the audit team leader or jointly chaired by the audit team leader and the senior executive of the audited Member State, and the following items should be considered, as appropriate:

- a) introduction of the participants from audit team and the Member State, including an outline of their roles (a list of participants should be distributed before the opening meeting);
- b) confirmation of the audit purpose, objectives, scope and criteria;
- c) confirmation of the audit timetable and other relevant arrangements with the auditee, such as the date and time for the closing meeting, any interim meeting between the audit team and the auditee's management, and any late changes;
- d) visits to Member State's regional offices, maritime schools, etc.;
- e) methods and procedures to be used to conduct the audit, including advising the auditee that the audit evidence will only be based on a sample of the information available and that therefore there is an element of uncertainty in auditing;
- f) confirmation of formal communication channels between the audit team and the auditee;
- g) confirmation of the language to be used during the audit;
- h) confirmation that, during the audit, the auditee will be kept informed of audit progress;
- i) confirmation that the resources and facilities needed by the audit team are available;
- j) confirmation of matters relating to confidentiality;
- k) confirmation of relevant work safety, emergency and security procedures for the audit team;
- l) confirmation of the availability, roles and identities of any guides;
- m) the method of reporting;
- n) information about conditions under which the audit may be terminated; and
- n) information about any appeal system on the conduct or conclusions of the audit.

6.6.4 Communication during the audit

Depending upon the scope and complexity of the audit, it can be necessary to make formal arrangements for communication within the audit team and with the auditee during the audit.

The audit team should confer periodically to exchange information, assess audit progress, and to reassign work between the audit team members as needed.

During the audit, the audit team leader should periodically communicate the progress of the audit and any concerns to the auditee.

Where the available audit evidence indicates that the audit objectives are unattainable, the audit team leader should report the reasons to the auditee to determine appropriate action. Such action may include reconfirmation or modification of the audit plan, changes to the audit objectives or audit scope, or termination of the audit.

Any need for changes to the audit scope which can become as on-site auditing activities progress should be reviewed with and approved by the auditee.

6.6.5 Roles and responsibilities of guides and observers

Guides and observers may accompany the audit team but are not a part of it. They should not influence or interfere with the conduct of the audit.

When guides are appointed by the auditee, they should assist the audit team and act on the request of the audit team leader. Their responsibilities may include the following:

- a) establishing contacts and timing for interviews;
- b) arranging visits to specific parts of the site or organization;
- c) ensuring that rules concerning site safety and security procedures are known and respected by the audit team members;
- d) witnessing the audit on behalf of the auditee; and
- e) providing clarification or assisting in collecting information.

6.6.6 The audit

Audits should be conducted using checklists based on the Audit Standard and developed for the specific audit.

A Member State official from the area under audit may accompany the auditor.

Evidence should be collected through interviewing staff, reviewing documents and observing selected activities of the administration in the Member State.

When an auditor observes a non-conformity, he or she should discuss it with the responsible Member State official and record the following details as appropriate:

- a) details of the observed non-conformity (giving the title, number and issue of any documents involved), where appropriate; and
- b) the location where the non-conformity was observed.

To assist the Member State in finding early solutions to any non-conformities identified, the Audit Team may provide information on findings to their Member State counterparts on a daily basis.

6.6.7 Collecting and verifying information

During the audit, information relevant to the audit objectives, scope and criteria, including information relating to interfaces between functions, activities and processes, should be collected by appropriate sampling and should be verified. Only information that is verifiable may be audit evidence. Audit evidence should be recorded. The audit evidence is based on samples of the available information. Therefore there is an element of uncertainty in auditing, and those acting upon the audit conclusions should be aware of this uncertainty.

Figure 3 provides an overview of the process, from collecting information to reaching audit conclusions.

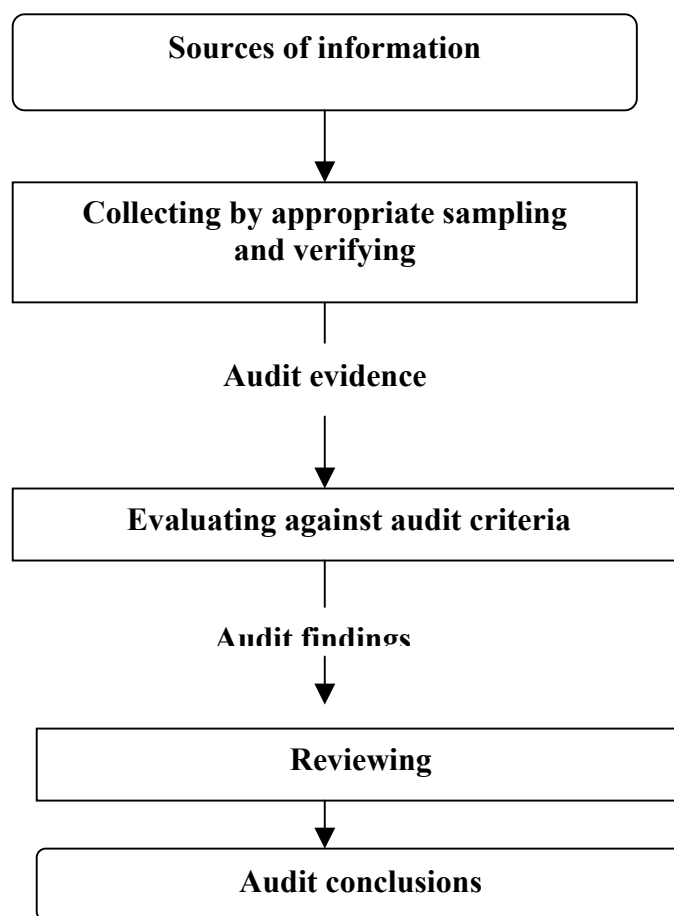


Figure 3 - Overview of the process from collecting information to reaching audit conclusions

Methods to collect information include:

- interviews;
- observation of activities; and
- review of documents.

6.6.8 Generating audit findings

Audit evidence should be evaluated against the audit criteria to generate the audit findings. Audit findings can indicate either conformity or nonconformity with audit criteria. When specified by the audit objectives, audit findings can identify an opportunity for improvement.

The audit team should meet as needed to review the audit findings at appropriate stages during the audit.

Conformity with audit criteria should be summarized to indicate locations, functions or processes that were audited. If included in the audit plan, individual audit findings of conformity and their supporting evidence should also be recorded.

Non-conformities and their supporting audit evidence should be recorded. [Non-conformities may be graded.] They should be reviewed with the auditee to obtain acknowledgement that the audit evidence is accurate, and that the non-conformities are understood. Every attempt should be made to resolve any diverging opinions concerning the audit evidence and/or findings, and unresolved points should be recorded.

6.6.9 Preparing audit conclusions and recommendations

The audit team should confer prior to the closing meeting to:

- a) review the audit findings, and any other appropriate information collected during the audit, against the audit objectives;
- b) agree on the audit conclusions, taking into account the uncertainty inherent in the audit process;
- c) prepare recommendations, if specified by the audit objectives; and
- d) discuss audit follow-up, if necessary.

6.6.10 Conducting the closing meeting

The audit closing meeting [chaired by the audit team leader should be held and is to] provide senior executives from the audited Member State with information relating to the findings and recommendations of the audit team. The meeting should ensure that the Member State authorities clearly understand and [acknowledge] the situation as audited by the audit team and are able to start working on the corrective action plan, if necessary. The meeting should emphasize the most significant issues and concisely present the team's findings and opinions regarding the effectiveness of the Member State as compared to the audit criteria.

The audit closing meeting should include a briefing on all findings and recommendations included in the audit interim report, which should be provided to the Member State at the end of the audit during the audit closing meeting.

The audit team leader should inform the Member State senior executives of the follow-up activities, including any proposals for a possible corrective action plan. The audit team leader should also inform the parties of critical dates for the final and summary reports and for the submission of the any corrective action plan. [The closing meeting should be formal and minutes, including recordings of attendance should be kept.]

The format of the audit closing meeting should be as follows:

- a) review of the objective and scope of the audit;
- b) summary of audit procedures;
- c) presentation of draft findings and recommendations included in the audit interim report;
- d) information on visits to regional offices, maritime schools, as applicable; and
- e) actions by the audited Member State following the audit.

Specialist meetings of the audit team members and their Member State counterparts may be held prior to or after the audit closure meeting, at the discretion of the audit team leader and the senior executive of the Member State.

Any diverging opinions regarding the audit findings and/or conclusions between the audit team and the auditee should be discussed and if possible resolved. If not resolved, all opinions should be recorded. If specified by the audit objectives, recommendations for improvements should be presented. It should be emphasized that recommendations are not binding.

6.7 Preparing, approving and distributing the audit report

6.7.1 General

The audit team leader should be responsible for the preparation and contents of the audit report. The audit report should provide a complete, accurate concise and clear record of the audit, and should be prepared taking into account the following principles:

- a) consistency of findings and recommendations in the audit closing meeting brief, audit interim report and audit final report;
- b) substantiated conclusions with relevant references;
- c) findings and recommendations must be stated clearly and concisely and be summarized at the end of the reports;
- d) avoidance of generalities and vague observations;
- e) objective presentations of audit findings;
- f) use of widely accepted maritime terminology, avoiding acronyms and jargon; and
- g) avoidance of criticism of individuals or positions.

6.7.2 Audit interim report

The audit interim report is an official and formal report of findings and recommendations submitted to the Member State during the audit closing meeting. The Member State corrective action plan should be based on the audit interim report. The audit interim report forms the basis for the preparation of the audit final report and is superseded by the audit final report when completed.

The audit interim report should be available only to the audited Member State and to the auditor team. The contents of the audit interim report should be:

- a) introduction:
 - identification of the audited Member State;
 - the dates and places where on-site audit activities were conducted;
 - background;
 - members of the audit team;
 - involved officials from the Member State; and
 - acknowledgement;
- b) objectives,[scope,] and activities of the audit;
- c) maritime activities in the Member State;
- d) summary of findings and recommendations;
- e) audit results
 - strategy and implementation;
 - enforcement and processes;
 - review and evaluation; and
 - improvement;
- f) possible recommendations for follow-up action;
- g) appendices; and
- h) attachments.

The audit report may also include or refer to the following, as appropriate:

- a) the audit plans;

- b) a list of auditee representatives;
- c) a summary of the audit process, including the uncertainty and/or an obstacles encountered that could decrease the reliability of the audit conclusions;
- d) confirmation that the audit objectives have been accomplished within the audit scope in accordance with the audit plan;
- e) any areas not covered, although within the audit scope;
- f) any unresolved diverging opinions between the audit team and the auditee; and
- g) a statement of the confidential nature of the contents.

While every endeavour shall be made by both the Member State and the audit team to avoid disagreement over the findings, it is at this stage where the Member State should notify any concerns with respect to the validity and/or interpretation of any audit findings.

6.7.3 Audit final report

The audit final report represents the official and actual report of the audit. The structure and contents of the audit final report should be similar to the audit interim report, with the exception that the audit final report should include an analysis of the Member State corrective action plan submitted by the audited State, and information on the progress made by the audited State on the implementation of the Member State corrective action plan.

The auditor team is responsible for preparing the audit final report. The audit final report should only be available to the audited Member State and the auditor team.

6.7.4 Audit summary report

An audit summary report providing an overview of an audited Member State adherence to the Maritime State Standard should be prepared together with the audit final report and forwarded to the audited State for comments before an anonymised summary report is made available to other IMO Member States.

The primary objective of making the audit summary report available is to improve maritime safety and prevention of pollution. The audit summary report should be prepared in a format that enables other IMO Member States to benefit from the generic lessons to be learned.

The audit team leader, assisted by the other members of the audit team, is responsible for preparing the audit summary report. The report should contain at least the following items:

- a) background;
- b) maritime activities in the Member State;
- c) summary of findings; and
- d) comments.

6.7.5 Audit team leader's mission report

The audit team leader should prepare a separate report describing the conduct of the audit, difficulties encountered and proposals to improve the [programming,] planning and conduct of audits. The audit team leaders' mission report should, therefore, provide feedback on the conduct of the audit from [programming/]planning to completion. The mission report is an integrated part of the quality assurance programme for the IMO Member State Audit Scheme and will be used by the Secretary-General to improve audit [programming/] planning.

A record of all feedback and recommendations made in the audit team leaders' mission reports and of action taken to address concerns raised should be maintained.

6.8 Completing the audit

The audit is completed when all activities described in the audit plan have been carried out and the approved audit has been distributed.

With the exception of the audit summary report, all materials, notes, and reports obtained or made out during the Member State audit should be considered confidential. Only the audited State should have the right to publish its audit final report and/or its corrective action plan and also to request the IMO to do so on its behalf.

The audit report(s) should be dated, reviewed and approved in accordance with audit programme procedures. [On completion of an audit, the audit team leader will transmit the completed audit checklists, and any other associated records and reports to the Secretary-General for retention in confidence.]

The typical flow for the completion of the audit is as indicated in Figure 4 Audit Cycle.

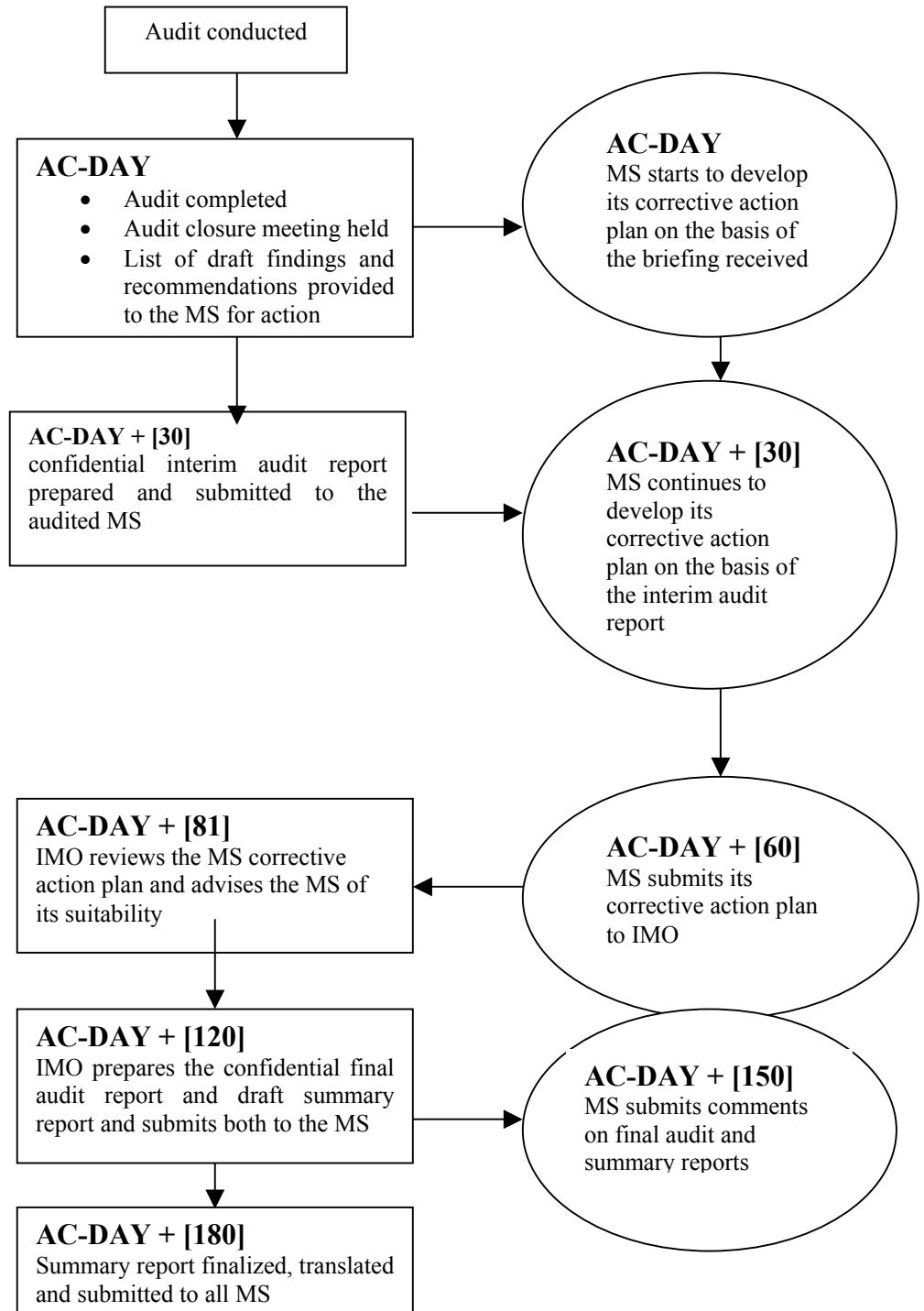


Figure 4 Audit cycle(AC)

6.9 Member State corrective action plan

The Member State corrective action plan responds to the audit findings and recommendations by proposing action to bring the Member State in conformance or adherence to the Maritime State Standard.

Corrective actions and deadlines, as necessary, should be established for each of the audit findings. Together, the corrective actions form the Member State corrective action plan.

The Member State corrective action plan should be submitted to the audit team within [30] calendar days after receiving the audit interim report, which was submitted to the Member State during the audit closure meeting.

The Member State corrective action plan should contain information relevant to the audit conducted and respond to each recommendation resulting from an audit finding. The Member State corrective action plan should provide detailed information of action to be taken, including a time frame for the commencement of and completion of each action, and must be signed by the chief executive(s) of the organization(s) audited.

The audit final report should include information on the possible corrective action plan proposed by the Member State. If the Member State is not required to submit a corrective action plan or has not submitted one within the period agreed upon, the final audit report will be prepared and submitted without any corrective action plan. In the latter case, the final report will indicate that the Member State has failed to provide a Member State corrective action plan within the prescribed period.

An auditor review meeting should consider the effectiveness of corrective action arising from audits in general and on issues selected for individual discussion.

Appropriate corrective actions may [be based on the **Model Action Plan** developed by the IMO] and , *inter alia*, be:

- a) revision of a procedure or work instruction;
- b) issue of a new procedure or work instruction;
- c) ensuring that Member State personnel adhere to the existing procedures; and
- d) further training/education.

6.10 Conducting audit follow-up

The conclusions of the audit may indicate the need for corrective action. Such actions are usually decided and undertaken by the auditee within an agreed timeframe and are not considered to be part of the audit.

The completion and effectiveness of corrective action should be verified. This verification may be part of a subsequent audit.

An audit follow-up should be conducted between one and two years following a Member State audit, in order to determine the status of implementation of the corrective action plan, or in the absence of a corrective action plan, the status of correction of findings noted during the Member State audit.

The standard auditing procedures applied to the audit follow-up are the same as for a regular Member State audit. The only exception is the difference in scope, as the audit follow-up can be limited in certain cases only to issues identified during the initial audit.

The audit follow-up team will normally consist of an audit team leader and other members as required depending on the scope of the audit. Audit team members for an audit follow-up may or may not have been members of the original audit team.

The audit programme may specify follow-up members of the audit team, which adds value by using their expertise. In such cases, care should be taken to maintain independence in subsequent audit activities.

6.11 Maintenance of records

Records from all Member State audits conducted should be maintained. Such records should include:

- a) Member State audit interim and final reports including findings and recommendations;
- b) Member State audit summary reports;
- c) Member State audit corrective action plans, if any; and
- d) audit team leaders' mission report.

7 Competence [and evaluation] of auditors

7.1 General

Confidence and reliance in the audit process depends on the competence of those conducting the audit. This competence is based on the demonstration of the personal attributes described in 7.2, and the ability to apply the knowledge and skills described in 7.3 gained through the education, work experience, auditor training and audit experience.

[This concept of competence of auditors is illustrated in Figure 5.

Auditors develop, maintain and improve their competence through continual professional development and regular participation in audits.]

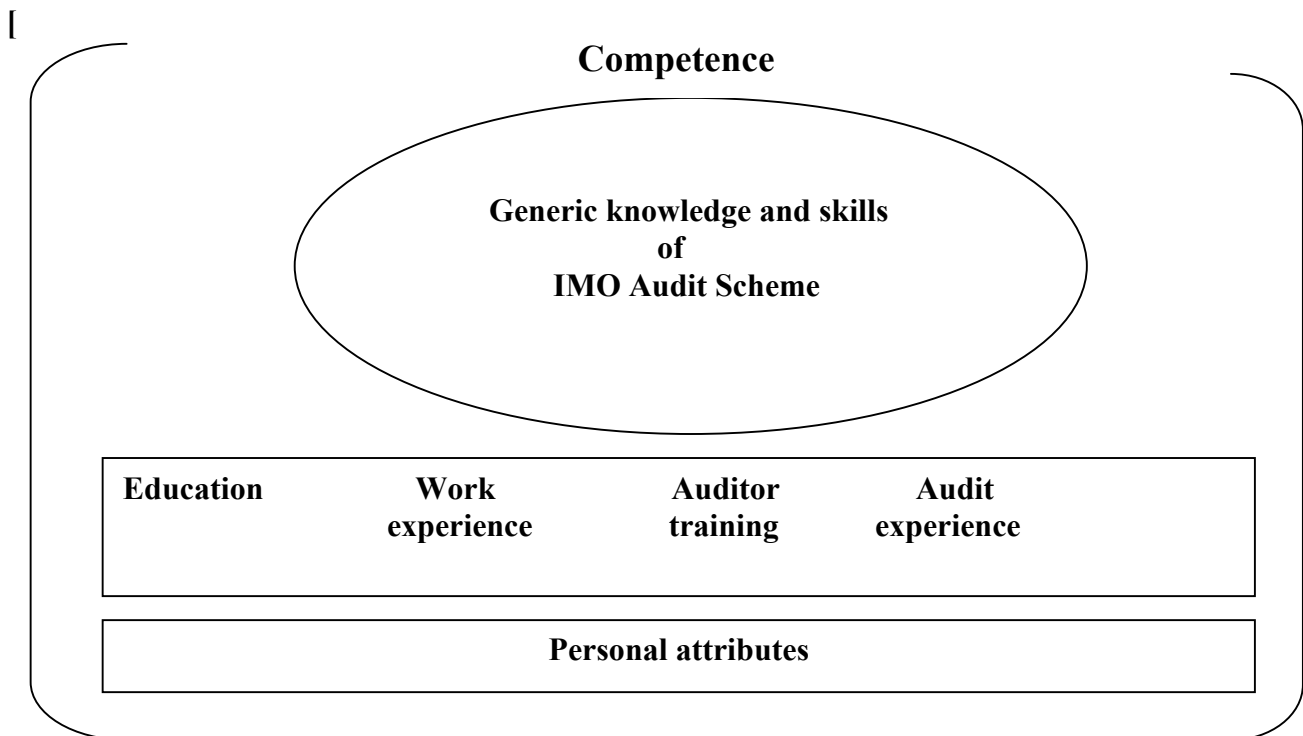


Figure 5 - Concept of competence]

7.2 Personal attributes

Auditors should possess personal attributes to enable them to act in accordance with the principles of auditing [described in clause 4].

An auditor should be:

[having initiative, judgment, tact, sensitivity and the ability to maintain harmonious working relations when meeting intended or unintended obstacles during the audit, and when working in an environment with cultural differences]

(This part is taken from para. 4.7.1 of MSC 77/WP.14 in page 25. if the CG want to maintain this para. the following a) to i) personal attributes part can be deleted)

- a) ethical, i.e. fair, truthful, sincere, honest and discreet;
- b) open-minded, i.e. willing to consider alternative ideas or points of view;
- c) diplomatic, i.e. tactful in dealing with people;
- d) observant, i.e. actively aware of physical surroundings and activities;
- e) perceptive, i.e. instinctively aware of and able to understand situation;
- f) versatile, i.e. adjusts readily to different situations;
- g) tenacious, i.e. persistent, focused on achieving objectives;

- h) decisive, i.e. reaches timely conclusions based on logical reasoning and analysis; and
- i) self-reliant, i.e. acts and functions independently while interacting effectively with others.]

7.3 Knowledge and skills

7.3.1 Generic knowledge and skills

Auditors should have knowledge and skills in the following areas:

- a) audit principles, procedures and techniques to enable the auditor to apply those appropriate to different audits and ensure that audits are conducted in a consistent and systematic manner.

An auditor should be able to:

- apply audit principles, procedures and techniques;
- plan and organize the work effectively;
- conduct the audit within the agreed time schedule;
- prioritize and focus on matters of significance;
- collect information through effective interviewing, listening, observing and reviewing documents, records and data;
- understand the appropriateness and consequences of using sampling techniques for auditing;
- verify the accuracy of collected information;
- confirm the sufficiency and appropriateness of the audit findings and conclusions;
- assess those factors that can affect the reliability of the audit findings and conclusions;
- use work documents to record audit activities;
- write clearly and concisely;
- prepare audit reports;
- use office automation equipment and contemporary computer software;
- maintain the confidentiality and security of information; and

- communicate effectively, either through personal linguistic skills or through an interpreter,

(should have command of one of the six official IMO languages: Arabic, Chinese, English, French, Russian and Spanish),

b) Audit Standard and reference documents: to enable the auditor to comprehend the scope of the audit and apply audit criteria. Knowledge and skills in this area should cover:

- Standards for Member State Audit and other applicable procedures used as audit criteria;
- Framework for Member State Audit;
- Code for the implementation of [mandatory] IMO instruments;
- knowledge on the applicable IMO instruments;
- information systems and technology for, authorization, security, distribution and control of documents, data and records; and
- general knowledge on the quality and environment systems such as ISO 9000 and 14050(preferable),

c) Organizational situations to enable the auditor to comprehend the organization's operational context. Knowledge and skills in this area should cover:

- organizational size, structure, functions and relationships;
- general business processes and maritime administration related terminology; and
- cultural and social customs of the auditee,

[d) Applicable laws, regulations and other requirements relevant to the discipline: to enable the auditor to work within, and be aware of, the requirements that apply to the organization being audited. Knowledge and skills in this area should cover:

- local, regional and national codes, laws and regulations;
- contracts and agreements;
- international treaties and conventions; and
- other requirements to which the organization subscribes,]

7.3.2 Generic knowledge and skills of audit team leaders

Audit team leaders should have additional knowledge and skills in audit leadership to facilitate the efficient and effective conduct of the audit. An audit team leader should be able to:

- plan the audit and make effective use of resources during the audit;
- represent the audit team in communications with the auditee;
- organize and direct audit team members;
- provide direction and guidance to auditors-in-training;
- lead the audit team to reach the audit conclusions;
- prevent and resolve conflicts;
- prepare and complete the audit report;
- provide feedback , upon completion of the audit, to improve IMO audit scheme; and
- to fully conversant with the Standards for Member State Audits.

7.3.3 Specific knowledge and skills of IMO Model Audit Scheme auditors

IMO Member State Audit Scheme auditors should have knowledge and skills in the following areas:

- a) Methods and techniques related with maritime safety, environment protection and security: to enable the auditor to examine the Member State's performance and to generate appropriate audit findings and conclusions. Knowledge and skills in this area should cover:
 - maritime terminology;
 - Framework for Member State Audit;
 - Standards for Member State Audits and other IMO instruments related with IMO Audit Scheme;
 - in-depth knowledge of functions of a maritime administration;
 - adequate knowledge of IMO and IMO regulatory framework; and
 - administrative, legal and technical areas in the following areas:
 - a) jurisdiction;
 - b) organization and authority;
 - c) implementation (legislation, rules and regulations);

- d) promulgation of IMO instruments, rules and regulations;
- e) enforcement;
- f) control, survey, inspection, audit, verification, approval and certification functions;
- g) selection, recognition, authorization, empowerment and monitoring of recognized organizations, as appropriate, and of nominated surveyors;
- h) investigations; and
- i) reporting to IMO, other Administrations and organizations.

Appendix I Memorandum of Understanding (MoU)

As developed by the CG

Appendix II Pre-Audit Questionnaire

As developed by the CG
