

ASSEMBLY  
28th session  
Agenda item 9

A 28/9  
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## **VOLUNTARY IMO MEMBER STATE AUDIT SCHEME**

### **Progress report on the implementation of the Audit Scheme**

#### **Note by the Secretary-General**

##### **SUMMARY**

<i>Executive summary:</i>	This document provides an updated report on progress made in the implementation of the Voluntary IMO Member State Audit Scheme since the twenty-seventh regular session of the Assembly
<i>Strategic direction:</i>	2
<i>High-level action:</i>	2.0.2
<i>Planned output:</i>	2.0.2.3, 2.0.2.4, 2.0.2.5 and 2.0.2.6
<i>Action to be taken:</i>	Paragraph 18
<i>Related document:</i>	A 28/9/1

#### **Introduction**

1 Over the biennium 2012-2013, implementation of the Voluntary IMO Member State Audit Scheme (VIMSAS) continued with the conduct of further audits; the nomination of individuals to serve as auditors; and additional Member States volunteering for audits. A technical assistance programme continued to assist Member States' capacity-building in terms of preparation and participating in audits through the delivery of regional training courses for auditors, regional workshops for the preparation of Member States for audits, as well as for the participation of observer auditors in audits. Various audit reports were circulated to all Member States during the biennium under review.

2 This document reports on progress made on the above activities and related matters.

#### **Member States volunteering for audits and conduct of audits**

3 Since the issuance of Circular letter No.2687 on 5 December 2005 (inviting Member States to volunteer for audits), the Secretary-General has received official communications from 69 Member States, including five dependent territories, as well as two Associate Members, informing him of their readiness to be audited. The number of Member States that have so far volunteered for audits now represents 41 per cent of the total membership of the Organization.



4 Of those Member States that have so far volunteered for audits, 61 Member States, two Associate Members and five dependent territories have been audited as of the date of this document. Preparations are ongoing for up to five additional audits to be conducted during the remaining months of this year.

5 Throughout the biennium, the Council and the Secretary-General have regularly invited Member States to offer themselves for audit. Bearing in mind that an institutionalized Audit Scheme is envisaged in the next few years, the Assembly may wish to reiterate its invitation to Member States that have not yet volunteered for audit, to do so as and when they are ready and as early as possible so that lessons learned can continue to be shared.

### **Nomination and availability of auditors**

6 In response to Circular letter No.2686 of 5 December 2005 and Circular letter No.3301 of 31 July 2012 (inviting Member States to nominate qualified auditors) and as of the date of this document, a total of 243 individuals have been nominated by 63 Member States and an Associate Member from all geographical regions of the world for inclusion in the roster of auditors maintained by the Secretariat. Of those nominated, 15 per cent have become inactive due to a number of reasons.

7 The successful implementation of the Scheme relies heavily on the availability of suitably qualified auditors. As the Organization moves on to a mandatory Scheme, greater numbers of qualified and experienced auditors would be required. This is important in ensuring a broad-based pool for the selection of audit teams for the widest possible distribution of the audit workload, particularly in the context of preparation for the institutionalization of the Scheme. The Council, at all its meetings during the biennium, invited Member States to nominate:

- .1 auditors to enable the Secretary-General to select audit teams from among them to conduct the audit of volunteering Member States; and
- .2 qualified auditors to participate in the regional training courses the Organization convenes to provide uniform training to auditors for the effective implementation of the Scheme.

8 In this context, the Assembly may wish to encourage Member States to continue to nominate qualified auditors for inclusion in the roster of auditors maintained by the Secretariat and for those nominated to participate in the regional training courses for auditors that are convened by the Organization.

### **Training of auditors and assistance to Member States to participate in the scheme**

9 Within the context of the global programme on "Voluntary IMO Member State Audit Scheme", as contained in the Integrated Technical Co-operation Programme (ITCP) for 2012-2013, the training of auditors in the Framework and Procedures for the Scheme during the biennium under review was carried out through a series of four regional training courses conducted in:

- .1 Opatija, Croatia, from 5 to 9 March 2012, for 15 participants from 11 CIS/Eastern European countries;
- .2 Valpariso, Chile, from 20 to 24 August 2012, for 19 participants from 13 Latin American countries;

- .3 Muscat, Oman, from 27 April to 1 May 2013, for 20 participants from 15 Arab/Mediterranean countries; and
- .4 Manila, the Philippines, from 20 to 24 May 2013, for 24 participants from 21 Asian countries.

10 Taking into account the increasing need for assistance to Member States to enable them to participate in the Scheme, four regional workshops were conducted in:

- .1 Monrovia, Liberia, from 25 to 29 June 2012, for nine west and central African countries (Anglophone);
- .2 Suva, Fiji, from 2 to 6 July 2012, for nine Pacific Islands countries;
- .3 Dakar, Senegal, from 10 to 14 December 2012 for nine west and central African countries (Francophone); and
- .4 Lima, Peru, from 1 to 5 July 2013 for 11 Latin American countries.

11 Another subregional workshop to assist Member States to participate in the Scheme has been scheduled to be held in Antigua and Barbuda, from 30 September to 4 October 2013 for 15 Caribbean countries.

#### **Assistance to Member States and observer auditors**

12 Resolution A.1018(26) requests the Secretary-General to take action, within the Organization's ITCP, to assist Member States to respond to their duties under the Scheme and to build capacity to address related needs. In this context, a national workshop on the implementation of mandatory IMO instruments, as a follow-up to the audit of the Bahamas, was held in Freeport, Grand Bahama, from 5 to 8 February 2013.

13 The ITCP further contains programmes to provide assistance to Member States, which include funding for experts to assist Member States on matters related to the audit; funding to meet part of the cost of the audit; and for the general availability of technical assistance to address findings from audits. For the current biennium, nine requests have been received from Member States for technical advisory missions, assistance with the cost of audit and funding for observer auditors.

14 As the requests for technical assistance have been increasing, the Assembly may wish to encourage those Member States that have not yet volunteered for audits and who would be eligible for technical assistance to make full use of the assistance provided through the ITCP as they prepare for audits.

#### **Audit reports**

15 The various reports listed in the Procedures for the Scheme are prepared as audits are completed. The two reports that are of interest to Member States, namely the audit summary report (ASR), and the consolidated audit summary report (CASR) were regularly issued during the biennium.

16 As of the date of this document, 59 audit summary reports have been issued through Circular letter numbers 2797, 2809, 2814, 2840, 2853, 2893, 2948, 2962, 2993, 3026, 3063, 3100, 3158, 3165, 3209, 3259, 3302, 3357 and 3401.

17 With respect to consolidated audit summary reports, six such reports have been issued as documents A 25/8/2, C 101/6/2, A 26/9/1, C 105/6/1, A 27/8/1, C 109/5/1, and all of them have been referred to the MSC and MEPC for detailed consideration. The seventh consolidated audit summary report, containing the findings from seven audits, will be issued as document A 28/9/1. The Secretary-General intends to continue the issuance of future consolidated audit summary reports as Council or Assembly documents.

#### **Action requested of the Assembly**

18 The Assembly is invited to take note of the information provided in this document and, in particular, to reiterate its invitation to Member States:

- .1 that have not yet volunteered for audit to do so as and when they are ready and as early as possible (paragraph 5);
  - .2 to continue to nominate as many qualified auditors as possible in response to Circular letter No.3301 (paragraph 8);
  - .3 that are in need of assistance to enable them to participate in the Scheme to seek such assistance through the ITCP (paragraph 14); and
  - .4 to note the progress made in the distribution of the various audit reports (paragraphs 16 and 17).
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