RESOLUTION A.1182(33) (adopted on 6 December 2023)
AMENDMENTS TO THE FINANCIAL REGULATIONS OF THE
INTERNATIONAL MARITIME ORGANIZATION

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ASSEMBLY
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AMENDMENTS TO THE FINANCIAL REGULATIONS OF THE INTERNATIONAL MARITIME ORGANIZATION

THE ASSEMBLY,

RECALLING that the Organization's Financial Regulations provide a framework for the financial control and reporting of the Organization's financial resources,

MINDFUL OF the provision of article XIV of the Organization's Financial Regulations, which requires that amendments to the said Regulations should be approved by the Assembly,

HAVING CONSIDERED the amendments to the Rules of Procedure of the Council, to be effective from 1 January 2022,

RECOGNIZING the importance of strengthening the Organization's financial resilience through regular review of its Fund and reserve structures,

RECOGNIZING ALSO the importance of consistent and gender-balanced language throughout the Organization's work,

1 APPROVES the revised financial regulations 5.10, 10.3, 12.2, 12.7, 12.9 and appendix 1, and the new Financial Regulation 6.8 set out in the annex to this resolution;

2 RESOLVES that they shall take effect as from 1 January 2024;

3 REQUESTS the Secretary-General to ensure the effective implementation and application of the Organization's Financial Regulations, as revised.

ANNEX

AMENDMENTS TO THE ORGANIZATION'S FINANCIAL REGULATIONS

Article V PROVISION OF FUNDS

REGULATION 5.10 The Secretary-General shall report to each session of the Assembly, the Council and the Committees of the Organization, as appropriate, on the application of Article 61 of the Convention.

Article VI FUNDS

REGULATION 6.8 The Secretary-General shall, following each adoption of a new Strategic Plan for a six-year period by the Assembly, conduct a holistic review of all of the Organization's funds and reserves, in order to assess their suitability, funding level and operating mechanism. The Secretary-General shall report the findings of this review to the Council, along with any related recommendations to improve the Organization's management of funds and reserves.

Article X INTERNAL CONTROL

REGULATION 10.3 The Secretary-General may make such ex gratia payments as he or she deems to be necessary in the interests of the Organization, provided that a statement of such payments shall be submitted to the Assembly with the financial statements.

Article XII EXTERNAL AUDIT

REGULATION 12.2 If the External Auditor ceases to hold that office in his or her own country, his or her tenure of office as External Auditor shall thereupon be terminated and he or she shall be succeeded as External Auditor by his or her successor as Auditor-General. The External Auditor may not otherwise be removed during his or her tenure of office except by the Assembly.

REGULATION 12.7 The Secretary-General shall provide the External Auditor with the facilities he or she may require in the performance of the audit.

REGULATION 12.9 The External Auditor shall issue a report on the audit of the financial statements, which shall include such information as he or she deems necessary in regard to matters referred to in financial regulation 12.4 and in the additional terms of reference.

APPENDIX I TO THE FINANCIAL REGULATIONS

Additional terms of reference governing External Audit

1. The External Auditor shall perform such audit of the accounts of the Organization, including all trust funds and special accounts, as he or she deems necessary in order to satisfy himself or herself:

(a) that the financial statements are in accord with the books and records of the Organization;

(b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions and other applicable directives;

(c) that the securities and monies on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

(d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon; and

(e) that procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as he or she chooses of all financial records, including those relating to supplies and equipment.

3. The External Auditor and his or her staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor, necessary for the performance of the audit. Information classified as privileged and which the Secretary-General (or his or her designated senior official) agrees is required by the External Auditor for the purposes of the audit and information classified as confidential shall be made available on application. The External Auditor and his or her staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Council to any denial of information classified as privileged which, in his or her opinion, was required for the purpose of the audit.

4. The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which he or she entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Secretary-General.

5. The External Auditor shall express and sign an opinion in the following terms: "I have examined the following/appended financial statements, numbered... to... and schedules of the International Maritime Organization for the year ended 31 December.... My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. As a result of the examination I am of the opinion that... ". The opinion will then state, as appropriate, whether:

(a) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the year then ended;

(b) the financial statements were prepared in accordance with the stated accounting principles;

(c) the accounting principles were applied on a basis consistent with that of the preceding financial year;

(d) transactions were in accordance with the Financial Regulations and legislative authority.

6. The report of the External Auditor to the IMO Assembly on the financial operations of the year should mention:

(a) the type and scope of his or her examination;

(b) matters affecting the completeness or accuracy of the accounts, including where appropriate:

(i) information necessary to the correct interpretation of the accounts;

(ii) any amounts which ought to have been received but which have not been brought to account;

(iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

(iv) expenditures not properly substantiated;

(v) whether proper books of accounts have been kept. Where in the presentation of statements there are deviations of material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

(c) other matters which should be brought to the notice of the Assembly, such as:

(i) cases of fraud or presumptive fraud;

(ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);

(iii) expenditure likely to commit the Organization to further outlay on a large scale;

(iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

(v) expenditure not in accordance with the intention of the Assembly after making allowance for duly authorized transfers within the budget;

(vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;

(vii) expenditure not in conformity with the authority which governs it;

(d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.

In addition, the reports may contain reference to:

(e) transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the Assembly should have early knowledge.

7. The External Auditor may make such observations with respect to his or her findings resulting from the audit and such comments on the Secretary-General's financial report as he or she deems appropriate to the Council or to the Assembly, or to the Secretary-General.

8. Whenever the External Auditor's scope of audit is restricted, or whenever he or she is unable to obtain sufficient evidence, he or she shall refer to the matter in his or her opinion and report, making clear in the report the reasons for his or her comments, and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the External Auditor include criticism in his or her report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.

10. The External Auditor is not required to mention any matter referred to in the foregoing which, in his or her opinion, is insignificant in all respects.

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