**ANNEX B: The main content of the revised draft of the *Framework and Procedures for the IMO Member State Audit Scheme (IMSAS)***

The IMO Member State Audit Scheme which commenced voluntarily in 2006, transformed into mandatory status in January 2016. The Audit Scheme aims to promote the consistent and effective implementation of IMO instruments, and assist Member States in improving their capabilities and overall performance in complying with the IMO instruments to which they are a Party.

The first cycle of audits is scheduled to conclude in 2025. According to IMO document C 134/11 (April 2025), a total of 144 States and associate members have been audited, with 22 audits currently still in progress.

To advance the second cycle of audits, IMO has initiated revisions to the *Framework and Procedures for the IMO Member State Audit Scheme*and the IMO Auditor's Manual. The *Framework and Procedures for the IMO Member State Audit Scheme* primarily involves revisions in the following three aspects:

* **Increased transparency**

The executive summary report (ESR), corrective action plan (CAP), audit final report, Member State's report on progress of implementation of CAP and audit follow-up report should be released to all Member States; and a limited disclosure of information depicting the level of effective implementation of the III Code, should be made available in a graphical form to the public through a web-based platform.

* **Introduction of the IMSAS continuous monitoring mechanism (ICMM)**

The IMSAS continuous monitoring mechanism (ICMM) will utilize a web-based platform to facilitate the ongoing collection of data related to Member States' compliance. ICMM incorporates a risk-based two-phase evaluation mechanism. During the initial phase, audits will be prioritized based on clear, transparent and objective criteria, that is, Member States will be grouped based on the start date of their audits in the previous audit cycle. Each group will be composed of a number of Member States that can be audited within a two-year period. Within each group, Member States with a lower number of outstanding corrective actions requiring verification would be audited later.

The second phase concentrates on critical risk areas through the evaluation of three key indicators i.e., gap analysis tool, verification index, and State Audit Questionnaire (SAQ) indicator. A Member State will qualify for limited on-site audits (LOA) if the average score of the three indicators is above 70% and will then undergo an audit within a reduced scope, where the specific reduced items are determined based on continuous monitoring results, however Part 1 (Common Areas) of the III Code will always be included in an LOA. Whether parts 2, 3 and 4 of the III Code should be included in an LOA will be decided using a cross-matrix that maps the correspondence between a non-exhaustive list of obligations (NEL) and the III Code.

* Other key issues include:

1. extending the second audit cycle to 9 years, effective from 1 July 2027;
2. merging the Pre-Audit Questionnaire (PAQ) and Additional Pre-Audit Information (APAI) into the State audit questionnaire (SAQ) to streamline Pre-audit processes and reduce redundancy;
3. incorporating auditing experience into the nomination criteria of auditors;
4. revising the responsibilities of the Secretariat, Member States, and audit team leaders;
5. introducing Form D - Report on the progress of implementation of corrective action plan; and
6. making necessary amendments to Appendix 1- Model Memorandum of Cooperation.