

2020

Summary of Internal Oversight and Ethics Activities in 2019



INTERNATIONAL
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Secretary-General's Statement

I am pleased to present the report on the 2019 internal oversight and ethics activities at IMO.

Since 2014, IMO has publicized a report on the annual summary of internal oversight activities on its internet home page. Following on from the introduction of the expanded disclosure last year, the present 2019 report continues to cover the entire activities of the Internal Oversight and Ethics Office.

Highlights of the 2019 activities include the SDG formative evaluation and the evaluation of IMO's response towards mitigating against the marine environmental impact arising from ships' ballast. Both reports showed actions and positive progress being made in the achievement of the programme goals.

The report also presents a balanced picture where swift actions for improvements are required including general terms and conditions of IMO contracts and IMO goodwill maritime ambassador scheme among others.

It is my belief that the robust oversight and ethics programmes are essential to support effectiveness, efficiency and healthy culture of the Organization. IMO is committed to continuously achieving the highest quality of its governance through strong oversight and disclosure programmes. I would welcome any feedback from the readers to further enhance quality of the report in the future.

Kitack Lim
Secretary-General

I.Introduction

1. In accordance with the terms of reference of internal oversight, as provided in Appendix II of the Financial Regulations and Financial Rules of the International Maritime Organization (IMO, or the Organization), the Internal Oversight Services (IOS) cover internal audit, evaluation and investigation under a single internal oversight mechanism. IOS, together with the ethics function established in February 2014, have formed the Internal Oversight and Ethics Office (IOEO), that reports functionally and administratively directly to the Secretary-General and assists him in the fulfilment of his responsibility for internal control (Financial Regulation 10.1) and in internal oversight and ethics related matters with independent, objective assurance, review and advice. In addition, IOEO was designated by the Council to provide internal audit services for the World Maritime University (WMU) in Sweden and International Maritime Law Institute (IMLI) in Malta.

2. IOEO's work plan for 2019 approved by the Secretary-General included a total of fifteen engagements: six internal audit engagements consisting of two special audits, four regular annual audits, six evaluations, and three ethics engagements. However, adjustments had to be made to the work plan in response to certain perceived risks and an allegation of misconduct, resulting in the inclusion of one ad hoc internal audit review and two investigations. The Secretary-General also requested an evaluation of the IMO Goodwill Maritime Ambassador scheme. As a consequence, IOEO completed the year with the issuance of: six internal audit reports including one ad hoc review and one inspection; four evaluation reports; two investigation reports; and one ethics report and 24 instances of ethics advice. This report summarizes those activities undertaken in 2019.

II.Internal Audit and Inspection

A. Annual audit of payroll, staff entitlements and benefits

3. Payroll, staff benefits and entitlements are subject to regular audits, undertaken to confirm the validity, accuracy and compliance of salary and benefit payments and identify weaknesses in the current system and administrative controls for payroll and benefits processing. In 2018, the related payroll and benefit expenditures amounted to £27.31 million with an increase of £0.30 million (1.09%) from 2017.

4. Overall, the audit found that the calculation of payroll earnings and deductions was accurate, valid and in compliance with the applicable regulatory framework in general. The audit observed some exceptions: policy gaps, compliance and implementation issues with respect to the language allowance, settling-in grant and contract extension of Junior Professional Officers (JPOs); internal control issues related to the separation process (specifically for JPOs and adjustments such as education grant settlement); inconsistent payroll calculations for staff on certified sick leave half pay and unpaid leave, and staff for whom the language allowance payments were adjusted; late processing of salary increments due to late submission of performance appraisals; policy inconsistencies in language allowances as compared with the United Nations practice; and insufficient, delayed and/or lack of information from the management that affected the performance of the audit. Six recommendations were provided to address these issues, of which, five were of high priority. Management accepted all the recommendations for implementation.

B. Annual audit of separation benefits

5. The number of staff separated in 2018 was 24 staff, consisting of 15 in the Professional and higher categories, including two JPOs, eight in the General Service (GS) category, including one from the Regional Office in REMPEC, Malta. The reasons for separation included retirements (10), resignations (11), agreed separation (1) and expirations of contract (2). The separation entitlements paid amounted to £884,000, comprising: £375,000 (42%) for repatriation grants; £220,000 for commutation of unused accrued annual leave; £149,000 (17%) for shipment and repatriation travel; and £140,000 (16%) for termination indemnities for agreed separations.

6. The audit was carried out to ascertain the authorization, validity, accuracy, completeness and compliance of the separation benefit calculation and payments. Overall, the calculation and payment were accurate, valid, timely and in compliance with the applicable policy framework. The audit observed some exceptions and control weaknesses, specifically: a) lacking sufficient documentary information and clarity on the termination and related indemnity payments, including the discretionary 50% additional grant; b) inconsistencies in the application of contractual arrangements for temporary assistance; c) failure to undertake a detailed statistical analysis as recommended by the International Civil Service Commission (ICSC) for the adoption of flat rate lump sum options for shipment; and d) no validation checks of actual shipment, following the lump sum payment. Nine recommendations were provided to address these issues, of which four were high priority. Management accepted all the recommendations for implementation.

C. Inspection of Leave Management

7. The inspection of leave management was launched as an ad hoc engagement to address concerns about the adequacy of leave related processes, procedures and tools for managing and recording the data. The inspection covered the leave balances and activities reported in the period from 1 January 2017 to 15 May 2018. A total of 16,883 total leave days were taken by staff members which represented 16% absent days in total, costing £5.5m for paid leave.

8. The objectives of the inspection were to assess the: a) suitability of the policy and guidelines; b) accuracy of the processing of leave balances in compliance with the policy and guidelines; and c) adequacy of the design and implementation of the systems and procedures to support accurate processing of leave balances. The inspection noted that the design and implementation of the internal controls intended for capturing, managing and recording the leave data were partially satisfactory and required some improvements.

9. Five high priority recommendations were issued to address the following issues: a) the management, approval and verification of leave and absences presented inefficiencies that had an effect on the workload of Human Resources Services (HRS); b) the process for recording the data in SAP was laborious and highly dependent on manual tasks and as a result there were considerable error rates; c) there were no effective monitoring controls developed to identify issues to allow for prompt resolution; d) some of the practices followed for the management of leave were not supported by the relevant policy; and e) IMO parental leave and flexible working arrangement policies were outdated as highlighted by the UN Gender Parity Task Force. Five recommendations were provided to address causes of the issues. Management accepted three recommendations and conditionally accepted two recommendations for implementation.

D. Ad hoc Review of the General Terms and Conditions of IMO Contracts

10. The review of the General Terms and Conditions of Contract was conducted to identify gaps in IMO general terms and conditions/general conditions of contracts (GCCs) as

compared with similar GCCs of the United Nations. The following contracts: Contract for Goods and Services; Temporary Employment Contract; IMO Consultancy Contracts; Temporary Contract for Conference Interpreter; and Expert Contracts were covered in this ad hoc review. In addition, other requirements namely, the Terms of reference templates for IMO Goodwill Maritime Ambassador; Memorandum of Understanding templates for Junior Professional Officers; United Nations Joint Inspection Unit (JIU) report recommendations; and United Nations General Assembly resolutions that would be useful in updating the IMO GCCs, were also considered.

11. The review recommended that IMO GCCs should be swiftly revised, as they were found to be very much outdated and lacked essential clauses to proactively and reasonably protect IMO from undesirable risks and consequences. Some of the key clauses that were either missing from the current IMO GCCs or requiring improvement included: a) audit and investigation clauses; b) anti-fraud clause; c) standards of conduct /unethical conduct clause; d) title, copyrights, patents and other property rights; e) confidential nature of documents and information; f) IMO accessibility policy; g) IMO whistle-blower policy; h) conflict of interest declaration; i) restriction period for post-employment activities; and j) sexual exploitation and abuse (SEA) and sexual harassment (SH). The Secretary-General issued a memo to the concerned Division Directors to implement the recommendations.

E. Review of 2020 Member States Assessment

12. The 2020 regular budget assessment for Member States was reviewed based on: a) shipping tonnage figures as at 30 June 2019 provided by IHS Markit Maritime & Trade; b) the UN General Assembly resolution A/RES/73/721 showing the percentage of the United Nations regular budget assessments on its Member States for 2019-2021; and c) proposed appropriation for 2020 and amount to be financed by contributions from Member States as per the Note by the Secretary-General to IMO Assembly (document A 31/17(c)/Add.1).

13. The verification confirmed the accuracy of the calculated amounts for "Minimum" assessment of £981,747, "Basic" assessment of £4,051,157 and "Tonnage" assessment of £28,358,096, as well as the allocation of 2020 assessments totalling £33,391,000 on individual 174 Member States and 3 Associate Members.

F. Follow-up audit of 2018 and prior year audit recommendations

14. The results of the follow-up audit illustrated that from a total of 138 recommendations issued in 14 reports, more than half (59%, 82) of the recommendations had been implemented by November 2019. Most of the remaining recommendations were in-progress (51) and only five (4%) recommendations were identified as no progress made by the end of 2019. It was noted that at the beginning of 2019 there were 72 outstanding recommendations, of which only 16 (22%) were confirmed as "implemented". The audits urged relevant managers for further action on the timely implementation of outstanding recommendations.

III. Evaluation Reports issued in 2019

15. In 2019, there was additional focus placed on ensuring standards of delivery whilst increasing the scope of evaluation to encompass four projects, notwithstanding constraints in resource and budget: 2018 ITCP annual workshops; formative evaluation on IMO's preparation for SDGs; IMO Goodwill Maritime Ambassador Scheme; and IMO's response towards mitigating against the marine environmental impact arising from ships' ballast water.

A. Evaluations of ITCP Workshops completed in 2018

16. Regular evaluations of ITCP training events are essential to: assess their effectiveness and impact; obtain useful information required in improving training deliveries; and develop workshop materials to better reflect the training needs of future participants. A total of 143 training events were held in 2018, comprising 80 national and 63 regional courses where a total of 2,802 participants attended. Of these, feedback questionnaires were submitted for 67 training events and the significant number of synopses totalling 76 were missing, exposing a considerable weakness in the management and reporting of training feedback.

17. Seventy-eight per cent of the total 143 training courses were conducted in Africa, the Americas/Caribbean and Asia. The feedback indicated a high degree of satisfaction over training delivery, with Excellent or Good ratings on course content, knowledge transfer and learning experience, while identifying several areas of improvement in participant learning, training delivery and effectiveness.

B. SDG Formative evaluation

18. The report on the evaluation of the IMO SDG framework was produced to provide guidance and support to the work undertaken by the SDG working group of IMO. IMO was assigned a Tier III indicator (14.1.1), as a Partner Agency with FAO and IOC-UNESCO and had linked its ITCP activities to all but two of the SDGs. IMO already conducted useful work in linking its activities to the SDGs and thereby being well prepared. However, there were a number of issues identified during the evaluation which would assist both IMO and its Member States in achieving their SDGs whilst reporting maritime economic factors through Voluntary National Reviews (VNRs) to the High Level Political Forum (HLPF) in the United Nations.

19. From the seven recommendations identified, three key issues were highlighted to strengthen IMO's contribution to achieving the SDGs. These are: i) reduce and prioritize the SDGs to which IMO will commit to contribute; ii) develop a reporting framework for Member States to complete the maritime section within their respective VNRs, including a theory of change and logframe consisting of SMART maritime indicators; and iii) review and/or reactivate existing tools that are designed to support Member States' data gathering and strategy formulation in support of the SDGs, notably the Country Maritime Profiles (CMPs) and National Maritime Transport Policies (NMTPs).

C. Evaluation of IMO Goodwill Maritime Ambassador Scheme

20. The objective of the evaluation was to assess the effectiveness of the IMO Goodwill Maritime Ambassador scheme (IMO-GMA) in its current format. A survey was conducted and distributed to 156 participants of which 58 responses were received, 30 from IMO-GMAs, 21 from non-GMAs and 7 responses were incomplete.

21. Overall, the scheme seemed to have made progress in achieving awareness at the national level. However, the mechanisms for measuring impact on the target audience were not designed and implemented, thereby introducing a significant weakness within the scheme. The events and activities being conducted by national GMAs lacked guidance and consistency, producing an inability to compare and coordinate these activities on a global level. There were a number of issues identified with regard to the rationalization in the number of GMAs, the designation of the "Goodwill Ambassador" title and the lack of pre-selection due diligence being performed on candidates nominated by Member States. Several options were identified as being appropriate in delivering the current objectives, albeit the objectives themselves would need to be revisited.

D. Evaluation of IMO's response towards mitigating against the marine environmental impact arising from ships' ballast water

22. This evaluation was undertaken to: review the performance in expediting the development and ratification of the Ballast Water Management (BWM) Convention and address achievements in relation to implementation of the GloBallast programme; and provide an in-depth understanding of 'how' and 'why' the results and outcomes had been achieved whilst examining their relevance, effectiveness, efficiency, impact, and sustainability. It was assessed that the programme was well administered with an overall evaluation score of 5 (from a scale of 1-6), which was deemed to be satisfactory. The expedition of the BWM Convention was aligned with global requirements, albeit being recognized at the end of a protracted process which lacked practicality, and the GloBallast programme had well-aligned measures with outcomes met through a high leverage of additional funding.

23. One of the significant issues identified was how activities contributed to each of the outcome areas under the overall objective of the programme, which had not presented a full theory of change outlining the points of leverage. Thus, it was recommended that an explicit theory of change be communicated clearly to stakeholders in providing an understanding of the entire change process. Special attention should be paid to how the rationale and objectives of new programmes are framed in establishing their relevance to stakeholders and countries that may not naturally see them as a priority.

24. The GloBallast programme also made an assumption that the shipping industry would most likely react negatively to the measures in the emerging Convention. Due to the lack of timely involvement, there was a missed opportunity in allowing industrial pressures to bear on governments in establishing the principle of a level playing-field and uniform global standards in addition to saving the industry the costs of complying with varying national standards. Stakeholders that might be most influential with governments should be identified to strengthen political support thereby increasing programme effectiveness. Ultimately, it was recommended to develop an integrated communications and engagement strategy early in the design stage of all new programmes.

IV. Investigation

25. In 2019, one formal investigation was conducted in accordance with "IMO Policy and Procedures on Prevention and Detection of Fraud and Serious Misconduct", appendix F of the Staff Regulations and Staff Rules. The investigation case was related to a fraudulent claim of home leave lump sum entitlement, amounting to £1,494. In accordance with the reporting requirements defined in the appendix F, the final report was submitted to the Secretary-General for follow-up actions by the management for the recovery of the defrauded amount and the undertaking of necessary disciplinary measures.

26. An additional case of misconduct was investigated under the "Policy and Procedures for Investigation of Alleged Breaches of IMO Policy on to Work in a Harassment Free Environment", appendix E of the IMO Staff Regulations and Staff Rules. This case was assigned to be addressed and reported on by the Internal Oversight and Ethics Office due to the apparent conflict of interests involving the complaints, which contained 11 allegations of harassment and abuse of power. The final report submitted to the Secretary-General found that there was insufficient evidence to support the allegations, other than some management concerns to be addressed.

V.Ethics Activities

A. Financial Disclosure Programme 2019

27. The Financial Disclosure Programme (FDP) was introduced in 2014 to provide for the declarations of personal financial interests of applicable staff members and assess the likelihood of potential conflicts of interest within IMO. In accordance with appendix G to the IMO Staff Rules and accordant guidelines which were revised in 2018 following the overall review of all the submissions since its launch in 2014, the FDP 2019 was implemented for the reporting year 2018 for staff members as of 1 January 2019. The number of obligated staff increased from 39 in 2018 to 42 in 2019, which included all staff at the D-1 level and above; staff members dealing with procurement, investment and oversight/ethics duties; and those who the Directors confirmed necessary to file the financial disclosure statements (FDS).

28. All 42 (100%) notified staff filed their FDS for the reporting year 2018 (while the response rate was 95% for the reporting year 2017), 57% (24) of the filing was made by email and the rest delivered the hard copy in person. All the FDS submissions were certified and affirmed by the filers.

29. In respect of the verification exercise indicated in appendix G to the Staff Rules, the use of an external third-party administrator TPA was practically limited due to budget. Instead, the same analytical framework which was developed as a result of the overall review of the FDP in 2018 was used. The summary is as follows: all filers reported their holding of Assets (real estates, bank accounts and investments), from which no case of factual conflicting financial interests was identified, falling under those in the Guidelines; there was no filed case of Profit on Sale of Personal Property; Stock Options reported were assessed not to relate to the work of IMO; disclosed Income from other than IMO was assessed to incur no conflicting financial interest as being in most cases the salaries of spouses, followed by rental income, pension and investment; no reporting on Supplements, gifts, per diem, reimbursements and travel expenses aggregating more than \$250 from a single source; Liabilities disclosed were for mortgages; On Follow-up questions, seven disclosed leadership roles in non-UN entities, one reported of the relative (spouse) working for a UN agency and one case of spouse working related to IMO but all of which were assessed not to generate any conflict of interest.

30. In short, the review finds that the filing of the FDS under the revised guidance for the reporting year 2018 was successfully implemented with no extraordinary or unusual cases to report in respect of conflicts of interest.

B. The Ethics Training Programme

31. Since the development of a mandatory online ethics training course, a concerted effort had been made by IOEO and HRS to ensure the courses were completed by all staff members and temporary assistance and consultants where applicable. As a result, the completion rate in 2019 increased to 94% for staff members, while noting some (2%, 4 staff) separated from the Organization prior to completing the course. For temporary staff the completion rate edged higher by 2% points to 42% with the reason for comparatively low rates being short-term contracts and thus leaving before completing the course.

32. The majority of weaknesses in the process were rectified by ensuring a 100% completion rate for staff and temporary contractors (current and future) through: contacting and monitoring non-compliers for the earliest undertaking of the course; expanding the training to cover agency staff and consultants; and ensuring new employees (staff and temporary contractors) are provided with adequate instructions on the training through the induction process. It was suggested that a refresher course be developed for distribution in 2020

requiring an assessment of the current contents, including updates in the refresher course and addressing the occasional failures in operating the online module.

C. Ethics Advice Initiative

33. The Head of IOEO also serves as the Ethics Officer providing ad hoc advice and guidance on ethics related issues and enquires raised by staff members, IMO Member State delegates, temporary assistance staff and consultants, suppliers and external related parties. The advice and guidance was provided on an independent basis and in the strictest of confidence.

34. The number of requests and cases received during 2019 increased to 24 from 13 in the previous year. These were related to the following categories: clearance over conducting outside activities including consultancy engagements, advisor roles, ad hoc occasional jobs, patron of a charity, professor emeritus, speaking/writing engagements, etc.; receipt of gifts, awards and honours including dining invitations; standard of conduct for IMO personnel at election of the Council Members; Code of ethics - a reminder of staff obligations during the Assembly session; joint statement with a private company; and holidays combined with mission.

35. In 2019, there was no case of request for protection from retaliation on account of reporting any wrongdoing or misconduct (whistleblowing).

36. All requests and cases were carefully reviewed and examined, where appropriate, in accordance with the IMO Code of Ethics and associated regulations, rules, policies and guidelines, providing appropriate advice to address these scenarios.

VI. Other Internal Oversight Activities

37. As a participating organization in the JIU (Joint Inspection Unit of the United Nations) mechanism, IMO is expected to implement JIU-issued recommendations where appropriate. In 2019, at the 122nd session of the IMO Council, IOEO reported the status of implementation of recommendations issued by the JIU from 2009 to 2018. During the 10-year period, IMO accepted 275 recommendations for implementation, out of which 210 had been implemented by the time of Council reporting. The Council requested to provide the implementation target dates for the outstanding recommendations. The implementation plan will be provided to the Council at its 124th session in 2020.

38. In 2019, IMO received a total of seven reports that reviewed system-wide subjects as follows: System-wide Action Plan on Gender Equality and Empowerment of Women; Integration of Disaster Risk Reduction in the Work of the United Nations System in the Context of 2030 Agenda for Sustainable Development; Change Management in United Nations System Organizations; Managing Cloud Computing Services in the United Nations system; Audit and Oversight Committees in the United Nations System; Staff Exchange and Similar Inter-Agency Mobility Measures in United Nations System Organizations; and Contemporary Practices in the External Outsourcing of Services to Commercial Service Providers by United Nations System Organizations. Recommendations issued in these reports were carefully assessed for acceptance and implementation. Summary of the status will be reported to the 124th session of the IMO Council in 2020.

39. During the course of 2019, IOEO, as the IMO focal point of JIU at corporate levels, facilitated JIU visits and reviewed requests on various JIU projects and provided requested assistance. IOEO represented IMO in the JIU focal group meeting in Geneva in February 2019.

40. Finally, IOEO continued to provide ad hoc advisory services to strengthen controls and procedures, improve operational efficiency, and facilitate the implementation of its own oversight recommendations. These advisory services were provided on ad hoc bases.



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