

# Notice of Change to Controlled Documents #6--- 25 Oct 2010

## Change to Safety Management Manual

### Chapter 12: Company Verification, Review and Evaluation Sections 3.1- 4.1

**Topic:** Change in responsibilities of the Designated Person Ashore (DPA)-modified to reflect recent changes in Chapter 9: Designated Person Ashore

**Summary of Change:** New personnel designated to assist the DPA

All Chapters	All Topics
<p><b>Old Version:</b> <b>Revision #6</b></p>	<p style="text-align: center;">3.1 External Audits</p> <p>Our vessels routinely undergo third-party audits ordered by our clients. Client ordered audits are conducted by qualified auditors of their choice. The scope of the audits may range from a causal walk thru to a detailed marine audit. The client will also specify which non-conformity and observations they require to be closed out prior to commencing the job. These audits should be included in any management review as they are a valuable tool in determining the effectiveness of the Company SMS.</p> <p>External audits will also be conducted by qualified auditors of a recognized organization of the Administration (U.S. Coast Guard), such as American Bureau of Shipping (ABS). These types of audits are conducted as per requirements of the ISM code and to meet the requirements of a vessel of its class under U.S. codes and regulations.</p> <p>All reports generated by external audits will be entered in the NS-5 system to track and verify the closure of corrective action reports generated by non-conformities and observations resulting from the audit.</p> <p style="text-align: center;">3.2 Internal Audits</p> <p>An internal audit will be conducted at least annually by a qualified person. A qualified person is one whose has been trained in the audit process. . The office audit (DOC) will be conducted by a recognized representative as required by the ISM Code.</p> <p style="text-align: center;">3.3 Management Review</p>

There are two categories of management review, those conducted ashore and those conducted by the master of each vessel. The HSE manager, compliance officer, DPA, and Company president will conduct the yearly management review to evaluate the Company SMS.

The management review shall include the analysis of major incidents, re-occurring issues, manning/training of vessel crew, updates to the SMS, and any other relevant issues.

The master of each vessel will conduct his annual management review. The annual review is to evaluate the vessel's SMS.

All reports generated by management and master's reviews will be tracked by the DPA for review and inclusion into the newest SMM revision.

#### 3.4 Documentation/Reports

All SMS audit non-conformities and observations will be entered into the tracking system. This information may be entered by the auditor or their designee. The individual entering the audit information will generate corrective action reports. Issues raised during the audit requiring immediate action will require an immediate correction action report. Corrective action reports will list the issue, immediate actions, and potential long-term resolution.

Once all audit findings and corrective action reports have been entered into the NS-5 system it is the responsibility of the DPA to track and accept corrective actions with guidance from the HSE manager, compliance officer, and port engineer. Closure of finding generated during external audits will be forwarded to the appropriate individual(s).

#### **4.0 Audit Process**

Internal audits are a critical mechanism to verify that our safety and pollution prevention activities comply with the ISM code. The DPA will establish the audit schedule with input from the HSE manager and vessel master.

#### 4.1 Audit Schedule

An internal audit schedule for the following year will be established during the management review process. Each department of a vessel

	<p>and home office will be audited at least once a year. The schedule will include tentative dates for the various departments and which elements of the ISM code will be addressed. Auditors will be assigned prior to the audit and must be independent of the audited department.</p> <ul style="list-style-type: none"> <li>• Internal auditors should prepare for the audit by reviewing any relevant company protocols, pertinent sections of the SMM, and any previous audit findings.</li> <li>• Internal auditors should review the internal audit checklist generated for that department by an appropriate person to ensure that all areas are adequately covered during the audit.</li> <li>• The timing of the audit may be altered due to vessel operations or other mitigating circumstances. If the timing is altered it needs to be approved by the designated person.</li> <li>• The audit report should include any current non-conformities and observations as well as any from a previous audit that have not been closed out.</li> <li>• The internal auditor or designee must log the audit findings into the tracking system.</li> <li>• The audit will be reviewed by the appropriate departmental supervisor, master, and designated person.</li> <li>• Following review corrective action reports will be issued for any non-conformities and observations.</li> <li>•</li> </ul> <p>Internal Audit Procedures will require the following steps.</p> <p>The internal auditor</p> <ul style="list-style-type: none"> <li>• Will hold an opening meeting to inform the appropriate individuals of the scope and objectives of the audit.</li> <li>• Verifies that the audit will not interfere with vessel or office operations.</li> <li>• Requests that a departmental representative be available for the audit.</li> <li>• Takes notes to accurately report non-conformities and observations.</li> <li>• Submits his report to the master, departmental supervisor, and designated person.</li> <li>• Shall issue a report that consists of a list of non-conformities with a brief description, observations and reference to the appropriate section of the ISM code and SMM</li> <li>• Shall submit a report of audit findings</li> <li>• Shall report all findings during the close out meeting to the master, departmental supervisor and any other appropriate individuals.</li> </ul>
<b>New Changes:</b>	<b>3.1 External Audits</b>

**Revision #7**

Our vessels routinely undergo third-party audits ordered by our clients. Client ordered audits are conducted by qualified auditors of their choice. The scope of the audits may range from a causal walk thru to a detailed marine audit. The client will also specify which non-conformity and observations they require to be closed out prior to commencing the job. These audits should be included in any management review as a valuable tool in determining the effectiveness of the Company SMS.

External audits will also be conducted by qualified auditors of a recognized organization of the Administration (U.S. Coast Guard), such as American Bureau of Shipping (ABS). These types of audits are conducted as per requirements of the ISM code and to meet the requirements of a vessel of its class under U.S. codes and regulations.

~~All reports generated by external audits will be entered in the NS-5 system to track and verify the closure of corrective action reports generated by non-conformities and observations resulting from the audit.~~

**3.2 Internal Audits**

A qualified person will conduct an internal audit at least annually. A qualified person is one whose has been trained in the audit process. The office audit (DOC) will be conducted by a recognized representative as required by the ISM Code.

**3.3 Corrective Actions and Observations**

All corrective action reports (CAR's) and non-conformities ~~and observations~~ resulting from TDI management or regulatory agency audits will be entered in the NS-5 system to track and verify the closure. Additionally, any observation that management determines requires a corrective action will be entered into NS5. (This would not include CMID's)

**3.4 Management Review**

There are two categories of management review, those conducted ashore and those conducted by the master of each vessel. The HSE manager, compliance officer, DPA, and Company president will conduct the yearly management review to evaluate the Company SMS.

The management review shall include the analysis of major incidents, re-occurring issues, manning/training of vessel crew, updates to the SMS, and any other relevant issues.

The master of each vessel will conduct his annual ~~management~~ **Masters** review. The annual review is to evaluate the vessel's SMS.

All reports generated by management and master's reviews will be tracked by the DPA for review and **possible improvements to the SMM.** ~~inclusion into the newest SMM revision.~~

### **3.5 Documentation and Reports**

~~All SMS audit non-conformities and observations will be entered into the tracking system. The auditor or their designee may enter this information. The individual entering the audit information will generate corrective action reports.~~

**The auditor will provide a report of the audit, including all non-conformities and observations to the Company, and office personnel enter all non-conformities and any observations the company determines merits further review into the NS5 tracking system. The DPA, HSE Manager or their designee will generate corrective action reports.**

~~Issues raised during the audit requiring immediate action will require an immediate correction action report.~~

**Corrective action reports resulting from critical non-conformity reports must be entered into a tracking system for immediate action. Corrective action reports to non-critical non-conformity reports or observations should be entered into the tracking system within a reasonable time frame. Corrective action reports will list the issue, immediate actions, and potential long-term resolution.**

Once all audit findings and corrective action reports have been entered into the NS-5 system it is the responsibility of the DPA, **HSE Manager or their designees** to track and accept corrective actions with guidance from the ~~HSE Manager~~, Compliance Officer, **Port Captain** and Port Engineer. Appropriate individuals in the office will be assigned to follow up and close findings generated during external audits. ~~Closure of findings generated during external audits will be forwarded~~ **assigned** to the appropriate individual(s).

### **4.0 Audit Process**

Internal audits are a critical mechanism to verify that our safety and pollution prevention activities comply with the ISM code. The DPA will establish the audit schedule **with input from the HSE Manager, Port Captain and Vessel Master.**

#### 4.1 Audit Schedule

An internal audit schedule for the following year will be established during the management review process. ~~Each department of a vessel and home office will be audited at least once a year.~~ **Per ISM 2010 Section 12.1, each vessel and home office “...will be audited at intervals not exceeding 12 months. This interval may be exceeded by not more than three months for exceptional circumstances.”**

The schedule will include tentative dates for the various departments and which elements of the ISM code will be addressed. Auditors will be assigned prior to the audit and must be independent of the audited department.

- Internal auditors should prepare for the audit by reviewing any relevant company protocols, pertinent sections of the SMM, and any previous audit findings.
- Internal auditors should review the internal audit checklist generated for that department by an appropriate person to ensure that all areas are adequately covered during the audit.
- The timing of the audit may be altered due to vessel operations or other mitigating circumstances. If the timing is altered it needs to be approved by the designated person.
- The audit report should include any current non-conformities and observations as well as any from a previous audit that have not been closed out.
- The internal auditor or designee must log the audit findings into the **NS5** tracking system.
- The audit will be reviewed by the appropriate departmental supervisor, master, and designated person.
- ~~Following review, corrective action reports will be issued~~ The DPA, HSE Manager or their designee will generate corrective action reports for any non-conformities **and any observations the company determines may merit further review.**

#### **Internal Audit Procedures will require the following steps.**

The internal auditor

- Will hold an opening meeting to inform the appropriate individuals of the scope and objectives of the audit.
- Verifies that the audit will not interfere with vessel or office operations.
- Requests that a departmental representative be available for the audit.
- Takes notes to accurately report non-conformities and observations.
- Submits his report to the master, departmental supervisor, and

	<ul style="list-style-type: none"> <li>• Shall issue a report that consists of a list of non-conformities with a brief description, observations and reference to the appropriate section of the ISM code and SMM</li> <li>• Shall submit a report of audit findings</li> <li>• Shall report all findings during the close out meeting to the master, departmental supervisor and any other appropriate individuals.</li> </ul>
<b>Reason for the change</b>	The DPA is often offshore and requires assistance from more personnel to fulfill the responsibilities stated in the SMM.