

## **M.S. Notice 08 of 2004**

**ENG/ISM/59(4)/97**

**Dated: Aug 16, 2004**

**Sub: Instructions to the Recognized Organizations (authorized to carry out ISM audits on behalf of the D.G.Shipping) and to the Shipping Companies on the certification to the ISM code.**

### **PURPOSE:**

Compliance with the provisions of ISM Code is mandatory under Merchant Shipping (Management for the Safe operation of Ships) Rules, 2000 (as amended) and SOLAS Chapter IX.

1. In addition to the above Rules & further to the instructions / notices on ISM issued earlier, the instructions as stated in **Annex-A** and **Annex-B** to this notice are to be complied for the purpose of ISM Code auditing and certification.
2. M.M.D's are required to ensure compliance with the ISM code by all the applicable ships operating in their district. Ships operated by companies that fail to comply with the ISM Code will be considered a violation of SOLAS and the requirement of D.G. Shipping.
3. The R.O's while carrying out the statutory functions of ships other than SMC audits are required to report to the D.G. Shipping / Mercantile Marine Departments (M.M.D's) if they notice that there are serious deficiencies in implementation of ISM on the ships.
4. In the event a Company disagrees with the audit findings made by an Auditor of D.G. Shipping / R.O, the Company, through its designated person, may make a direct appeal to the Chief Surveyor with the Govt. of India, D.G. Shipping, Mumbai who will then examine the substance of the appeal vis-a-vis the recommendations of the R.O / Auditor, and take a final decision.

This issues with the approval of the Chief Surveyor with the Govt. of India

**Sd/-**

**[Dr. P.Misra]**

**Dy. Chief Surveyor with the Govt. of India**

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### **ANNEX-A**

#### **INSTRUCTIONS TO RECOGNISED ORGANISATIONS ( R.O's) / ISM AUDITORS**

Presently the function of verifying compliance with the ISM Code and issuing the short term SMC (valid for a maximum period of five months for SMC and three months for interim SMC)

is delegated to the classification society as listed in **Annex-1**. For effective control of ISM implementation the R.O shall comply with the following instructions:

1. ISM is in force for all applicable ships of phase-1 and phase-2 since 1st July 1998 and 1<sup>st</sup> July 2002 respectively. It is thereby expected that all the shipping companies have complied with the ISM code certification. Therefore, when a R.O. receives application for SMC audit of a vessel for the first time, they need to first verify that the company is in possession of a valid DOC and the sample ship audit has already been completed by the D.G. Shipping.
2. For SMC audits of those ships, which are newly inducted into the company, the R.O need to obtain the authorization from the D.G. Shipping before proceeding with the audit.
3. Whenever the SMC audits of Indian flag ships are undertaken in India, the R.O must ensure participation of DGS / MMD surveyor / Auditor during the audit. For this the R.O must give at least three working days notice to the Principal Officer of the MMD nearest to the port at which audit is undertaken.
4. The R.O must take prior approval from the Chief Surveyor with the Govt. of India when a ship's SMC audit is to be undertaken on the recommendation of the PSCO. After obtaining approval and completion of the audit, the R.O must carry out a critical examination for the breakdown of shipboard Safety Management System and submit a detailed report immediately to the ISM Cell. Such report must at least cover the following: i) PSC deficiency report (both Form A & B) ii) The analysis report of the deficiencies leading to the detentions and the cause of the deficiencies, i.e., modalities of failure in implementation of SMS by the company / ship staff , etc. iii) summary of the assessment report iv) the correlation of PSC deficiencies vis-a-vis non-conformities found during the audit.
5. The interim SMC audits must be carried out in the true spirit of the ISM code. Prior to proceeding for such audit the auditor must scrutinize the SMS documents of the ship and ensure its adequacy. In addition to the verification of the plans for ISM code implementation, the auditor must verify the satisfactory implementation of the code by way of carrying out interview / drill / inspection / test, etc. For this type of audit, besides insisting upon the records of implementation of SMS, all the elements of the ISM code must be verified and any deficiency / short fall must be brought to the notice of the auditee as non-conformity / observation as applicable. It must be remembered that a good interim SMC audit is the foundation for an effective Safety Management System on board.

The interim verification for issuing a DOC / SMC to a Company / Ship:

The D.G. Shipping Auditor (for interim DOC) / R.O Auditor (for interim SMC) as the case may be, shall verify before proceeding for the audit that the SMS and the relevant documentation comply with the requirements of the ISM Code, by reviewing the safety management manuals. If this review reveals that the system is not adequate, the D.G. Shipping Auditor / R.O Auditor may delay auditing until the Company undertakes corrective action. Amendments made to documentation for correct deficiencies identified during this review must be verified during the audit in addition to verification of plans of implementation of the ISM code. Objective evidence for satisfactory implementation of the ISM code implementation must be elicited by carrying out document review / drills / interview / inspection / tests, etc. For

interim SMC, it must be ensured that a valid interim DOC as relevant to the ship is in place.

6. All SMC audits must be carried out only by the ISM Auditors of the R.O having adequate experience in Ships operation / maintenance.
7. The audit request made by the company must be properly scrutinized by the R.O and the nominated auditor before proceeding for the audit must properly scrutinize the ships SMS documentation and make himself conversant with the type of audit he has to undertake onboard the ship.
8. Interaction with 'Consultants' or their participation in SMC audits is prohibited.
9. "Key shipboard operations" as delineated in the SMS documents is required to be verified for compatibility with the particular type (as specified in the Tonnage Certificate/ Classification Society certificate) of vessel under SMC audit. Any deviation noticed at the time of SMC audits, or even otherwise, to be brought to the notice of D.G. Shipping / MMD with which the vessel is registered.

The key shipboard procedures for which the ship is engaged for operation must correlate with the type of ship for which the vessel is registered / build and classed. Deviation must be reported to the concerned MMD and D.G. Shipping immediately.

10. Amendment to the ISM certificate as issued by the D.G. Shipping is not to be carried out by a R.O unless specifically instructed by the Directorate.
11. Whenever a major non-conformity is raised, a detailed report on the circumstances leading to the major non-conformity is required to be submitted along with the Audit report.
12. When a R.O provides consultancy and auditing services conjointly in discharging a statutory function, it must ensure that the function remains free from bias and/or prejudice. In order to ensure objectivity, a surveyor / auditor if engaged in consultancy for discharging a statutory function must not be entrusted with discharging said statutory function. In other words there must be a demonstrably proven distinction between personnel providing consultancy and those carrying out statutory function of the same company / ship.
13. R.O's must not raise nonconformities for those deviations, which are not the requirements of the ISM code, the D.G. Shipping and / or the documented SMS of the company or which do not pose a risk to the vessel's safety, protection of the environment or the upkeep of security as made explicit or implied in the applicable IMO instruments.
14. SMC audit reports must be submitted to the D.G. Shipping immediately after the completion of the audit.
15. The R.O must offer its office to the Administration at least once in a year for auditing the verification by way of ensuring that the certification process is performed in accordance with the stipulations of the ISM code and the guidelines there to.
16. If major non-conformities have been raised during the annual DOC / Intermediate SMC audit , endorsement of DOC / SMC as applicable may be deferred till such time the non-conformities are satisfactorily dealt with and closed. Prior approval is to be obtained from the Directorate,

even if endorsement is imperatively desired for the operation of the company / vessel by downgrading the major non-conformity (ies) after suitable corrective measures.

17. With an aim to monitor & control the recent upsurge in PSC detentions of bulk-carriers abroad, whenever the R.O receives an application to undertake intermediate / renewal SMC audit of ships aged more than 15 years it must obtain prior permission from the D.G. Shipping. In consideration of the past history of the vessel, the D.G. Shipping may decide to carry out the audit by its in-house auditor irrespective of the vessels location.

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## ANNEX - B

### INSTRUCTION TO SHIPPING COMPANIES

#### 1. WHEN SHIP DETAINED UNDER PSC

Whenever a ship is detained under PSC inspection, the company needs to immediately resort to the following actions:-

- i. All the deficiencies raised during the inspection are to be analysed / scrutinized and correlated with the elements of the ISM Code and a report on the findings with respect to failure of the Safety Management System to be forwarded to the ISM cell of the Administration along with the PSC inspection report (Form A & B).
- ii. The justification for the lapses resulting in deficiencies noted by the PSCO.

In addition to the above the company needs to submit the most recent internal audit report, Masters SMS review report, Superintendent's inspection report, record of non-conformities and the corrective action report of the detained vessel, for the last five years and the latest report of the Management Review meeting, prior to the ship's detention.

#### 2. COMPANY RESPONSIBILITIES AND AUTHORITY

If the organization or person responsible for the operation of a ship is other than the owner, the owner must provide the Administration with the full name of such entity and submit details, which establish the entity's responsibility as the Company. The form ISM - 11, as mentioned in **Annex -2**, needs to be filled up and submitted to the D.G. Shipping.

The Company must provide the Administration with the full name of the designated person(s) (DP) and information to enable direct and immediate contact at all times between the Administration and the designated person(s) with regard to matters relating to maritime safety, security and protection of the marine environment. The Company is requested to use form ISM -12, Declaration of Designated Person(s), as mentioned in **Annex -3**.

The DPs must pro-actively ensure that the ships are properly and responsibly operated and to this end should maintain close contact with Masters and Officers. They should visit the ships at regular intervals and monitor internal audits, corrective / preventive actions, safety, accident and casualty

reports and the general efficiency of the Safety Management System.

If the vessel is withdrawn from the Indian registry, the owner is required to submit the form ISM-13 as mentioned in **Annex-4** along with the original and first copy of the SMC issued to the vessel. In addition when even there is a change in the operator of the vessel responsible for the implementation of SMS onboard, the original and first copy of the SMC as issued to such operator is to be returned to the Administration.

### 3. FOR THE CERTIFICATION TO THE ISM CODE

After developing the SMS, the Company must formalize its bonafides in accordance with MS notice 28 / 2003 and submit the SMS Apex document to the D.G. Shipping for scrutiny. The apex SMS document must address all the elements of the ISM Code and may have cross reference to the other SMS documents.

The Ship Owner / Ship Operator after their manual scrutiny are required to apply for the audit by filling up the application and ISM-03 forms as mentioned in **Annex-5**. The application of the company for certification must contain the relevant information and include at least the size of the fleet and total number of each ship type, number of branch offices covered by the SMS and any other information considered necessary by the Directorate must also be submitted. Ships carrying dry cargo in bulk but which do not meet the SOLAS Chapter IX definition for a "Bulk Carrier" are to be typed as "Other Cargo Ships.

#### I. Interim DOC:

An Interim DOC may be issued to facilitate initial implementation of the ISM Code in cases where compliance with the ISM Code is a new requirement or where changes to the Company's organization or its operations have rendered the existing certification inappropriate, for example, where a Company is newly established or where new ship types are added to an existing DOC.

An Interim DOC, valid for no more than 12 months may be issued to a Company following a demonstration, at the Company's premises, that the Company has a documented SMS which addresses all elements of the ISM Code, and that plan exist for its implementation throughout the organization and its fleet within the period of validity of the Interim DOC. The progress of such implementation may be reviewed and verified at intervals during the validity of the Interim DOC. If the company fails to implement the Safety Management System within the period of validity of interim DOC (may be due to non-possession of ship within the period of validity of interim DOC), they need to apply for the interim DOC audit once again (the requirement of company apex manual scrutiny by the Directorate may be dispensed with the approval of the Chief Surveyor with the Govt. of India)

#### II. Interim SMC:

The interim SMC audit of the vessel shall be handled on a case-by-case basis by the D.G. Shipping for granting the R.O the authority to carry out audit and issue the Short-Term SMC.

Hence, it is advised that the company must provide all the details with regard to the vessels before applying to the R.O for the interim SMC audit.

III. Initial DOC Audit:

The issuance of DOC to the company shall be considered after verification of the effective functioning of the SMS, including objective evidence that the Company's SMS has been in operation for at least three months, and at least three months for at least one ship of each type operated by the Company. Objective evidence include records from the internal audits performed by the Company, ashore and on board, examining and verifying the correctness of the statutory and classification records for at least one ship of each type operated by the Company.

IV. Initial SMC Audit:

The issuance of SMC to a ship shall be considered after satisfactory verification that the Company DOC is valid and relevant to that type of ship, and that the other provisions of ISM code are complied with. Only after on board confirmation of the existence of a valid DOC (not interim) and objective evidence that the SMS has been in operation for at least three months on board the ship, shall the initial SMC audit be undertaken.

The period of validity of a SMC shall not exceed five years, subject to at least one intermediate verification. In certain cases, depending upon the company's level of SMS implementation, audit findings, validity of SMC, increase in the frequency of the intermediate verification shall be decided on by the Chief Surveyor with the Govt. of India.

V. Annual and Intermediate verification Audits:

The Company is responsible for scheduling with the D.G. Shipping / R.O the annual (DOC) and intermediate verifications (SMC) audit. Failure to schedule and / or conduct annual or intermediate verifications will be considered a violation of the provisions of SOLAS Chapter IX, and the DOC and / or SMC's may be suspended or revoked. To avoid such situations, the company must initiate and complete the audit much before its due date. The annual DOC audit must be completed before +/- three months of the anniversary date (corresponding to the date and month of the validity of the DOC / SMC) and the intermediate SMC audit must be completed between 2<sup>nd</sup> and 3<sup>rd</sup> year of the anniversary date if the SMC is issued for a 5 year period.

If major non-conformities have been raised during the annual DOC / Intermediate SMC audit , the endorsement of DOC / SMC shall not to be carried out till such time the non-conformities are satisfactorily dealt and closed. It is therefore advised that company must plan accordingly to complete the annual / intermediate DOC / SMC audit sufficiently before the expiry of the window period. It is therefore advisable to initiate for the audit immediately after the window period opens for the particular type of audit.

## VI. Renewal Audits

Renewal verification audits are to be performed before the validity expiry date of DOC / SMC. Renewal audits must be initiated six months before the expiry date of the DOC / SMC and should be completed before the DOC or the SMC expires. Failure to schedule and / or conduct the renewal verification audit will be a violation of the provision of SOLAS Chapter IX and the Merchant Shipping (Management for the Safe operation of Ships) Rules, 2000 as amended, and the DOC / SMC may be invalidated / revoked in consequence.

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### ANNEX 1-Recognized Organizations

Recognized Organizations authorized to verify compliance with the ISM Code and issue ISM Code short term Safety Management Certificates on behalf of The Directorate General of Shipping

Sl. No.	ORGANIZATION	ADDRESS	CONTACT NAME	TEL/FAX
1	Indian Register of Shipping	52 A, Adi Shankaracharya Marg, Opp. Powai Lake, Powai, Mumbai - 400 072.	Shri K.Madhok, Shri Sudesh Kumar,Shri I.N. Bose, Capt. N.M.Padhi Shri K.Bhattacharya	Tel: 022-25703627 Fax: 022-25703611.
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**ANNEX-II**

**ISM-11**

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**ANNEX-III**

**ISM-12**

**ANNEX-IV**

**ISM-13**

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**ANNEX -V**

**ISM-03**