CIRCULAR N° ISM 013

THE ISM CODE

RESOLUTION A.741 (18) AS AMENDED BY MSC.104 (73), MSC.179 (79), MSC.195 (80), MSC.273 (85) AND MSC.353 (92)

TO:	**SHIPOWNERS, SHIPS' OPERATORS AND MANAGERS, MASTERS, RECOGNIZED ORGANIZATIONS (ROs) AND FLAG STATE SURVEYORS**
APPLICABLE TO:	All ships to which the ISM Code applies
EFFECTIVE AS FROM:	Date of this Circular

16th June 2015

1. Application

This circular provides guidelines concerning the requirements of St. Vincent and the Grenadines Maritime Administration (the Administration) for compliance with the International Safety Management Code (ISM Code).

The International Safety Management Code requires companies responsible for operations of ships to set up a Safety Management System (SMS). The mandatory application of the ISM Code results in the issue of two certificates:

a) Document of Compliance (DoC) – a certificate issued to the company following an initial or renewal verification of compliance of the shore side aspects of the SMS with the requirements of the ISM Code; and

b) Safety Management Certificate (SMC) – a certificate issued to an individual ship following an initial or renewal verification of compliance of the vessel's SMS with the requirements of the ISM Code.

2. Compliance

The applicable vessels are subject to mandatory compliance. Please refer to Circular SOL 010. Vessels not subject to mandatory compliance may do so on a voluntary basis.

A Full Term Certificate issued for a Company or vessel that is complying voluntarily should be marked as such on the certificate. In this respect companies and vessel should be issued with Non-convention DoC and Non-convention SMC.

Compliance with the Code is closely monitored and enforced by the Administration. Ships operated by Companies which fail to comply with the ISM Code will be considered in violation of SOLAS and may be prevented from trading.

3. General

The application of the ISM Code should support and encourage the development of a safety culture in shipping.

The ISM Code requires that Companies establish safety objectives as described in section 1.2 (Objectives) of the ISM Code, and in addition that the Companies develop, implement and maintain a safety management system which includes functional requirements as listed in section 1.4 (Functional requirements for a safety management system) of the ISM Code

There are many regulations and guidelines, both internationally adopted and industry initiated, which should be taken into account by a Company in developing, managing and implementing a SMS. *Guidelines on the Application of the IMO International Safety Management (ISM) Code* published jointly by the International Chamber of Shipping and International Shipping Federation and is highly recommended.

The Company and shipboard SMS should ensure compliance with the national requirements.
The national requirements are contained in this Administration's relevant Circulars.

It is of the utmost importance to motivate seafarers to use the reporting and monitoring systems towards the improvement of SMS as well as involving them in the development and continuous improvement of SMS ship specific manuals.

4. The ability of the SMS to meet safety management objectives

The purpose of an ISM audit is to verify that:

- the SMS complies with the requirements of the ISM Code;

- the SMS is being implemented effectively and in such a way as to ensure that the objectives of the ISM Code are met.

All records having the potential to facilitate verification of compliance with the ISM Code should be open to scrutiny during an audit. For this purpose, the Company should provide auditors with statutory and classification records relevant to actions taken by the Company to ensure that compliance with mandatory rules and regulations is maintained.

5. Delegation

IMO Resolution A.739 (18), "Guidelines for the Authorization of Recognized Organizations (RO) acting on behalf of the Administrations" as amended by IMO Resolution MSC 208(81), allows Administrations to delegate to ROs the responsibility for verifying compliance with the ISM Code and for issuing DOC and SMC on behalf of the Administration.

This Administration has written agreements with certain Classification Societies and delegates the authority to verify compliance with the ISM Code and issue ISM Code documents on behalf of St. Vincent and the Grenadines' Maritime Administration.

The Recognized Organisations (ROs) which are authorized to carry out SMC audits for St. Vincent and The Grenadines' registered vessels and their companies and issue **Interim or Short Term SMC** and Interim, Short Term and Full Term DOC may be found on the following link: http://www.svg-marad.com/organisations.asp

Companies may choose any of the authorized ROs to carry out the Company's and its ships' safety management audits. Choice of an RO is not restricted to the Classification Society that classed the ships or issued the statutory certificates. The Company is responsible for arranging the safety management audits with the selected RO.

The Administration is responsible for effective enforcement of the provisions of the ISM Code and is taking an active role in the security and safety of ships flying St. Vincent and The Grenadines' Flag.

The Administration retains the right to conduct audits, assessments and inspection activities in order to verify proper implementation, application, and enforcement of the provisions of the ISM Code.

6. Safety Management System Auditing

ROs should conduct a systematic and independent examination to determine whether the SMS activities and related results of a Company comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve stated system objectives.

IMG Resolution A. 1071 (28) "Revised Guidelines on the Implementation of the ISM Code by Administrations" as amended, should form the basis for developing and implementing audit plans.

Transfer between ROs responsible for SMC auditing/issuing of Initial or Short Term SMC is described in Circular ISM 002.

7. Certification and verification activities

The certification process relevant to a DoC for a Company and to a SMC for a ship will normally involve the following:

    a)   Interim Audit;

    b)   Initial Audit;

    c)   Annual or Intermediate Audit;

    d)   Renewal Audit; and

    e)   Additional Audit.

8. Interim Audits

An interim DOC may be issued to facilitate the initial implementation of the ISM Code 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 twelve months, may be issued to a Company as stipulated in the Clause 14.1 of the ISM Code.

Interim SMC may be issued to vessels, which are:

- new ships on delivery;

- when a Company takes on responsibility for the operation of a ship which is new to the Company;

- when a vessel is not in operation for more than twelve (12) months; or

- when a ship changes flag. Refer to Circular ISM 008.

9. Initial Audits

After developing and implementing the SMS, for at least three months, the Company should contact an RO to arrange for the initial safety management audits of the Company and its vessels.

Initial audit for the issue of a DOC to a Company consists of the following steps:

    a)   A satisfactory review of any changes made to the documented SMS since the interim DOC was issued;

b) Verification of the effective functioning of the SMS, including objective evidence that the Company's SMS has been in operation for at least three (3) months on board at least one ship of each type operated by the Company. The objective evidence should include records from the internal audits performed by the Company ashore and on board and the statutory and classification records for at least one ship of each type operated by the Company.

Initial Audits for issuing a SMC to a ship consists in the following steps:

a) Verification that the Company holds a valid DoC (not Interim) applicable to the ship's type;

b) The maintenance of compliance with the requirements of a Classification Society which meets the requirements of IMO Resolution A.739(18) and A.789(19), as may be amended;

c) The maintenance of valid statutory certificates;

d) Verification of the effective functioning of the SMS, including objective evidence that the SMS has been in operation for at least three (3) months on board the ship. The objective evidence should also include records of the internal audits performed by the Company.

Failure to conduct the initial safety management audit before the expiry date of the interim DOC or SMC, will be considered as a violation of SOLAS, and the Company's ships may be prevented from trading.

10. Issue of Full Term SMC by the Administration

After a successful audit the Company should submit copies of the following documents to the Administration:

- Application for the issue, change or renewal of a safety management certificate (SMC) or international ship security certificate (ISSC)

- Short Term SMC and Interim SMC (if not submitted earlier)

- Initial SMC Audit Report initial and Interim SMC Audit Report (if not submitted earlier)

- Document of Compliance

- Evidence that any Non-conformity issued during the initial audit has been closed or that the relevant corrective action plan has been accepted by the attending RO

Upon receipt of these documents and their satisfactory review, a SMC, valid for five (5) years from the date of the ISM Code audit, will be issued by the Administration. A copy will be forwarded to the RO.

11. Company and vessel's periodical audits (Annual and Intermediate Audits)

The purpose of these audits is, *inter alia*, to verify:

- the effective functioning of the SMS;

- that any modifications made to the SMS comply with the requirements of the ISM Code;

- that a corrective action has been implemented;

- that statutory and classification certificates are valid and that no surveys are overdue.

The Company is responsible for scheduling with the RO the annual and intermediate audits. Failure to schedule and/or carry out annual or intermediate audits will be considered as a violation of SOLAS Chapter IX, and the DoC and/or SMCs may be suspended or revoked.

12. Renewal Audits

Renewal audits should be performed before the DoC and the SMC expiry dates. Renewal audits may be carried out within three (3) months before the expiry date of the DOC or the SMC and should be completed before the DoC or the SMC's expiry dates.

If a Safety Management Certificate expires when a ship is not in a port in which it could be verified, the Administration may extend the period of validity of the Safety Management Certificate. This extension should be granted only for the purpose of allowing the ship to complete its voyage to the port in which it will be verified, and then only in cases where it appears proper and reasonable to do so.

When the renewal audit is completed, the RO should issue a Short Term SMC valid for five (5) months.

The new Full Term SMC should be issued by the Administration. It should be valid to a date not exceeding five years from the expiry date of the existing Safety Management Certificate before the extension was granted.

Failure to schedule and/or carry out the renewal audit will be considered a violation of SOLAS Chapter IX, and the Company's ships may be prevented from trading.

13. Aligned audits/inspection of ISM Code, International Ship Security Code (ISPS) and Maritime Labour Convention (MLC)

A Company may request aligned audits/inspection of ISM Code, International Ship Security Code (ISPS) and Maritime Labour Convention (MLC) where the same RO/RSO is involved.

The expiration date of the certificate(s) to be adjusted should be moved backwards and provided that the adjustment does not circumvent any audit due or coming due at the time that the harmonization is completed.

The Company should apply to this Administration in order to re-issue a Full Term SMC, ISSC or MLC with the expiry date moved backwards.

14. Handling of ISM Major Non-conformities

Handling of ISM Major Non-conformities should comply with IMO MSC/Circ.1059.

A major non-conformity may be downgraded to non-conformity if the RO is satisfied that an effective corrective action will be taken. A Major non-conformity raised on a ship should be downgraded before the ship sails. A schedule not exceeding three (3) months should be agreed for completion of the necessary corrective actions.

Where the RO allows a major non-conformity to be downgraded, at least one additional audit should be carried out within the time frame indicated in the agreed corrective action plan to verify that effective actions are taken.

15. Reporting of possible SMS failures by RO

When deficiencies relating to possible SMS failures are identified by the RO's surveyor during Class/Statutory surveys, the RO should report these deficiencies relating to possible SMS failures to this Administration.

The Administration will inform the RO that has audited the vessel with respect to the SMC and the RO will review the report, and decide on which action (if any), should be taken.

The Administration will issue further instructions to RO and/or the Company if it deems necessary.

16. ROs' Notification of Audit Results

ROs should notify the Administration by e-mail of the completion of an audit and make the results of the audit report and the relevant certificates issued available for review.

<u>All Major Non-conformities, Non-conformities raised and Observations should be described in details, including immediate remedial action(s) taken by Company (if any), in the audit report results.</u>

The Administration will review audit reports and seek clarification from the RO, if necessary.

17. Certificate Withdrawal and Invalidation

Certificates may only be withdrawn by this Administration or by a RO when authorized to do so by the Administration.

When a DoC is withdrawn, the RO should immediately notify the Company and the Administration, when acting on its behalf and request that the DoC be surrendered.

Withdrawal of the Company's DoC invalidates the SMCs of all related vessels. The Company should be requested to notify immediately the appropriate ships that the DoC is invalid and proceed with the immediate withdrawal of the SMCs covered by the DOC.

18. DoC or SMC Withdrawal

The reasons for DoC or SMC's withdrawal are as follows:

- failure to conduct internal, periodic or intermediate audits;

- the Company's failure to implement fully its SMS;

- the Company's failure to maintain its SMS in substantial compliance with the requirements of the ISM Code;

- Non-conformities that remain uncorrected beyond their due date; and

- the recommendation of the RO based upon objective evidence of the existence of a Major Non-conformity or an ineffective SMS.

19. Issue or Reinstatement of Certificates

Issue or reinstatement of a DoC and/or SMC, as the case may be, which have been withdrawn as the result of Major Non- nonconformity should only occur after the RO confirms to this Administration that there has been corrective action(s) with respect of deficiencies on which the Major Non-conformity is based to the satisfaction of the RO.

The RO should issue Short Term SMC valid for five (5) months. The Company should then apply for the issue of a Full Term SMC in accordance with this Circular.

The RO may, depending on the nature of the Major Non-conformity raised against the SMS implemented on board the ship, require that the validity of the DoC may also need to be verified by an audit, equivalent in scope to an annual audit prior the issue of the Safety Management Certificate. This audit should be authorized by the Administration.

20. Multi-Flag Fleets

If the Company operates a multi-flag fleet and already has a DoC issued by or on the behalf of another SOLAS Contracting Government by RO to this Administration, the RO may, upon consent of the Administration, administratively issue a DoC whose validity should be aligned with the mentioned DoC.

At the first annual ISM audit of the Office, the RO should verify the national requirements.

In order to facilitate the auditing and certification process, Companies operating multi-flag fleets should propose a plan of action and request agreements by all involved Flag States regarding the joint acceptance of an RO's audit prior to the commencement of the audits. The plan should clearly identify the entities involved; outline how the audits will be conducted, how each Flag State's national requirements will be addressed, and who will be issuing the ISM Code documents. It is essential that ROs communicate with each other the results of DoC audits and SMC audits if different ROs are involved with a ship or ships. Refer to MSC/Circ.762 - MEPC/Circ.312, Guidance to Companies Operating Multi-Flagged Fleets.