CONTENTS

INTERNAL AUDIT OR INSPECTION PROCEDURES

1.   SCOPE

This procedure covers the internal audit of the SMS, or preparation for inspections covering the fleet.

2.   CODES

ISM   12.1; 12.3; 12.4; 12.5; 12.6

3.   CONFIDENTIALITY

All internal audit reports are confidential and the property of the Company.

4.   RESPONSIBILITY AND AUTHORITY

4.1.   Marine Director[1]

Is responsible and has the authority for:

Providing the resources for internal SMS audits.

4.2.   Designated Person Ashore (DPA) / SHEQ Manager

4.2.1.   The DPA is responsible for:

   a.   Preparing the audit schedule

   b.   Overall charge of the internal audit.

   c.   Appointing internal auditors.

   d.   Determining the purpose and scope of the audit.

   e.   Preparing and updating the Company Internal Ship Audit Questionnaire.

   f.   Monitoring and ensuring that audit items are effectively closed out.

   g.   Keeping Management appraised of audit findings.

4.2.2.   Has the authority to:

   a.   Select internal auditors.

   b.   Set and adjust the internal audit schedule.

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c.   Determine the purpose of the audit and set the scope of the audit.

4.3.   Internal Auditor

4.3.1.   Is responsible for:

a.   Advising the Master of the intended audit.

b.   Planning the audit.

c.   Determining the questions appropriate to the scope of the audit.

d.   Conducting the internal audit.

e.   Identifying and reporting any non-conformity that may be discovered during an internal audit.

f.   Preparing an audit report.

g.   Appraising the Marine Manager and the DPA of the audit findings.

4.3.2.   Has the authority to:

a.   Determine questions to cover the scope of the audit, except for scheduled ship audits.

4.4.   Master (Vessel) or Department Head (Office)[2]

4.4.1.   Is responsible for:

a.   Providing the auditor(s) with whatever assistance they may need to effect the audit.

b.   Ensuring crewmembers are available for interview.

4.4.2.   Has the authority to:

a.   Stop or reschedule the audit or part thereof if it adversely impacts on the safe operation of the ship, or if it is causing any undue delay or disruption to cargo operations.

b.   Constructively challenge the findings of the auditor.

4.5.   Person(s) Being Audited

4.5.1.   Is responsible for:

a.   Being open and answering the auditor's questions fully.

b.   Obtaining necessary records as may be require by the auditor.

c.   Demonstrating knowledge of SMS procedures and use of associated equipment.

4.5.2. Has the authority to:

    a. Temporarily stop the interview should it adversely impact on the safety of operation or delay cargo work.

5. OBJECTIVE

The objective of the internal audit is to determine whether the various elements within the SMS are implemented and effective in achieving stated objectives.

6. SCOPE AND FREQUENCY OF INTERNAL AUDIT[3]

A scheduled internal audit is conducted on each ISM certificated vessel and in the Office[4] at least once per annum. Attendance onboard will be by a representative of the Office, or a person that the Office has authorised to complete an internal audit. This interval may exceed not more than 12[5] months. In exceptional circumstances where access to the vessel is no longer possible for example but not limited to the vessel operating in ports having travel / visa restrictions, prevailing security outlook, trading in high risk areas, extensive long anchorages, change in vessel's schedule without any notice or due to an event in the vessel's area of trade or world-wide such as war or medical pandemics etc. this interval may be exceeded by not more than an additional 3 months.[6] The Office may instruct the vessel to complete a remote audit.

The Company shall inform the vessel accordingly prior to the commencement of an internal audit. The scope of the internal audit covers all the applicable elements of the Company's SMS, ISM code, ISPS code, MLC code requirements including the applicable statutory code regulations / requirements and physical condition of the ship. Critical activities important to Customer satisfaction are included.

In addition, an unscheduled internal audit of a vessel may be conducted if it is deemed necessary. The scope of this audit will be set according to the need for the audit e.g., follow up on the results of a previous audit, or preparation for a ship third party inspection, or to identify potential opportunities for improvement etc.

An audit schedule is prepared for each calendar year listing internal audits and is placed in CFM[7]. To assist with resource planning the schedule includes known external or third-party audits. The schedule is a guide and is subject to change.

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[3] W 23 / 2020 (Entire Section updated)
[4] W 40 / 2024
[5] W 06 / 2023
[6] W 06 / 2023
[7] W 30 / 2024

6.1. Remote Audit onboard a Vessel[8] under Exceptional Circumstances Where It Is Not Possible by The Company Staff To Board The Vessel:

Company shall first invoke the provisions in ISM Code item 12.1 where under exceptional circumstances, the interval may be exceeded by not more than three months. However, if the internal audit could not be conducted within 15 months from the date of the last audit due to exceptional cases mentioned above, the Company shall approach the Classification Society/ Flag State and obtain approval to conduct remote internal audit of the vessel. The Company must be able to demonstrate to the external auditor that the reason for not able to carry internal audit within the 12 months period is due to "exceptional circumstances" during the periodical audits.

6.1.1. Remote Audit - Scope:

Remote audit process is an auditing technique and assessment where in the audit process is carried out remotely between the ship and shore by means of electronic communication (using various aids like telecom/ video call, file transfer such as documents, photographs, video, email etc). The scope of the remote audit is to assess the data/ information for compliance with the Company's SMS requirements, ISM Code, ISPS Code, MLC Code and other regulations / requirements.

The purpose of this procedure is to enable office to conduct a remote audit in the most effective way with the cooperation of on-board team of officers and crew. This remote audit shall be conducted at mutually agreed dates while vessel is at anchor or on passage in order to avoid hindrance to any vessel operation.

6.1.2. Application

The remote internal audit shall be applicable to all company managed vessels for a maximum period of one year from the date of audit or until the Company staff visits the vessel whichever is earlier.

6.1.3. Roles and Responsibilities

Remote audits will be conducted using a combination of on board and remote verification. The on-board audit team shall be divided in 2 teams with a combination of the Master and Chief Engineering Officer in order to conduct independent cross department verification.

The remote auditor from shore will be appointed by the SHEQ manager.

Remote auditor shall be either Marine superintendent, DPA or the Ship manager who has experience of conducting internal audits and has attended an internal auditor training course.

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6.1.4. **Guidelines for Conducting Remote Internal Audit:**

- SHEQ manager will be responsible for activating the remote internal audit.

- Audit plan will be made by the SHEQ Dept. and sent to the Vessel for their review and action. The Master will be guided by the contents of the Plan developed by the SHEQ Dept to ensure compliance with the Company SMS requirements and the ISM, ISPS and MLC Codes.

- The senior officers assisting in the remote internal audits shall be appropriately instructed and the persons carrying out the audits shall be independent of the area being audited. Master and Chief officer shall audit the engine department and the Chief Engineer and Second Engineer shall audit the deck department.

- Company's ISM / ISPS / MLC audit checklist shall be used during the remote internal audit.

- Opening meeting shall be carried out by the remote auditor with the senior officers on board through telephone where the scope of audit and the audit plan will be explained.

- The previous audit non conformities and observations shall be verified for effective close out.

- During the course of audit, documents / records as per SMS / SSP / MLC etc shall be checked and crew shall be interviewed to check if they are familiar with their duties, responsibilities as per their job description.

- During the course of audit, rounds shall be taken on deck, engine room and accommodation areas (Deck department to conduct engine room rounds and Engine department to conduct deck rounds)

- The on-board auditors are encouraged to contact the remote auditor for guidance at any time during the audit if they are not clear on any requirement.

- For the ISPS internal shipboard audits, the Master shall interview the SSO who is responsible for the ISPS implementation onboard. The Master and CSO shall supervise and review the audit process results to satisfy themselves that the requirements of the ISPS Code have been maintained

- The remote auditor will obtain pre-requisite data from the vessel and commence assessment

- Vessel shall send the testing of the lifeboat engines, emergency fire pump, emergency generator, emergency steering, OWS etc to the Company through picture submission form

- All required training and drills shall be completed on board, the remote auditor will review the training and drills conducted onboard through CFM[9].

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- All SMS / ISPS / MLC forms shall be filed by vessel as per the Company filing system. These files / forms will be accessed and reviewed by the remote auditor through SHAREPOINT software.

- The remote auditor will monitor the condition of equipment / machinery through photographs sent by vessel. The remote auditor will review the Planned Maintenance scheme (through Mespas[10]) to confirm the Vessel Plan Maintenance is up to date. The remote auditor will also review the purchasing and logistics functions to ensure that the vessel is indeed supplied with stores and spares ordered by the vessel as per the SMS purchasing procedure.

- Master shall send last 2 pages of oil record book and garbage record book to the remote auditor for review

- Remote auditor shall review and close all near miss and incident reports in CFM.[11]

- Remote auditor shall check if all the statutory, trading, crew certificates etc are valid

After the audit is completed, closing meeting shall be held by the remote auditor and the Non conformities and observations shall be discussed and agreed upon with the senior officers on board.

The comprehensive audit report and supporting documents/photographs shall be uploaded in CFM[12] for the Company staff to review and approve.

Plan for corrective and preventive actions shall be discussed by the remote auditor with the ship staff.

Remote auditor will provide / request Feedback / clarification / rechecks if required.

All identified Non conformities and observations raised during the remote audit shall be closed within 3 months.

DPA will finally review and close out the audit report.

Results of each remote audit will be reviewed by the SHEQ manager in order to determine if the vessel requires physical attendance. If physical attendance is not required, this audit will be credited as completion of company's internal audit in accordance with ISM code (Clause 12.1).

If physical attendance is required basis result of the audit, the audit will be credited until such time physical attendance is possible. This will be included in the feedback section of the CFM[13].

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Remote audit shall not be carried out on the same vessel in 2 consecutive years unless approved by the Marine Manager or Flag due to an exceptional circumstance (e.g. War / Pandemic etc).[14]

7. APPOINTMENT OF INTERNAL AUDITORS

7.1. The DPA / SHEQ Manager will appoint the Internal Auditors by giving consideration to the following competency standards:

    a. Appropriate practical experience of shipboard operations at a senior level.

    b. Practical knowledge of appropriate ship types is preferred.

    c. Appropriate knowledge of the SMS.

    d. Completion of an Internal Auditing Course, or previous auditing experience.

    e. Knowledge of ISO 9001/14001 and ISM Codes.

7.2. Auditors should be independent of the areas being audited.[15]

7.3. A "Lead Auditor" should have a minimum of at least 15 Internal Audits completed. A Lead Auditor will be given preference to audit those vessels which are deemed to be high risk due to poor performance in the vessel's recent history, or the age of the vessel.[16]

8. METHODLOGY

The HSEQ Manager or[17] DPA determines the purpose of the audit and sets the scope of the audit.

An advance warning of intended internal audit is given to the Master of the ship to be audited.

The Auditor will hold an opening meeting with the Master and as many other respective staff members that may be available to define the conduct and scope of the internal audit and to agree on an audit plan.

The audit plan is kept flexible to ensure the least disruption to the ship activities.

The Auditor will determine the questions appropriate to the scope of the audit. When conducting a scheduled internal audit of a ship the questions contained in the Company Internal Ship Audit Questionnaire will be used. In the case of lack of evidence, or topical events, more detailed questions may be added to the audit.

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Lower ranks are included in the audit interviews to test their understanding of the SMS and to demonstrate their knowledge of appropriate procedures and the use of safety and environment equipment.

On completion of the audit the Auditor will hold a closing meeting with the Master to present a summary of conclusions, starting with positive elements and continuing with non-conformities and observations.

Department Head/Master must accept any Non-conformance, observation and deficiency that have been raised as acknowledgement of its existence. This is not necessarily an acceptance of the non-conformity. The Ship Manager responsible for the ship in question may later ask for a revision of the non-conformity and wording. The Auditor may accept such changes.

The Auditor is to review action planned and close out any Non-conformance's, observations and deficiency raised during his audit.[18]

9. REPORTING OF INTERNAL AUDITS

On completion of the audit, the Auditor will prepare an audit report summarising the audit findings. Before leaving the ship a copy of this report should be given to the Master but must be submitted within 7 days (a rough copy will suffice until a proper copy is available). A complete and final internal audit report must be submitted within 30 days in CFM[19].

The Auditor shall appraise the Marine Director[20], HSEQ Manager and DPA of the audit findings.

The report will be available via CFM[21] for all Managers to review.

10. NON-CONFOMITY CLOSE OUT

Non-conformities and auditor's observations are handled as per the Non-conformance, Corrective and Preventive Action procedures.

The Ship Manager responsible for the audited ship shall ensure that necessary corrective and preventive action is taken to close out non-conformities and to address the auditor's observations.

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11. INTERNAL SHIP AUDIT QUESTIONNAIRE

An audit questionnaire will be maintained in CFM[22] and used when conducting a scheduled internal audit of a ship. The scope of the questionnaire shall cover the following:

    a. All the elements of the SMS

    b. Applicable elements of the applicable statutory codes (SOLAS; ISPS Code; MARPOL; IBC etc)

    c. Pertinent elements of the Rightship[23] questionnaires.

    d. Critical activities important to CUSTOMER satisfaction.

    e. Full range of vessel types represented in the fleet.

12. RECORDS

All records will be maintained in CFM[24].

13. PERIODIC VERIFICATION FOR COMPLIANCE WITH ISM CODE PROCEDURES

It is the responsibility of each individual to implement and act in conformance with company's SHEQ Management System. Each individual should ensure that they are familiar with their responsibilities, authority and interrelationships.

Company shall periodically verify whether all those undertaking delegated ISM-related tasks are acting in conformance with the Company's responsibilities.

Verification may be through internal audits, technical inspections, Navigation audits, Checks on Sharepoint, incident and near miss analysis, deficiencies from PSC inspections, external audit non-conformance etc.

Verification of the Internal ISM Audit completed by means of sample review of the contents of the Internal audit to ensure that the requirements of the ISM Code are met and maintained.

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[22] W 03 / 2024
[23] W 08 / 2024
[24] W 03 / 2024