



## Towing Vessel Inspection Bureau

“A Professional Auditing Organization”

I want to share a little information about TVIB and tell you why it exists. I'll begin by talking about why TVIB was set up in the first place and then bridge over to talk about what TVIB can do to work with the AWO on the Responsible Carrier Program. First, a little background.

## Background Information

- How many towing vessels are expected to come under the USCG Inspection Program?
- How many Safety Management Systems may need to be audited for the Inspection Program?

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How many towing vessels are expected to come under the USCG Inspection Program?

The USCG currently is saying there are approximately 6,400 towing vessels that will come under the new Towing Vessel Inspection regime.

If we were to spread all those towing vessels equally over a five year period, we'd have approximately 1,300 towing vessels to audit/inspect each year.

If the final rule requires a mid-period audit/inspection in the 3rd or middle year of the 5-year cycle, by the third year we'd be doing approximately 2,600 towing vessel audits/inspections each year from that point on.

How many Safety Management Systems may need to be audited for the Inspection Program?

We've heard there may be as many as 2000 companies that will need to have a Towing Safety Management System (TSMS)

So, if that were to be true, that there are 2,000 safety management systems to be audited and we spread them equally over the same 5-year period, we'd be doing 400 safety management system audits each year.

Likewise in the third year we'd be doing mid-period audits for them, we be doing 800 safety management system audits from that point on, each year.

## Background Information

- Beginning in year three:
  - Approximately 2,600 Towing Vessel Audits per year
  - Approximately 800 Safety Management Systems per year
- 3,400 audits per year is a lot of work.

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Assuming these figures are accurate, what we are talking about here is a lot of work!

If we are to do a comprehensive audit/survey/inspection of a towing vessel, it will take several hours to do it. In most cases, it will take at least a full day of an auditor/surveyor's time, especially with required travel and boarding and de-boarding difficulties, etc. taken into consideration.

Then, there is the report writing and so forth to deal with, and there may be some sort of follow up on identified deficiencies to be dealt with, too.

On the safety management side, depending on the size of the company and the complexity of the management system, these audits will likely take up to two days or more to complete.

As we think through this project, we can see where there may be hundreds of auditors/surveyors/inspectors required to do all this work.

No matter how many it turns out to be, there will certainly be quite a few people working in this area.

## Background Information

- How many USCG Accepted Auditing organizations will there be?
- Might we have consistency problems if we have a large number of different organizations doing auditing work on behalf of the USCG?

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We can see where there could be 20 or 30 or maybe even 50 or more companies that might wish to become USCG Accepted Auditing or Surveying Organizations in order to do this work.

So, it seems to us if we have numerous companies doing this work, we'll need some way to get all the stakeholders on the same page or else we won't be able to have the levels of consistency we need to give the USCG the type of quality controlled information they will need to be able to make good decisions.

## Background Information

- Will the proposed DRAFT language for Subchapter M actually accomplish what the USCG needs to accomplish with this rulemaking?

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It seems to us that the process described in the DRAFT of Subchapter M may not work well in its present configuration.

It seems to us that the process needs to be divided into two separate functions:

- (1) Personnel Accreditation by an independent third-party, and
- (2) Auditing/Surveying Organization Acceptance by USCG

We' ll talk more about this later on in this presentation.

What we wanted to do up to now was to set the stage for what is to follow.

What we' ve said so far is a large part of the reason we went to the trouble and expense of setting up TVIB.

Where do we go from here?

What is TVIB and how might TVIB help make the auditing/surveying process function as it will need to function in order to serve the needs of the General Public, the USCG and the towing industry?

## What is TVIB?



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Bureau**

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TVIB is a member owned organization. An elected Board of Directors and its elected officers will control TVIB. The initial organizers of TVIB are:

- the ACTION group companies
- Rushing Marine Service, L.L.C.

The organizers role in establishing TVIB was to:

- Provide the funding for the set up costs of the organization
- Engage attorneys to establish the organization
- Petition the IRS for 501C-6 Tax Exempt status

We've not yet completed this step because we've learned that the organization has to be active before this can happen. We will do this as soon as TVIB becomes active.

## Getting Started

- The legal format of the organization is:
  - ▣ A Not-For-Profit Corporation registered in the State of Texas
  - ▣ Once TVIB is formerly stood-up, the organizers will not own the organization
  - ▣ TVIB may need to become an “Accepted Organization” by the USCG.

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The legal format of the organization is a Not-For-Profit Corporation registered in the State of Texas .

Once TVIB is formerly stood-up and we have established the membership of TVIB, our vision is that TVIB will belong to the membership and the organizers will no longer own the organization individually.

Just another thing worth noting, at some point down the road, we expect that TVIB may need to become either a “Recognized Organization” or an “Accepted Organization” by the USCG in order to have the authority to function as intended on behalf of the USCG.

## Please Note

- All material contained in this presentation is based on the DRAFT version of Subchapter M that was made available to the industry by the USCG in March 2008.
- When the NPRM and subsequently the Interim or Final Rules are published, it may be necessary to make changes to the TVIB concept and/or to the way the TVIB is organized.

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We've alluded to this earlier, but it is important for us to remember that all material contained in this presentation concerning the USCG and Subchapter M is based on the DRAFT version of Subchapter M that was made available to the industry by the USCG in March 2008.

When the NPRM and subsequently the Interim or Final Rules are published, it may be necessary to make changes to the TVIB concept and/or to the way the TVIB is organized in order to meet the needs of the USCG and the membership of this organization.

## What does the DRAFT text say?

- Responsible Carrier Program (RCP)
  - ▣ What is the status of the RCP?
- If AWO membership follows through with their recently stated intent to cease involvement in the RCP Auditor Accreditation process, could there be a role here for TVIB in the future of the RCP?

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Now that we know a little more about TVIB, where it came from and where it might be headed, let's look at what might be a possibility for TVIB to work with AWO and the auditor accreditation process for the RCP. TVIB sees its role going forward to be very similar to the role the AWO accreditation board has performed for the RCP in the past. If AWO wishes to find an organization to take over this accreditation role for RCP, TVIB is perfectly positioned to do just that. Not only can TVIB handle the accreditation role, it can also handle oversight of the checklists that are used to guide auditors through the audit process as well as the training of auditors to perform these audits. In fact, that is exactly the same type of services we will be proposing to the USCG as soon as we see if the text contained in the NPRM is the same as it was in the 2008 draft.

Back to where we are now, the main question on the table is: what is the status of RCP going forward? Since the answer to that question is still a work in progress, we can only speculate as to what possibilities might exist. But, as we step back and look at the auditor issues that relate to both the RCP and Subchapter M, we see lots of similarities. Similarities that may make TVIB a natural fit for both programs.

Let's look at some of those similarities.

## RCP & SUB M

- Similarities:

- Both programs will need to have all of their auditors accredited by an independent third-party quality-based entity.

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### Similarities:

Both programs will need to have all of their auditors accredited by an independent third-party **quality-based** entity.




TVIB will be an independent third-party organization and it was established by Quality Auditing, LC which recently passed its final audit to be Registered as compliant with ISO 9001 – 2008.

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Here's a copy of the certificate we recently received showing that Quality Auditing, LC is **UL** approved to be registered as being in compliance with ISO 9001 : 2008. QA has offices in Jackson Missouri as shown on this slide and the Houston area office is shown on the addendum on the next slide .

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  	<p><b>Annex to Certificate</b>  <b>Registration No. 10010813 QM08</b></p> <p><b>Quality Auditing, LC</b>          204 Daisy Avenue          Jackson, MO 63755          United States of America</p>			
	<table border="0"> <tr> <td><b>Location</b></td> <td><b>Scope</b></td> </tr> <tr> <td> <p>10011057            Quality Auditing, LC            15201 East Freeway, Suite 109            Channelview, TX 77530            United States of America</p> </td> <td> <p>The remote location at Channelview, TX performs the following primary function: support for Gulf coast clients.</p> </td> </tr> </table>	<b>Location</b>	<b>Scope</b>	<p>10011057            Quality Auditing, LC            15201 East Freeway, Suite 109            Channelview, TX 77530            United States of America</p>
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This annex (edition: 2011-06-28) is only valid in connection with the above-mentioned certificate.

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As we said before, QA also has an office in the Houston, TX area – Note to David: Say what you want to say about that.

Quality Auditing is committed to helping TVIB become a high-quality auditor accreditation organization for the towing industry and QA is now recognized by Underwriters Laboratory as having the quality management system experience to make that same thing happen for TVIB just like we did for QA.

## RCP & SUB M

### □ More Similarities:

- Both programs will need to receive high quality fact-based, objective and accurate audits of the implementation of their programs.
- Both programs will need to have audits performed in a consistent manner across the entire towing industry.
- Both programs will need to have a cadre of auditors who are trained to apply the same criteria for each item being audited for each company and each towing vessel audited throughout the entire towing industry.

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### More Similarities:

- Another need both programs will require is the need for every audit to be fact-based, objective and accurate. These may be some of the most important elements that ultimately will determine the level of success the program has at achieving the goals of improving the safety and efficiency of the towing industry, while at the same time raising the bar so that an entire industry has a higher level of regulatory compliance to satisfy the USCG and the general public. Again, Quality Auditing has nearly two years experience with a new process for conducting audits of towing vessels and towing vessel operating companies. This new process is far along in its development and QA is working every day to make it even better through our process of continuous improvement. QA intends to make this automated process available as a part of the implementation package TVIB will be able to use to make every audit fact-based, objective and accurate.

- Both programs will need to have audits performed in a consistent manner across the entire towing industry. Consistency goes right up there alongside the need for quality, fact-based, objective and accurate audits for both programs. Again, QA has nearly two years experience working with a new automated auditing system that has as one of its cornerstones making every audit report be very consistent, across the entire group of company's and towing vessels we've audited. The new process we've mentioned here today was born out of a need for a much higher level of consistency than was possible using prior auditing methods.

- Both programs will need to have a cadre of auditors who are trained to apply the same

criteria for each item being audited for each company and each towing vessel audited throughout the entire towing industry. Again, QA has nearly two years experience training auditors to use a new process for conducting audits of marine companies and equipment. During this two year period, QA has added \_\_\_\_\_ auditors to our roles and has used the experience we've gained from implementing the new auditing system and adding new auditors to develop a comprehensive training program for our use in training auditors that are either new to our system or are new to the auditing business. That training program will be ready for roll out in the next few weeks.

- All of the things we've discussed so far are just scratching the surface of what has been learned about how better to conduct audits of the maritime industry. As we've applied the lessons learned and the process of continuous improvement, our confidence in our new auditing concept and our understanding of the basic fundamentals of a better way to conduct these audits has grown significantly. All of what we are saying here is supported by numerous positive comments from all of our customers at QA and a majority of the vendors who have been audited using our new process.

## TVIB's Role

- Frequently asked questions?
  - ▣ What credentials does an auditor need to hold in order to be accredited by TVIB to do audit work?
  - ▣ Who can serve as an auditor to conduct audits for the RCP and Subchapter M?



What credentials will the auditors need to hold for accreditation?

The credentials required for auditors who conduct RCP audits are currently specified by the American Waterways Operators (AWO). Our vision is that will still be the case. AWO will still set the standard and TVIB would maintain that standard in its accreditation process for RCP auditors. Likewise, the USCG will set the standard for auditors who conduct audits of Subchapter M requirements and TVIB would maintain that standard for those auditors.

Who can serve as an auditor?

If TVIB were to take over the accreditation duties for RCP auditors, our vision is that the same persons who are presently authorized by AWO to conduct RCP audits would still be authorized to do so. Essentially, TVIB would do most of the same things that the AWO accreditation board does now, but would remain independent from AWO as a true third-party organization. Beginning with some starting date, TVIB would accredit auditors who are new to the RCP auditing business and who have not previously been accredited by AWO. Auditors coming up for renewal on the current three-year cycle would go through a training program for renewal that will be conducted by TVIB, instead of the training for renewal that was done in the past by AWO. Once Subchapter M comes into play, our vision is that TVIB would play a role for the USCG for Subchapter M, very similar to the role played by AWO in the past for the RCP. In our vision, TVIB would then be authorized by the USCG to accredit auditors to audit elements of Subchapter M in support of the USCG role to inspect towing vessels and safety management systems for compliance with Subchapter M.

## TVIB's Role

- Frequently asked questions?
  - Who will the auditors work for?
  - Who will have oversight duties to ensure the auditors operate as professionals and attain the goals for quality, fact-based, objective and accurate audits?

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### Who will the auditors work for?

Our vision for who the auditors will work for is still a little fuzzy for the RCP role. Currently, individual auditors are engaged by the company needing an audit and the work is agreed to and the audits are conducted accordingly. The auditor conducts the RCP audit, identifies corrective actions needed to be able to certify compliance with the RCP, oversees the corrective actions for adequacy and issues a letter certifying the company in compliance with the RCP. Our vision does not necessarily see that needing to change. However, once the USCG and Subchapter M are in play, if the NPRM stays the same as the draft we saw in 2008, the USCG does not wish to deal with individuals, rather they want to deal with organizations. Assuming the text stays the same, in order to conduct audits of Subchapter M, the auditor would be working at the direction of a USCG accepted organization that would provide oversight and other support services for the auditor. Our vision still allows auditors to live and work in the same areas they now serve, but for the USCG, they may need to work through one of those accepted organizations rather than working independently as they do now with the RCP process. Our vision is for the USCG accepted auditing organization to be able to use any auditor that is accredited by TVIB to do Subchapter M work and this would allow auditors to operate somewhat independently but they would still need to work under an accepted organizations umbrella when conducting audits of Subchapter M requirements.

### Who will have oversight duties over the auditors?

Unless the AWO adopts a process similar to what the USCG appears to be asking for, this is where the two paths begin to separate and it is difficult to project TVIB's role into the future. Under the apparent USCG scenario, the USCG accepted auditing organization would have primary duties for

oversight of its auditors. Our vision is that TVIB would also have some oversight role, but at a higher level than the accepted organizations. TVIB's role would live at the accreditation level and would involve issues that might cause an auditor to lose their credentials or accreditation to conduct the work. We can see where TVIB can be successful playing at this level and believe this is the best scenario for how things should be structured. If the AWO were to allow TVIB to operate in a similar fashion for RCP accreditation to what we've just described, we believe the best system possible would then exist. If the AWO wishes to do something else, we would need to know more about where they want to go with this in order to talk about how TVIB could participate. TVIB stands ready to begin that dialogue anytime AWO is ready.

## TVIB's Role

- Frequently asked questions?
  - ▣ Who will control the checklist the auditor uses to conduct the audit?



Who will control the checklist the auditor uses to conduct the audit?

Our vision for RCP is for the AWO working in conjunction with TVIB to develop the set of questions to be asked and AWO would set the standards that TVIB and AWO would use to determine what would be acceptable answers to indicate the company/vessel is in compliance with that particular item. TVIB would control the actual document and would use the guidance from AWO to develop an electronic version of a checklist using the information that was developed jointly by TVIB and AWO. In our minds today, this would be an ongoing process as things change and ad continuous improvement may dictate.

Our vision for the USCG and Subchapter M is similar, except the USCG would be in essentially the same role as AWO in the previous example.

## TVIB's Role

- Originally, the primary purpose of TVIB was to perform the accreditation function for third-party auditors that work for USCG accepted organizations that will conduct third-party audits of towing vessels in accordance with the requirements of Subchapter M. We can handle the RCP accreditation role just fine, too!

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Remember the main reason we set up TVIB in the first place was to provide an organization that would be independent from the Coast Guard and AWO and would also be independent from the “Accepted” organizations that will do the auditing and surveying work for the USCG as indicated in the 2008 draft text.

TVIB can perform all the required functions that are common to all auditors across the board.

This is where we see an opportunity to accredit individual auditors who can then work for these accepted organizations either as an employee or as a contractor for more than one such organization.

The way we see it, if each of the 20, 30, or 50 or however many companies there are out there that might wish to be involved in the auditing business on behalf of the Coast Guard or AWO has different procedures, uses different checklists, does different types and/or levels of training, interprets the requirements of the regulations in their own way, and the list could go on and on---the end result would certainly not generate a high level of quality, fact-based, objective and accurate consistency throughout the process.

For this effort to be successful, we believe it is essential that all the stakeholders understand and interpret the requirements of the rule in as nearly the same way as is humanly possible. TVIB's training programs would be aimed at making this possible.

TVIB

# QUESTIONS

[www.thetvib.org](http://www.thetvib.org)

Contact us at [info@thetvib.org](mailto:info@thetvib.org)

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