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Brian S. Bailey
Director – Safety & Environmental Stewardship

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MEMORANDUM

TO: Responsible Carrier Program® (RCP) Third-Party Auditing Organizations:
American Bureau of Shipping (ABS)
American Global Maritime, Inc.
ClassNK America
Lloyd's Register North America, Inc.
Sabine Surveyors, Ltd.
Towing Vessel Inspection Bureau (TVIB)

FROM: Brian S. Bailey

CC: Tom Allegretti

RE: 10% RCP Vessel Audit Minimum Requirement in Place Until July 20, 2018

Please be advised that this correspondence is sent on behalf of the Responsible Carrier Program® Standards Board of The American Waterways Operators (AWO) to advise its recognized third-party auditing organizations (TPOs) that AWO members must continue to adhere to the 10% RCP vessel audit minimum requirement until July 20, 2018, Subchapter M's effective date.

The role of the RCP Standards Board is to make recommendations to the AWO Board of Directors on changes to the RCP, the audit process, oversight of AWO-recognized third party organizations, and applications from organizations seeking to become AWO-recognized third party organizations. Furthermore, per RCP Addendum E.4, it "has the authority to issue Clarifications and Directives Memoranda, as needed, to guide RCP interpretation by AWO-recognized third party organizations."

10% RCP Vessel Audit Minimum Requirement in Place Until July 20, 2018

There has been some confusion amongst AWO members whether the 10% requirement still exists post-2017. The answer is yes, it does, until it is superseded by Subchapter M's effective date.

As part of the industry transition to Subchapter M, AWO began issuing policy in 2015 to allow flexibility in audit timelines and prepare members to implement a Subchapter M compliant TSMS. In April 2015, AWO issued a memorandum describing a newly authorized RCP audit frequency timeframe. Prior to the new policy, members were required to conduct an external management audit and vessel audits on 10% of the company's fleet every three years. The changes, which went into effect in 2016, specified that members must have external management audits twice in five years (one of which is the mid-period) and have 100% of their vessels audited within that period. The changes only applied to members with RCP external audit due dates post-2015. The memo also included a transition schedule detailing the next RCP external management and mid-period management audit due dates, the percentage of vessel audits required and their respective due dates, based on a member's recertification audit due date.

The memo strongly encouraged members to conduct audits on 20% of their vessels each year as they transition to the 100% in five years standard. During the transition period – which ends at the conclusion of 2017 – the 10% requirement was designed to allow companies the ability to build up to 100% vessel audits in a five-year period. The Standards Board agreed that each company will have to decide for itself how to get to 100% vessel audits; 20% per year may not be feasible for every company across the board, so it was not made a requirement.

After July 20, 2018, there will be no minimum requirement under the RCP for percentage of vessel audits performed annually. Operators must only achieve 100% vessel audits by the end of their five-year audit cycle. However, Subchapter M¹ dictates that at least 25% of towing vessels must receive a Certificate of Inspection (COI) each year, from 2019 to 2022. Vessels must undergo an external audit prior to (or within six months) of COI issuance. Therefore, during the initial five-year cycle under Subchapter M, operators will, at a minimum, default to a 25% annual vessel audit rate to comply with regulation and the RCP.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or concerns.

¹ 46 CFR § 136.202