

April 28, 2017

MEMORANDUM

TO: Responsible Carrier Program® Third-Party Auditing Organizations  
American Bureau of Shipping  
Nippon Kaiji Kyokai (ClassNK) America  
Towing Vessel Inspection Bureau

CC: RCP Standards Board Members  
Thomas A. Allegretti

FROM: Brian S. Bailey

RE: Responsible Carrier Program Clarifications and Directive

Please be advised that this correspondence is sent on behalf of the Responsible Carrier Program® Standards Board of The American Waterways Operators to advise its third-party auditing organizations (TPOs) of clarifications and a directive derived from a recent inquiry made by a TPO. The role of the Standards Board is to make recommendations to the AWO Board of Directors on maintaining and strengthening the integrity of the RCP. This includes interpretations and changes to the RCP, the RCP audit process, oversight of AWO-recognized auditor training and certification organizations, and applications from organizations seeking to become AWO-recognized auditor training and certification organizations.

*Clarification:*

*If a member company has not conducted one or more annual vessel internal audits or the required annual management internal audits, as required in the Responsible Carrier Program, is this considered a major nonconformity, thus causing the mid-period audit to halt immediately? What, if any, corrective action should the member undertake to rectify this situation, given that the required internal audit was supposed to have occur possibly during a prior year?*

Per RCP Addendum C.14:

“If a Major Nonconformity is discovered during an audit, the audit stops and the issue must be fixed or downgraded before proceeding any further. A Major Nonconformity is defined as an identifiable deviation which poses a serious threat to personnel or vessel safety or a serious risk to the environment and requires immediate corrective action.”

Based on the inquiring TPO's informal discussion with the U.S. Coast Guard's Towing Vessel National Center of Expertise, it is possible for a company's failure to perform internal audits and/or provide proper documentation of audits and corrective action plans to result in a major nonconformity. However, issuance of a major nonconformity depends on the extent of the failure. Different examples on the extent of the failure could range from missing one internal vessel audit out of a sizable fleet of vessels to not performing any internal audits or failing to provide evidence of management review of the internal audits. Coast Guard remedial actions could include having the Towing Safety Management System (TSMS) certification rescinded, requiring increased oversight of the company's internal audit program by the company's respective TPO, or commencement of a full external management audit in lieu of the mid-period audit to determine if the safety management system is in fact operating as intended.

The Standards Board concludes that if a member company has not conducted an internal vessel audit, that failure should be deemed a nonconformity, as defined under RCP Addendum C.13. A member company's failure to conduct the required annual management internal audit should be considered a major nonconformity. Ultimately, the TPO should use its best judgment in determining reasonable corrective actions and whether a nonconformity poses a serious threat to personnel, vessel safety, or the environment, and requires immediate corrective action.

*Clarification:*

*Regarding the mid-period management audit requirement, is there a timeframe in which the audit must be completed after it has begun?*

No. Unlike vessel audits which must be completed within 90 days of the audit being initiated (RCP Addendum B.11.a), the Standards Board declines to require a timeframe in which a mid-period audit must be completed between months 27 and 33 from the five-year recertification date (Addendum C.3).

*Directive:*

*Should a TPO notify AWO when a member company schedules a mid-period management audit?*

Yes. Just as each TPO has been instructed to notify AWO whenever an external management audit has been scheduled and when the audit is slated to begin, it is requested that the same notification requirement apply to mid-period management audits.

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