



# ISM Code & Auditing Techniques

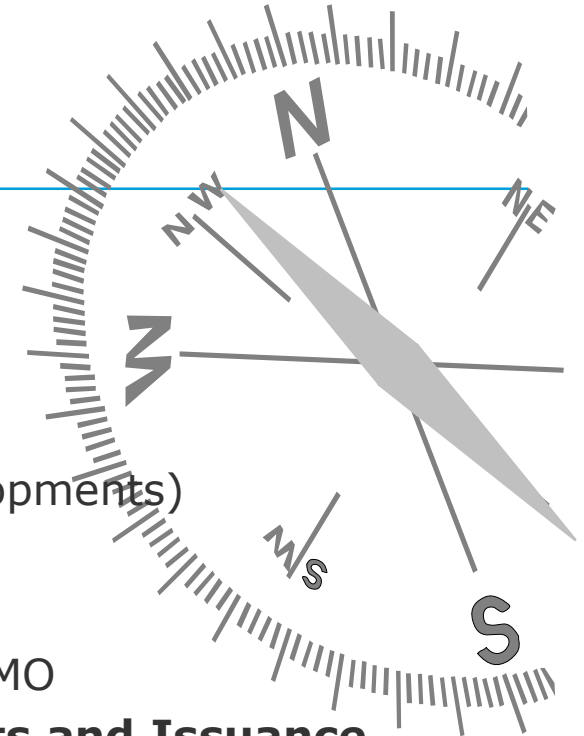
## EMSA Training – Module 6 & 7

## Navigator

- Module 1 – Evolution of Management Systems and the ISM Code
- Module 2 – ISM Code Requirements (incl. latest developments)
- Module 3 – Stakeholders in Shipboard Operations
- Module 4 – Knowledge of Shipboard Operations
- Module 5 – The ISM Code and the EC Regulations & IMO

### ➔ **Module 6 – Types and Scopes of Flag State Audits and Issuance of Certificates**

- Module 7 – The Auditor
- Module 8 – Audit Planning and Organization
- Module 9 – Audit Conduction
- Module 10 – Audit Reporting & Follow-up
- Module 11 – Role Play



## **Module 6 / Activity 1**

# **Certification & Verification**

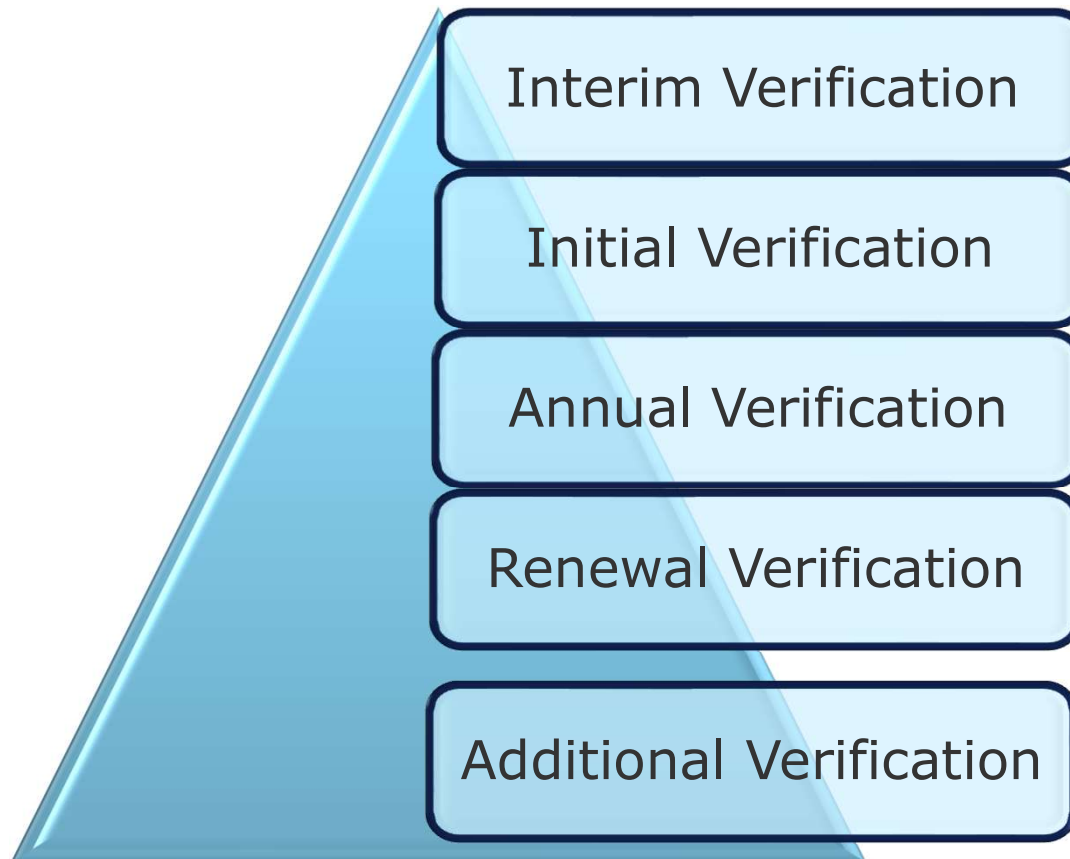
### **Breakout Room 1:**

**Developing Timeline for new Company (established 01.02.2021) – first vessel (newbuilding from dockyard) to be taken-over into management planned 01.04.2021**

### **Breakout Room 1:**

**Developing Timeline for new Vessel (newbuilding from dockyard) to be taken-over into management planned 01.04.2021**

## Types of Office Audits



## Types of Office Audits

### Interim Verification



When?

- Establishment of a new company
- Adding a new flag with additional statutory (flag State) requirements to the company's fleet
- Adding a new ship type to the company's fleet ship types

## Types of Office Audits

### Interim Verification

What to look for?

- Does the documented SMM address all elements of the ISM Code to the extent in parag. 1.2.3 of the Code\*?
- Does the Company demonstrate precise plans to implement a SMS, meeting the full requirements of the ISM Code within the period of validity of the Interim DOC?



Master list of intended plans and procedures for:

- Shipboard Operations (Element 7)
- Emergency Preparedness (Element 8)
- Maintenance (Element 10)
- Resources and Personnel (Element 6)

**This demonstration may include interviews with key personnel ashore**

*\* the Interim DOC can only be issued when the company has demonstrated that the **safety management system** meets the **objectives in paragraph 1.2.3 of the ISM Code**. Policy, risk assessment, competence & resources need to be in place, etc. Procedures which ensures that they comply with the mandatory rules and regulations for the ship types and flag in question need to be enforced. The SMS needs to be in place from day 1, the interim period is for implementation, for which a plan is needed*

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## Types of Office Audits

### Interim Verification



What happens if deviations are identified?

- Reporting them as OBSERVATION ONLY -- . Basically, if there are deviations (e.g. something which evidently impacts the ability to comply with the objectives in 1.2.3), then this will have to be corrected **before the interim DOC is issued**. Non-compliance should not be confused with room for improvement.

In order to enable:

- the Company to improve the system before the initial ISM audit in order to prevent non-compliance recurrence.
- the auditor conducting the initial ISM audit concentrates on previous identified problems (the Auditor can either close-out the observation or upgrade it to a NC)

## Types of Office Audits

### Interim Verification

- After the ISM Company interim verification an **Interim** Document of Compliance has to be issued with a validity of **12 months** if not otherwise specified.



**DNV GL**

**INTERIM**  
**DOCUMENT OF COMPLIANCE**

Certificate No: \_\_\_\_\_  
Date of issue: (yyyy-mm-dd) \_\_\_\_\_

Issued under the provisions of the INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1974, as amended  
under the authority of the Government of \_\_\_\_\_

by DNV GL

Particulars of Company <sup>1</sup>

Company Name: \_\_\_\_\_  
Company Address: \_\_\_\_\_  
Company Identification Number: \_\_\_\_\_

**This is to certify:**  
that the safety management system of the Company has been recognized as meeting the objectives of paragraph 1.2.3 of the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code), for the type(s) of ship marked on the list below:

This Interim Document of Compliance is valid until: (yyyy-mm-dd) \_\_\_\_\_

Issued at (place) on (yyyy-mm-dd) \_\_\_\_\_

for DNV GL

\_\_\_\_\_  
(name)  
Auditor

<sup>1</sup> See paragraph 1.1.2 of the ISM Code.

Form code: 40.099a Revision: 2015-04  
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## Types of Office Audits

### Initial Verification

- Before DoCs are issued for the first time
- In order to verify whether the relevant requirements of the ISM Code are complied with
- Application signed ? / Documentation reviewed ?
- Audit Plan agreed ?
- SMS in operation for 3 months ?
- Internal audits carried out ?



#### Audit Plan:

- Date and place of audit
- Identification of Auditor(s),
- Schedule of meetings (Opening.., Closing...),
- Audit language

## Types of Office Audits

### Initial Verification

After successful completion of initial audit:

- Auditor issues full term DoC (or, for R.O., a short term DoC as permitted by flag State for 5 months - in this case the full term DoC will be issued by RO, after assessment of audit report)
- DoC valid for 5 years from date of verification
- For multi flag fleet :
  - Several DOCs or
  - Letter of Acceptance\*



Why?

- To bridge time between verification and full term DoC
- Replaces function of interim certificates as known from other statutory certificates

*\* The letter of acceptance is seldom used anymore. Those flags who did that have now started to issue a DOC instead, on the basis of the audits carried out by/on behalf of an other flag.*

## Types of Office Audits

### Annual Verification



- To be performed annually, on anniversary date +/- 3 months
- Same scope as the initial verification
- The documentation shall be briefly reviewed (changes, up-dates) it should also be verified that new regulations/requirements are incorporated and that new/revised guidelines are taken into account. At least one vessel of each type (and when multi flagged fleet – one vessel per type and flag –)
- Verify implementation of corrective actions and due consideration given to OBSERVATIONS.
- Endorsement of DoC

## Types of Office Audits

### Renewal Verification

- Due date from 3 months before the expiry date of the DoC - to be completed before the expiry date
- Same principles as initial verification
- Document review (also for additional flag State requirements)



#### Endorsing / Renewing DoC?

- Previous NCs closed out ?
- Schedule for CA on new NCs agreed
- Authorization for auditor to endorse/renew
- Copy of endorsed/renewed DoC to vessel

## Types of Office Audits

### Additional Verification

- Office (or ship)
- In case of major NCs
- Corrective actions adequately / successfully implemented ?
- Scope can be a partial or full verification
- Can be required by flag State / port State
- Or change of company name/address, major restructuring of SMS ... new flag ...



## Document of Compliance

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Becomes invalid:

- CAs are not dealt with
- Periodical verification not requested
- Who has to request ?
- Additional national requirements to ISM Code not implemented
- Unresolved major NC



**Consequence:**  
All associated SMCs become invalid



## Document of Compliance

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Can the auditor withdraw the DOC ?

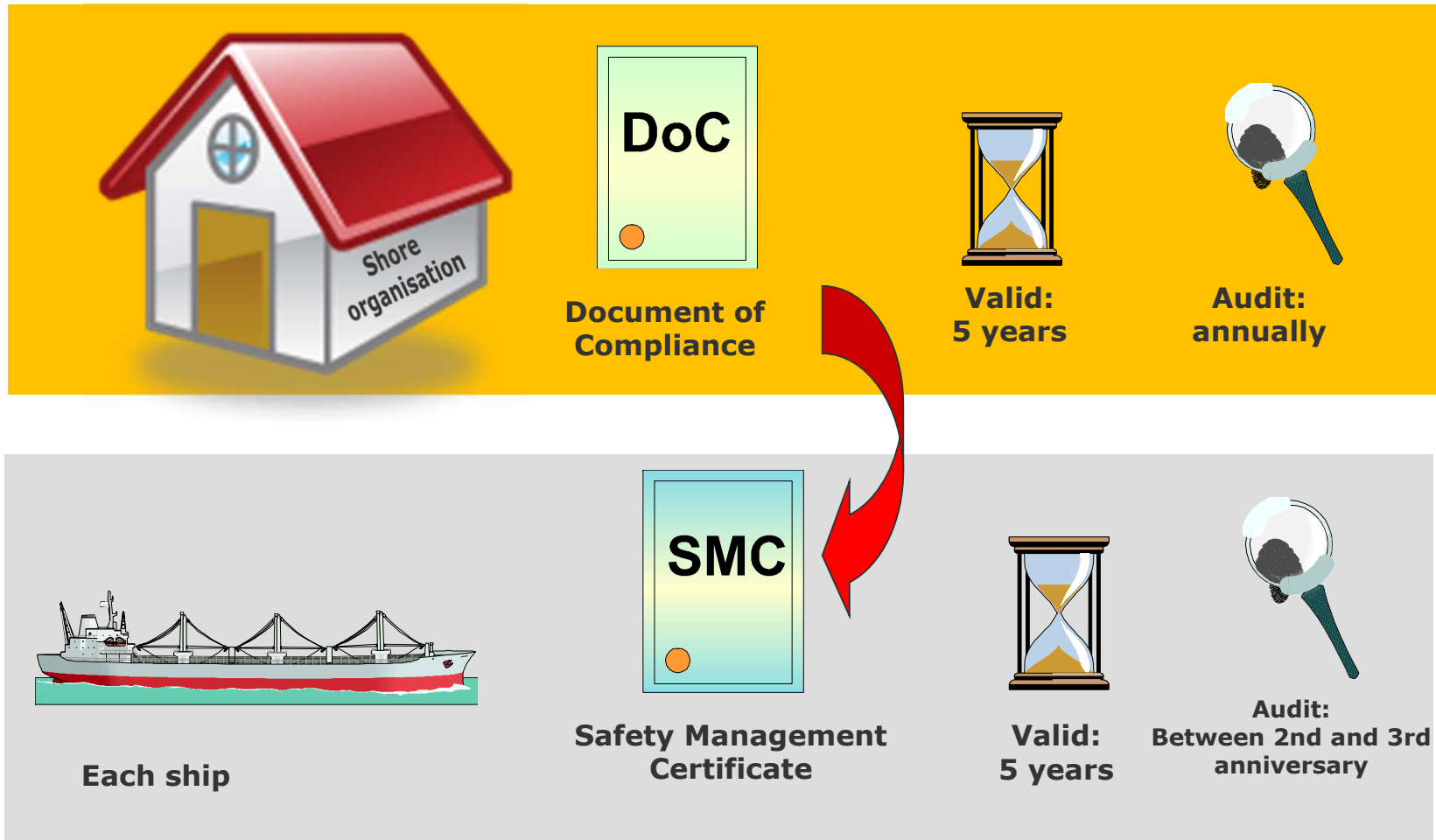
RO authorized by administration ?

- Written notice stating reasons
- (Notification of Invalidation of ISM Certification)
- In case of RO: involve H.O. of RO
- Await advise from Administration

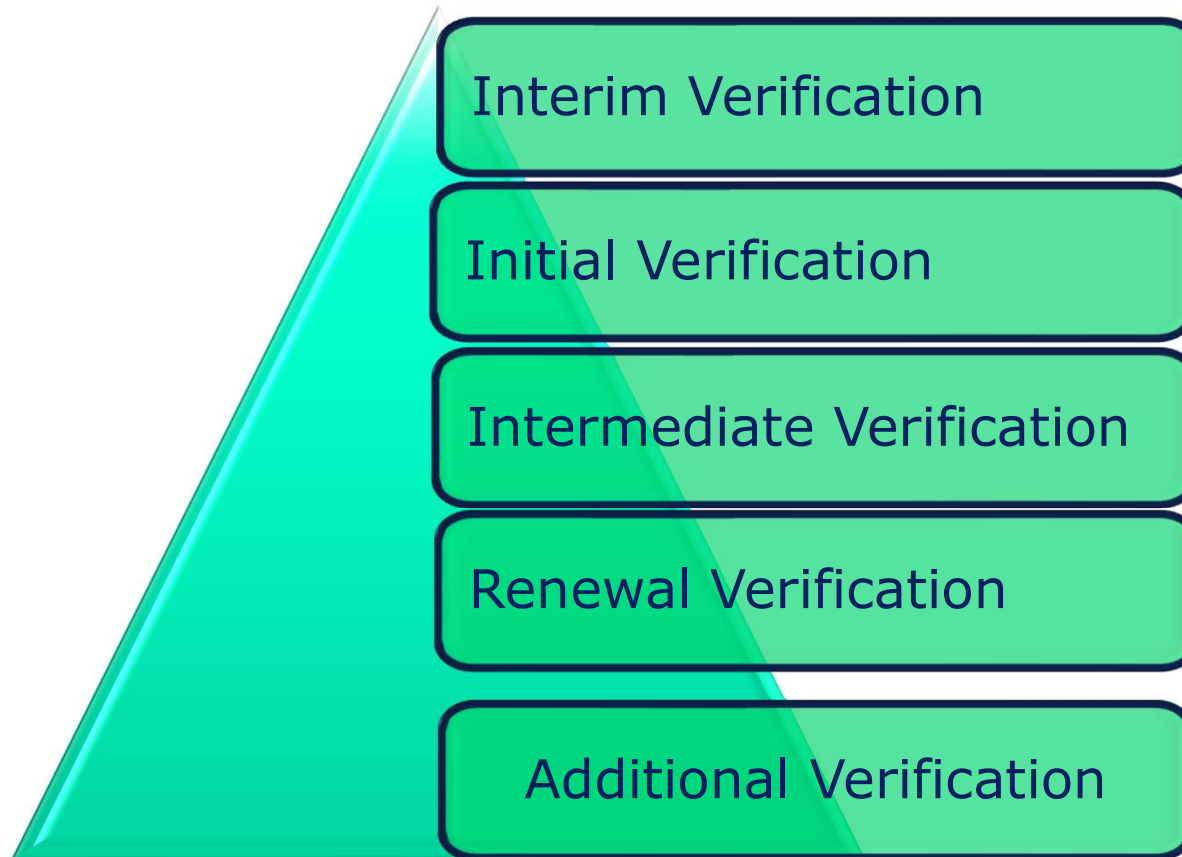


**DOC to be re-instated after successful audit in the scope of an initial verification**

## Certification & Monitoring



## Types of Shipboard Audits



## Types of Shipboard Audits

### Interim Verification



When?


- Change of management;
- Delivery of new building;
- (Re-entry into service of a ship out of service for more than 6 months)
- Change of flag (WITH additional statutory requirements of new flag State)

## Types of Shipboard Audits

### Interim Verification



What to look for?

- DoC or Interim DoC relevant to ship type and flag
  - SMM on board addresses key elements of ISM Code / has been assessed during document review
  - Master and officers are familiar with the SMM and planned arrangements for its implementation
  - instructions identified as essential to be provided prior to sailing have been given
- 
- Muster list, stations and individual emergency duties known
  - Alarm signals known
  - Allocation and use of safety equipment known and ready for use
  - Escape routes known
  - Relevant information on the SMM is given in working language
  - Bridge and engine ready
  - Passage planning
  - Plans exist for Company audit of the ship within three months

## Types of Shipboard Audits

### Interim Verification



What happens if deviations are identified?

- If non-compliance with ISM 14.4 is identified, the interim SMC cannot be issued. In exceptional cases, NCs may be issued. OB is not a deviation.

In order to enable:

- the ship to improve the system before the initial ISM verification
- the auditor conducting the initial ISM verification concentrates on previous identified problems (the auditor can either close-out the observation / NC or upgrade it to a NC / Major NC)



## Types of Shipboard Audits

### Interim Verification

- After the ISM shipboard interim verification an **Interim** Safety Management Certificate (SMC) is to be issued with a validity of **6 months** if not otherwise specified. A 6 months extension is possible.



Certificate No.:

**INTERIM  
SAFETY MANAGEMENT CERTIFICATE**

Issued under the provisions of the  
**INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1974,**  
as amended  
under the authority of the Government of

by **GERMANISCHER LLOYD**

Name of Ship	Distinctive Number or Letters	Port of Registry	Gross Tonnage	IMO Number

Name and address of the Company (see paragraph 1.1.2 of the ISM Code)	Type of Ship *

**THIS IS TO CERTIFY THAT** the requirements of paragraph 14.4 of the ISM Code have been met and that the Document of Compliance / Interim Document of Compliance \*\* of the Company is relevant to this ship.

This Interim Safety Management Certificate is valid until                      subject to the Document of Compliance / Interim Document of Compliance \*\* remaining valid.

Issued at                      the                      day of                     

Seal

Auditor to Germanischer Lloyd  
(                      )

The validity of this Interim Safety Management Certificate is extended to:

Date of extension:

Seal

Auditor to Germanischer Lloyd  
(                      )

\* Insert the type of ship from: Passenger ship, passenger high-speed craft, cargo high-speed craft, bulk carrier, oil tanker, chemical tanker, gas carrier, mobile offshore drilling unit, other cargo ship.

\*\* Delete as appropriate.

## Types of Shipboard Audits

### Initial Verification

- Before SMC is issued for the first time:
- To verify effective functioning / implementation of SMS
- It has to be verified that the SMS is fully implemented – all areas of the ISM Code shall be covered
- SMS in operation for 3 months
- Copy of the Company DoC relevant to that ship to be placed on board
- All crew available (under normal operating conditions)
- Compliance with mandatory rules and regulations
- Practical approach



#### Audit plan:

- A copy of the crew list may be handy when planning the audit. Crew members at all levels (ISM relevant) to be interviewed
- As far as possible during working hours (nobody to be woken up). STCW / MLC requirements to be duly considered

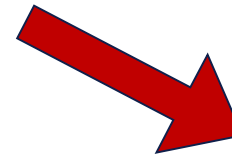
## Types of Shipboard Audits

### Initial Verification



After successful completion of initial verification:

- Auditor issues the full term SMC (or, for RO, a short term SMC as instructed by flag State for 5 months)
- In this case the full term SMC will be issued by RO upon assessment of audit report
- SMC valid for 5 years from date of verification
- RO auditors (in case of DNVGL) normally issue a FT SMC when DNVGL is authorized by flag to do so

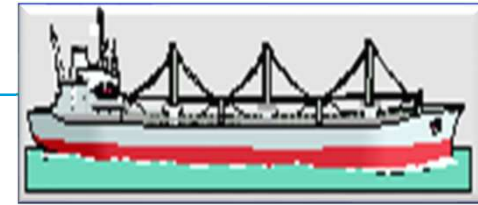


Why?

- To bridge time between verification and full term SMC issued by Flag State or RO.
- Replaces function of interim certificates as known from other statutory certificates

## Types of Shipboard Audits

### Intermediate Verification



- Due date between the 2nd and 3rd anniversary date of SMC
- Scope of initial verification. All periodical verifications are full scope
- Verify implementation of corrective actions
- Endorsement of SMC

## Types of Shipboard Audits

### Renewal Verification

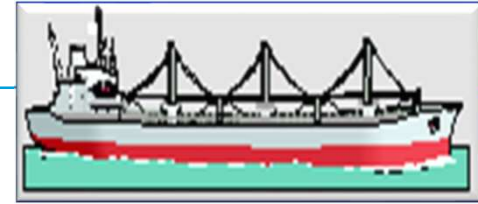


- Due date from 3 months before the expiry date of the SMC to be completed before the expiry date
- Same scope as initial (and intermediate) verification
- New SMC to be issued by the auditor. (or, for RO, a short term for 5 months as instructed by flag State) (Full term SMC can be extended for a maximum of 5 months.)
- New full term SMC to be issued by RO or flag State.

## Types of Shipboard Audits

### Additional Verification

- Ship, or Office
- In case of major NCs
- Corrective actions adequately / successfully implemented ?
- When Major NC has been downgraded additional audit must be carried out within 3 months
- Scope can be a partial or full verification
- Can be required by flag State / port State





## Safety Management Certificate



### Invalidation / Withdrawal of SMC

- Same procedure as for DoC
- Invalidation of SMC does not affect other SMC's / DoC
- CAs are not dealt with
- Periodical verification not requested
- Who has to request ?
- Additional national requirements to ISM Code not implemented
- Unresolved major NC

## Safety Management Certificate



What about outstanding NCs?

- May be closed-out if effective implementation of CA is verified
- Otherwise NC remains until next scheduled audit if the 3 months implementation window is still open
- In case 3 months exceeded without rectification it needs to be upgraded



## Closing – Module 6

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**Do you have any further questions?**

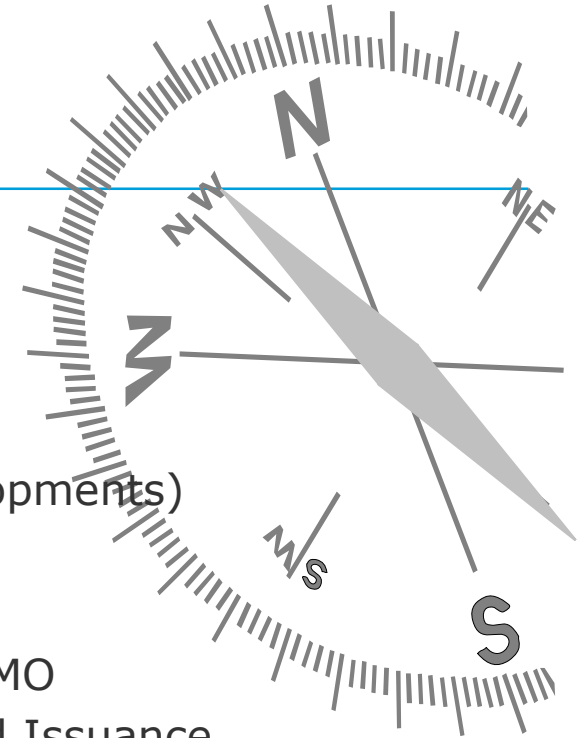


# Navigator

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## ➔ **Module 7 – The Auditor**

- Module 8 – Audit Planning and Organization
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## Qualification of Auditors

- **ISM-Code Certification:**
  - IMO Resolution A.1118(30) + **EC Directive 336 2006 Auditor qualification**  
(see Module 5)
- **General qualification criteria:** ISO 19011:2018
  - Professional training
  - Professional experience
  - Auditor training course
  - Practical audit experience



# Qualification of Auditors (EU Reg. 336/2006 – Appendix II)

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## **Standard of management:**

Auditors shall have competences in

- Compliance with rules & regulations
- Approval, survey and certification activities
- Terms of reference
- Practical experience

**Independency** between personnel providing consultancy services and those involved in the certification procedure

## **Standard of competence:**

Basic competence for performing verification:

- Annex XI to Directive 2009/16/EC
- Training

Competence for initial verification and renewal verification

- Advanced competencies
- May be accomplished by teams



# Qualification of Auditors

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## Practical Experience

- Ship operation
- Relevant types of ships
- Shore organization

## Knowledge

- Company procedures and business processes
- SMS, SSP, QMS
- ISM Code, ISPS Code, ISO standard
- Legal requirements, contract conditions

## Auditor's Required Personal Attributes

Diplomatic,  
e.g. tactful in dealing  
with people

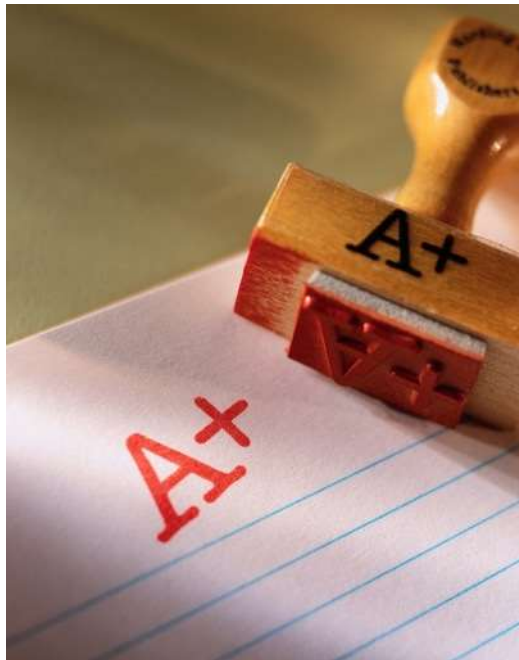
Decisive

Professional

Observant

Organized

Open-minded



Ethical,  
e.g. fair, honest,  
sincere, discreet

Versatile

Tenacious

Perceptive

Self-reliant

Collaborative

Culturally sensitive

## Auditor's Required Personality

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- Attitude concerning SMS
- Ability to motivate
- Good communicator
- Calm and polite
- Well prepared, punctual and precise
- Good means of articulation
- Objectivity and capability of judgment

## It's all about communication !

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- Communication is more than talking, reading, writing, procedures
- Communication is also exchanging ideas, information and knowledge between individuals, and between crew and management ashore
- Ability to convey information by word of mouth and/or by written communication is important to the safety of ships' crews, visitors and passengers and to the well-being of crews.
- **But what is good communication ?**



# Which is the right view ?

#1



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## Which is the right view ?

#2



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## Which is the right view ?

#3



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## Communication challenge: different thinking of people

	Soft factors (non-measurable)	Hard factors (measurable)
<b>individual</b>	<b>Mind:</b> <ul style="list-style-type: none"> <li>• Psyche</li> <li>• Character</li> <li>• Sum of own experiences</li> </ul>	<b>Body:</b> <ul style="list-style-type: none"> <li>• Physical</li> <li>• Personal health</li> <li>• Gender</li> <li>• Outside appearance</li> </ul>
<b>collective</b>	<b>Culture (religion):</b> <ul style="list-style-type: none"> <li>• Values</li> <li>• Rituals</li> <li>• Heroes</li> <li>• Symbols</li> </ul>	<b>Social System:</b> <ul style="list-style-type: none"> <li>• Nation</li> <li>• Working and living conditions</li> <li>• Legal System</li> <li>• Financial / Tax System</li> <li>• Technologies</li> </ul>

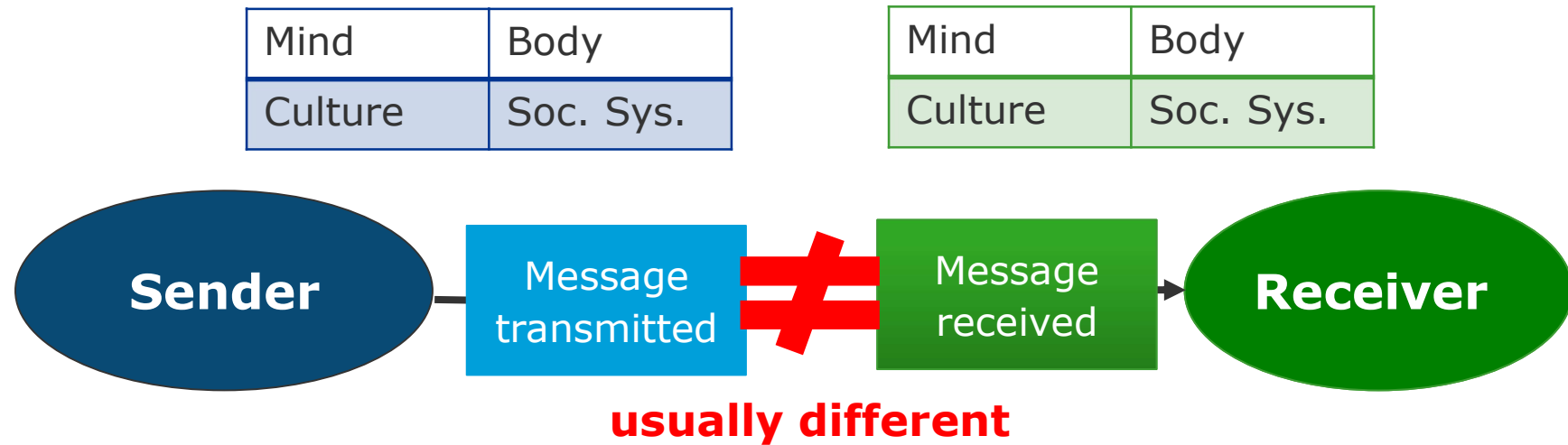
**Integral  
model**

Based on:

Ken Wilber's Integral Theory

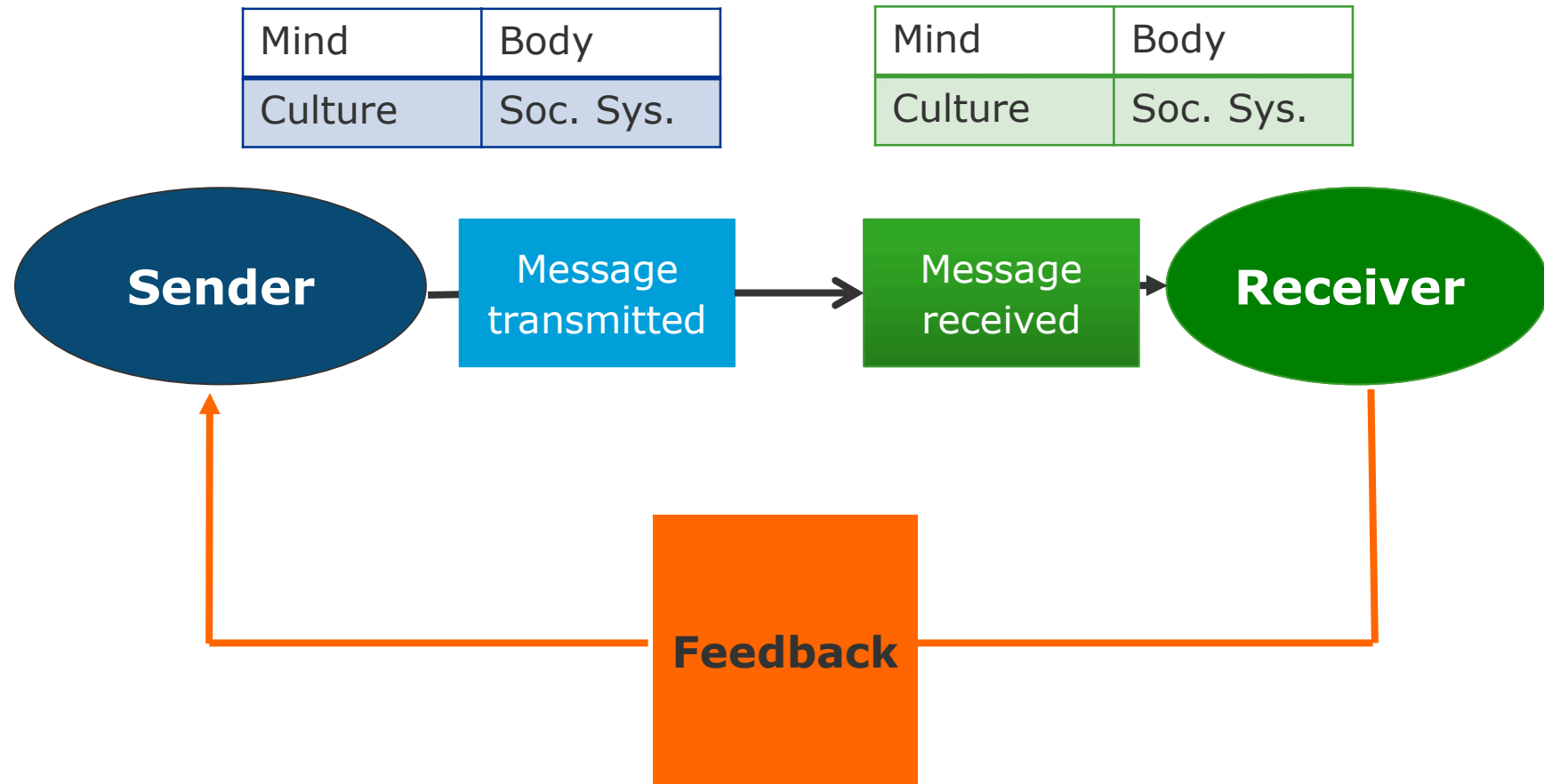


## Model of Human Communication



**How to avoid  
communication  
failures ?**

## Avoiding communication failures:



## Essential Elements on Good Feedback:

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Feedback is useful, because it...

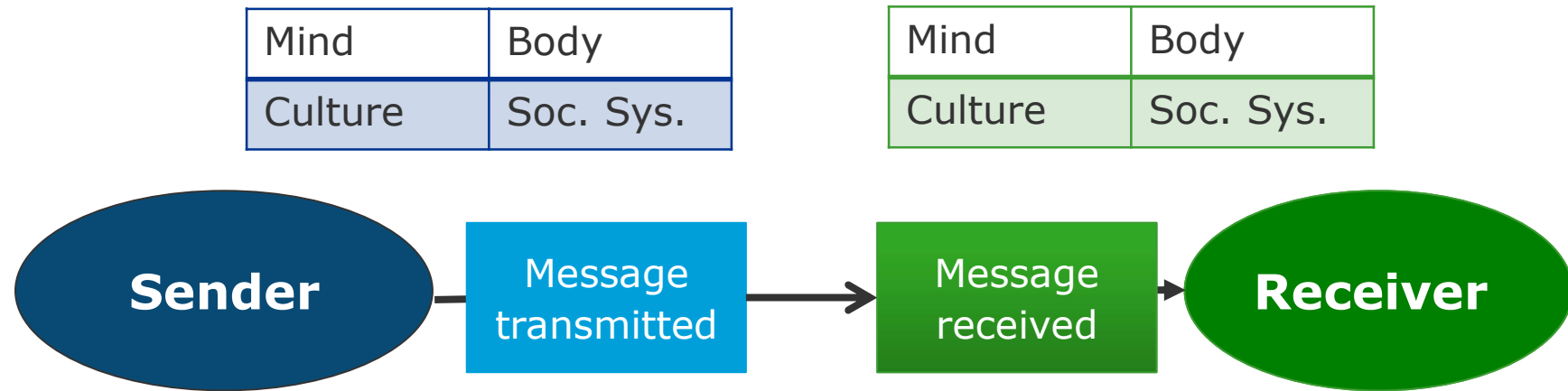
- delivers information about one's own performance
- confirms and boosts positive behaviour
- corrects behaviour that fails to correspond to the original objective clarifies the relationship between two persons and creates a better understanding for one another
- motivates to further improve one's skills

The point of feedback is not to establish who is right and who is wrong!

Feedback is supposed to communicate personal impressions and should be helpful.

The receiver decides for himself how to use the information expressed in the feedback

## Avoiding communication failures:

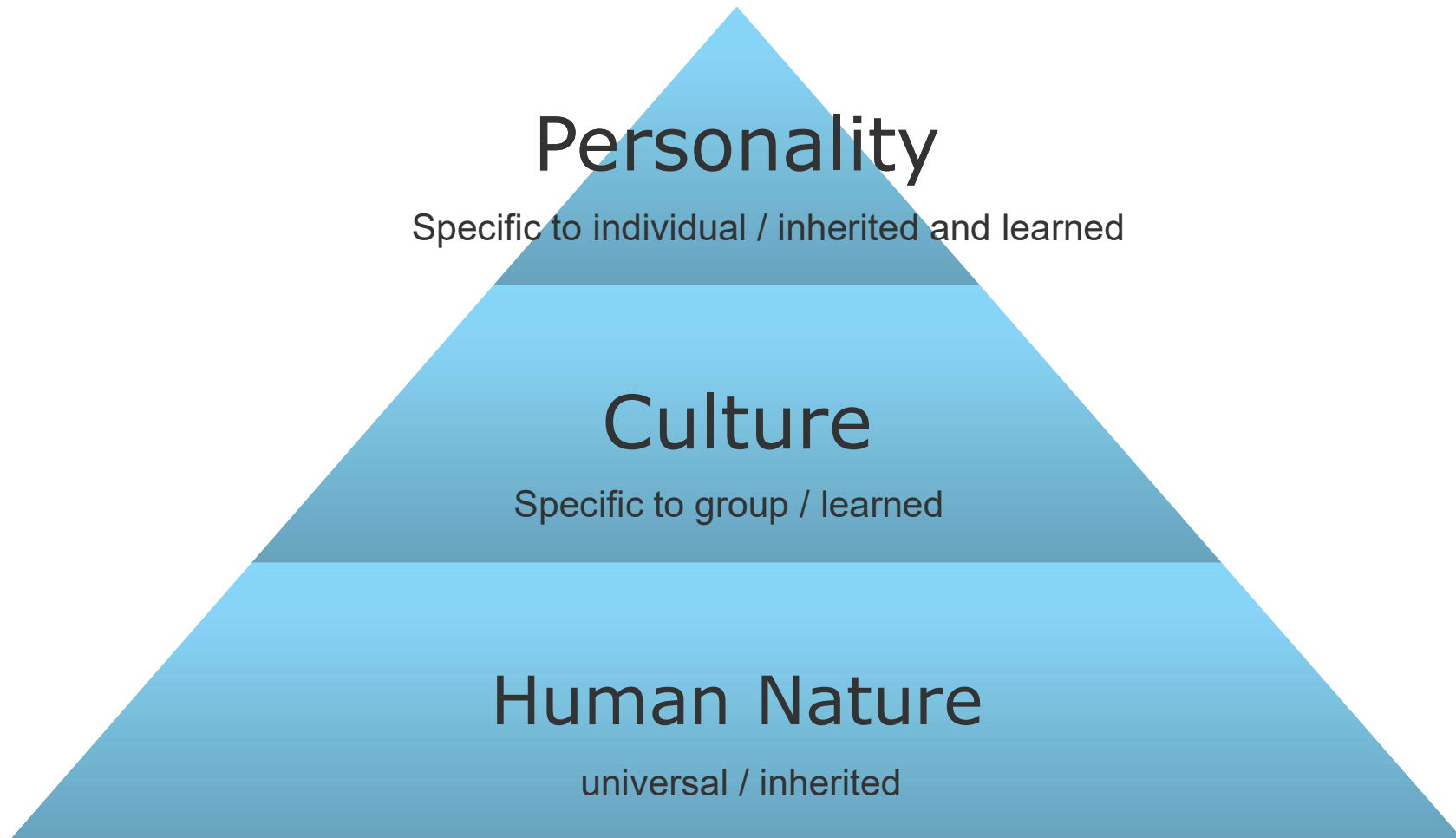


## Establish a Standardised Language / Professional Communication



## Communication is driven by “mental programming”

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Source: Hofstede / Minkov

Cultures & Organizations: Software of the mind, 3rd edit.

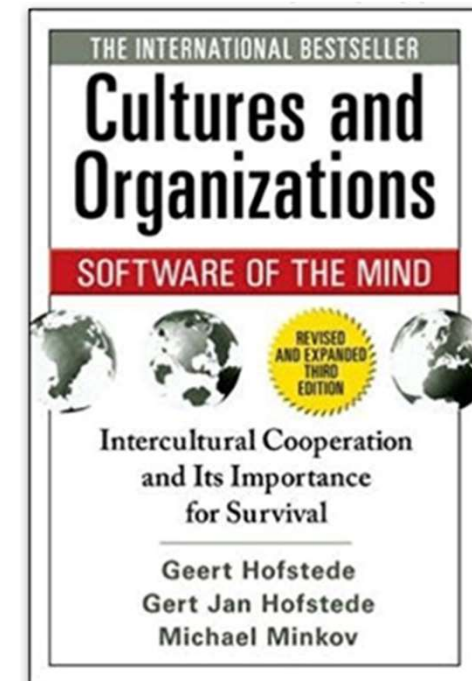
## Indices of mental programs:

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**Hofstede / Minkov**

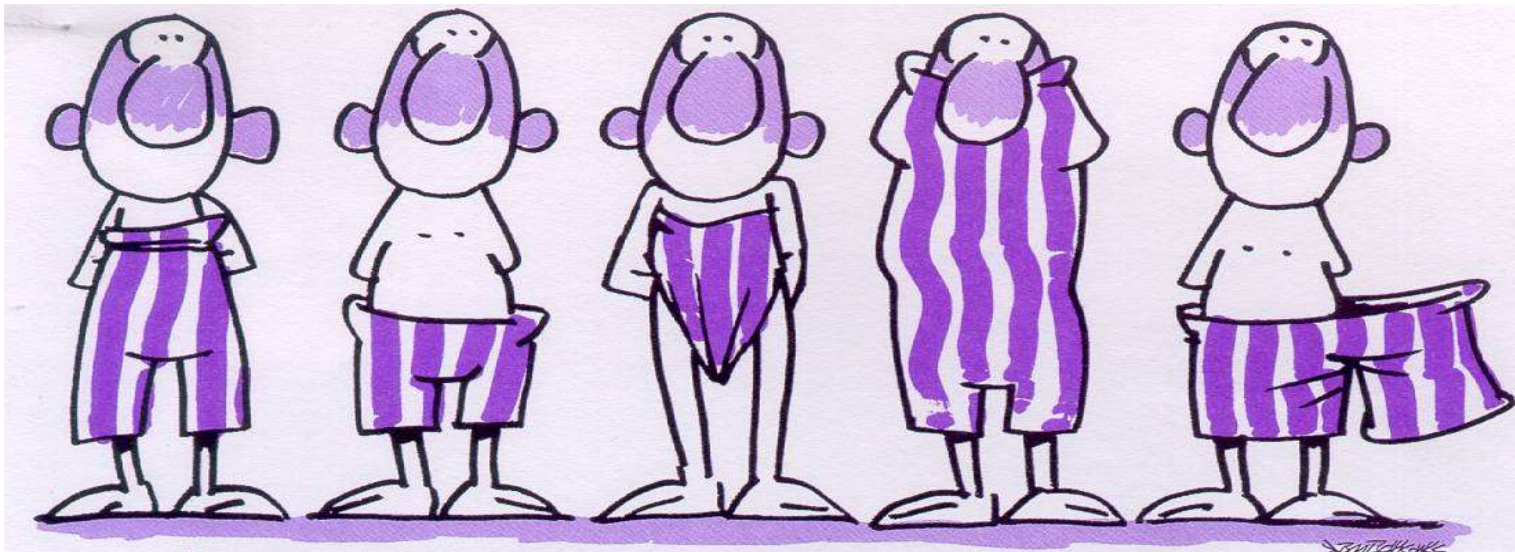
**Cultures & Organizations: Software of the mind, 3rd edit.**

- Power Distance Index (PDI)
- Degree of individualism in society – Individualism Index (IDV)
- Masculinity vs. Femininity – Masculinity Index (MAS)
- Uncertainty Avoidance Index (UAI)
- Long Term Orientation Index (LTO)
- Subjective well-being (SWB)



## Non-verbal communication

- Facial expression
- Body language
- Eye contact
- Appearance
- Gesture
- Motion
- Body contact
- Behavior



## Auditor's behaviour - Body language

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## Auditor's behaviour - Facial expression

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## Developing communication skills

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### 2 key areas:

#### Building relations

- listening actively
- showing empathy
- demonstrating understanding

#### Formal reporting

- **evidence of communication**
- clarification of open / unclear points
- basis of feedback

## Closing – Module 7

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**Do you have any further questions?**

