

Procedures and requirements for certification under ISM Code and information on retention of SMS documentation and responsibility of ship owners, managers incase of ship's change of management: (Superseded by M.S. Notice 09 of 2014)

Engineering Circular No. 76

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Sub: Procedures and requirements for certification under ISM Code and information on retention of SMS documentation and responsibility of ship owners, managers incase of ship's change of management:

The Directorate has been receiving many queries from shipping companies on the procedure and requirements to apply for audits under ISM Code. It is also observed that many a times the companies do not know when and how to apply for ISM audits. This has led to lengthy correspondence between DGS and companies resulting in loss of precious time of companies and DGS.

The DGS issued many circulars / guidelines on this matter (Refer [MS Notice 28 of 2003](#) and [8 of 2004](#), [Engineering Circulars 13, 36, 43, 44, 49](#) and [57](#)). However, it appears that the contents of some of the earlier circulars issued on the subject were not clearly understood or some of the required information were not clearly spelt out. This circular is issued for giving clear information in a detailed manner consolidating all the requirements for ISM certification.

As you are all aware that ISM Code applies to all passenger vessels and other vessels of 500 GT and above. The Directorate General of Shipping issues certification under ISM Code for Indian flag vessels on satisfactory verification of Safety Management System implementation in company and on board the vessel. The Directorate make arrangements for conduct of SMC and DOC Audits. Indian Register of Shipping, the recognized organization has been authorized to conduct SMC audits on board the vessel on behalf of the Directorate.

A. Types of audits: '

Company

- a. Interim
- b. Initial
- c. Annual
- d. Renewal
- e. Additional audits.
- f. Surveillance audits

Ship:

- a. Interim Audit
- b. Initial audit
- c. Intermediate audit
- d. Renewal
- e. Additional audit

B. Procedures to apply for DOC audit: '

The companies are required to apply to Chief Surveyor with the GOI, in the prescribed format (Form ISM-03) along with fees (refer [DGS Circular 1 of 2004](#)). On receipt of the application, names of auditors and date of audit will be informed to company and auditors through a letter and sometime by e'mail. After receiving the auditors' nomination, the company must liaise with the auditors to get the audit done on that date or any other date that is mutually agreed upon. Change of audit date must be intimated to DGS. The company and auditors are free to contact ISM Cell at any time even during the audit in case required. It is expected that audit takes place on the date indicated in the nomination letter.

Sometime, it may not be possible for the auditors to carry out the audit on the nominated day due to their pre'occupation with other statutory work or other exigencies. In that case, the audit can be conducted on any other day agreeable to both auditor and company.

In case, the auditor and company do not come to an understanding on the date other than specified in nomination letter, it is the responsibility of the lead auditor to bring it to the notice of the ISM Cell of DGS for making alternative arrangements.

The P.O. is authorized to nominate another auditor in case of non'availability of audit team members with prior intimation to DGS. The ISM Cell of DGS should be informed for nominating another auditor either from DGS or from other Districts in case alternative arrangements cannot be made by Principal Officer.

On completion of the audit, the Lead Auditor hands over the original Assessment Report and NC Reports to company and forwards the copies to ISM Cell, DGS. On scrutiny of Assessment Report, the required certificates are issued by DGS to company directly. The company is responsible to effect the closure of NC within the prescribed period in consultation with Lead Auditor who endorses the NC closure reports on his acceptance of proposed corrective action. Copies of NC closure reports are to be submitted to DGS by the company.

C. Requirements:

1. DOC - Interim audit: '

An Interim DOC is issued to facilitate initial implementation of ISM Code to

A newly established company or

'When new ship types are added to an existing DOC

Applications on company letterhead with following enclosures are to be submitted to ISM Cell, DGS.

- a. Company SMS manuals.
- b. ISM'03 Form with fees.
- c. ISM-11/12 Forms
- d. Company incorporation Certificate.
- e. Copies of ownership / lease agreements / rental agreements for the office premises.

On receipt of the application, Auditor is nominated to scrutinize the SMS Manuals. The company will be informed of nomination of the auditor and need to liaise with the auditor in case any changes are required to be made in SMS manual. The nominated auditor hands over the SMS manuals to company on completion of

scrutiny with intimation to DGS on the status of SMS manual. The company should submit the amended final approved SMS manual in soft copy to the ISM Cell of DGS. On receipt of communication from auditor, the ISM Cell nominates auditors for carrying out Interim DOC audit. The DGS issues Interim DOC for a maximum period of 12 months on receipt and scrutiny of Interim DOC Audit report from the audit team. After obtaining this certification, the company is eligible to take over Indian flag vessel for technical management of the ship types as indicated in their interim DOC / DOC.

ISM - 01/02/03/11/12/13 form are available in MS Notice 8 of 2004

(2) DOC' Initial Audit: '

The company is eligible to apply for Initial DOC Audit on implementation of SMS for at least 3 months on the vessel and in company

Application on letterhead of company with following enclosures is to be submitted to ISM cell, DGS:

1. ISM' 03 with fees

On receipt of application, ISM Cell, DGS nominates auditors and there after the procedure given at Para B is to be followed.

The DGS issues DOC for a maximum period of 5 years on receipt and scrutiny of initial DOC Audit report from the audit team

This DOC is valid subject to annual verification of SMS (Annual DOC audit).

(3) DOC ' Annual audit

Companies in possession of DOC are required to apply for annual verification audit within 3 months before or after each anniversary date of validity.

Application on letterhead of company with following enclosures is to be submitted to ISM cell, DGS:

1. ISM - 03 with fees

On receipt of application, ISM Cell, DGS nominates auditors and there after the procedure given at Para B have to be followed. Lead Auditor of the audit team endorses the DOC for annual verification on satisfactory completion of audit.

(4) DOC'Renewal audit: '

Companies in possession of DOC are required to apply for renewal verification audit before the expiry of validity of the DOC for obtaining fresh DOC.

Application on letterhead of company with following enclosures is to be submitted to ISM cell, DGS:

1. ISM - 03 with fees

On receipt of application, ISM Cell, DGS will nominate auditors and there after the procedure given at Para B have to be followed.

The DGS issues DOC for a maximum period of 5 years on receipt and scrutiny of renewal DOC Audit report from the audit team. This DOC is valid subject to annual verification of SMS (Annual DOC audit).

(5)DOC'Additional Audit.

Company in possession of DOC are required to apply for Additional DOC Audit when

- ' Change of company name
- ' Shifting of office location
- ' Imposed by Audit team or DGS
- ' Complete revision of SMS Manuals

The application on letterhead of company along with following is to be submitted to ISM Cell, DGS.

(a) ISM - 03 with fees

On receipt of application, auditors are nominated and thereafter, the procedure given in Para II is to be followed. The audit team endorses the DOC for additional verification on satisfactory completion of audit.

(6) DOC - Surveillance audit:'

Companies in possession of interim DOC valid for 12 months but were unable to obtain management of ship during the period of validity can apply for surveillance DOC audit prior to their expiry of interim DOC to revalidate their existing interim DOC beyond 12 months (Refer Engineering Circular No. 36).

The application on letterhead of company along with following is to be submitted to ISM Cell, DGS.

(a) ISM - 03 with fees

On receipt of application, auditors are nominated, and thereafter, the procedure given in para B is to be followed.

The DGS issues interim DOC for a maximum period of 12 months on receipt and scrutiny of surveillance DOC Audit report from the audit team.

(D) Procedure to apply for SMC Audit:

At present SMC audits are carried by IRS, the R.O of the Directorate. ISM Cell, DGS also carries out SMC audits as and when required especially sample ship audits. The fee for the audit is to be submitted to DGS whenever DGS carries out SMC audits. The procedure for nomination of auditors and conduct of SMC audits by DGS is as per Para B. IRS has to be contacted for their procedure.

1. SMC - Interim audit

Company in possession of Interim DOC or DOC is eligible to apply for Interim SMC audit for ship when

Takes on responsibility for the operation of a ship (DOC should be relevant to the ship type) that is new to the company.

The application on company letterhead with following enclosures is to be submitted to ISM Cell, DGS and also to IRS (recognized organization)

(a) ISM - 03

(b) ISM - 01/02

(c) Copy of certificate of registry of the vessel

On satisfactory completion of SMC audit, IRS issues short term Interim SMC valid for 3 months and recommends to ISM Cell, DGS for issuance of Interim SMC valid for 6 months. On receipt and scrutiny

of audit reports received from IRS, an Interim SMC valid for 6 months is issued to the vessel so as the case when DGS carries out Interim SMC audits. In special cases ISM Cell extends the validity of an Interim SMC for a further period but not exceeding 6 months.

2. SMC - Initial audit:'

Company in possession of DOC (not Interim DOC) and having implemented SMS on board the ship for at least 3 months is eligible to apply for Initial SMC audit of that ship.

The procedure for application, nomination of auditors and conduct of audit is as per Para D. On satisfactory completion of Initial SMC audit, IRS issues SMC valid for 5 months with recommendation to ISM Cell, DGS for issuance of SMC valid for a period not exceeding five years.

On scrutiny of audit report received from IRS, SMC valid for a period not exceeding 5 years is issued to the vessel so as when DGS carries out Initial SMC audit. This SMC is valid subject to at least one Intermediate verification, which should take place between second and third anniversary dates of the SMC.

3. SMC ' Intermediate Audit:

Company should apply for Intermediate SMC Audit of their vessel to maintain the validity of SMC. The Intermediate SMC Audit is required to be carried out between second and third anniversary dates of SMC.

The procedure for application, nomination of auditors and conduct of audit is as per Para D. Lead Auditor of the audit team endorses the SMC for Intermediate verification on satisfactory completion of audit.

4. SMC - Renewal Audit:

Companies are required to apply for renewal verification audit before the expiry of validity of the existing SMC for obtaining fresh SMC, preferably when the window period commences i.e., within six months prior to expiry of SMC.

The procedure for application, nomination of auditors and conduct of audit is as per Para D.

On satisfactory completion of Initial SMC audit, IRS issues SMC valid for 5 months with recommendation to ISM Cell, DGS for issuance of SMC valid for a period not exceeding five years.

On scrutiny of audit report received from IRS, SMC valid for a period not exceeding 5 years is issued to the vessel so as when DGS carries out Initial SMC audit. This SMC is valid subject to at least one Intermediate verification, which should take place between second and third anniversary dates of the SMC.

5. SMC Additional Audit:

Company in possession of interim SMC or SMC for their ships is required to apply for additional SMC audit on imposition by audit team or DGS. The procedure for application, nomination of auditors and conduct of audit is as per D. The audit team endorses the SMC for addl.verification on satisfactory completion of audit.

(E) Information on retention of SMS documentation and responsibility of ship owners, managers incase of ship's change of management:

Company is required to preserve / keep the last 3 years records of ships that are / were operated by them.

1. On transfer of ship from one Indian company to other, there should be a proper handing over of ship with respect to its condition. The handing over report should be submitted to ISM Cell, DGS. It is the

responsibility of both the companies to inform ISM Cell, DGS on the condition of vessel soon after handing / taking over of the ship.

2. In case if the condition of ship is found to be poor during the interim SMC audit, the previous manager is held responsible and their company may be subjected to additional audits (DOC/SMC), depending on the nature of deficiencies on the ship.
3. Owners of the ships are advised to inform ISM Cell, DGS on the performance of companies that are managing their vessels.

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