

To: INSB Auditors  
Managing Companies

Subject: PARIS MoU NIR - PSC Inspections and Handling of ISM Code deficiencies

Dear Sirs,

As you may be aware, Paris MOU is already implementing New Inspection Regime (NIR) as of **January 1, 2011**, and relevant information may be obtained from the **INSB Circulars "I.N.S.B./001E/PCH/10"** dated 24/03/2010 and **"I.N.S.B./002E/PCH/10"** dated 30/03/2010.

Within the frames of the new NIR, **new procedures/guidelines** are used by the PSCO **for the handling of the ISM Code deficiencies**. The scope of the present circular is to brief you regarding these new guidelines enabling the more effective handling of the PSC inspections where ISM Code deficiencies have been raised.

It worth's to be reminded regarding the company performance criteria for the calculation of the Ship Risk Profile which is a **new parameter** in the Paris MOU. The Paris MOU has established a **formula** which takes into **consideration the deficiencies and detentions** in the last **36 months** of the **company's fleet**, based on the IMO company number and **compares it to the average of all vessels** inspected in the Paris MOU to determine the performance level. The companies will be ranked into very low, low, medium and high. Any Refusal of Access (Ban) will have a negative impact on the ranking of the company.

## 1. General

- 1.1 PSCO conducts an **inspection** of the ship which is a **sampling process** and gives a **snapshot** of the vessel **on a particular day**. The documentation of the **SMS** is required to be in the **working language** of the ship which the PSCO may not be able to understand. Therefore, the **PSCO neither can perform a SMS audit nor is a member of an RO to perform a SMS audit**.
- 1.2 The new guidelines provide to the PSCO guidance for the harmonized application by **relating technical or operational deficiencies found, with the failure or lack of SMS effectiveness**.

## 2. Reporting of ISM Code deficiencies

- 2.1 All the posed technical and/or operational deficiencies found during the PSC inspection shall be recorded in the PSC inspection report as usual.
- 2.2 Where the PSCO has considered that some of these **deficiencies** provide objective evidence of a **SMS (serious) failure, or lack of its effectiveness** an **individual ISM related deficiency** shall be **recorded** in the PSC inspection report.
- 2.3 Furthermore for the technical and/or operational **deficiencies which are ISM related**, the PSCO shall **add** at the end of the additional comment the word (**ISM**).

- 2.4 So, there will be **three different categories** for the PSC raised technical and/or operational deficiencies in relation with the ISM Code, according to the PSCO professional judgment:
- a) These which **do not show failure or lack of SMS effectiveness** therefore **no ISM** related deficiency shall be **reported** by the PSCO
  - b) These which **do not warrant the detention** of the ship but **indicate failure or lack of SMS effectiveness**. In this case the PSCO shall report an **individual ISM related deficiency** with the requirement of an **internal ISM audit and corrective actions within 3 months** (action code 18)
  - c) These which **lead to the detention** of the ship and **indicate a serious failure or lack of SMS effectiveness**. In this case the PSCO shall report an **individual ISM related deficiency** with the requirement of an **external ISM audit** by the Administration or the RO before the release from the detention (action code 19)
- 2.5 An ISM related deficiency in the PSC inspection report should be reported as follows:
- |                       |                             |
|-----------------------|-----------------------------|
| Code:                 | <b>15100</b>                |
| Defective item:       | <b>ISM</b>                  |
| Nature of defect:     | <b>Not as required</b>      |
| Convention reference: | <b>SOLAS CIX R3/ISM 1.2</b> |
| Action taken:         | <b>18 or 19</b>             |
- 18** - an internal ISM audit and corrective actions within 3 months

**19** - an external ISM audit by the Administration or the RO before the release from the detention
- Additional comments:*
- (18) – Deficiency (ies) marked (ISM) is (are) objective evidence of a failure, or lack of SMS effectiveness
- (19) – Deficiency(ies) marked (ISM) is (are) objective evidence of a serious failure, or lack of SMS effectiveness
- 2.6 After a satisfactory examination, the sequence of action taken codes should be:  
Action taken code **19** ⇨ **18** ⇨ **10, or 18** ⇨ **10** (depending on which action taken code was initially issued)
- 2.7 If the examination of the areas in relation to an action taken code **18 was not satisfactory**, the action taken code **18 should be followed by 19 (detention)**
- 2.8 Where PSCO considers a technical and/or operational deficiency(s) as ISM related **only one** ISM related deficiency can be recorded.

### **3. Inspection of ship**

#### **3.1. Pre boarding preparation**

The PSCO shall **consult Paris MOU database (THETIS)** to gain an **overview of the previous inspection history** of the ship including any outstanding deficiencies and the performance of the company.

EQUASIS database may also be consulted for more information on the performance history.

#### **3.2. Initial inspection**

3.2.1 The PSCO shall **verify that the ship carries the ISM certificates** and the following points are to be examined:

1. Copy of DOC is onboard with required endorsements. The copy is not required to be authenticated or certified.

2. SMC indicates ship type which included in the DOC and the company's particulars are the same on both DOC and SMC.
3. The validity of an interim DOC should not exceed a period of 12 months. The validity of an interim SMC should not exceed a period of 6 months. Only in special cases interim DOC/SMC may be extended by the flag administration.
4. ROs may issue short term DOC/SMC not exceeding 5 months, while full term certificates are being prepared according to their internal procedures.
5. If a renewal verification has been completed and a new SMC cannot be issued or placed on board the ship before the expiry date of the existing certificate, the Administration or the RO may endorse the existing certificate and such a certificate should be accepted as valid for a further period which should not exceed five months from the expiry date.
6. If a ship at the time when a SMC expires is not in a port in which it is to be verified, the Administration may extend the period of validity of the SMC but this extension should be granted only for the purpose of allowing the ship to complete its voyage to the port in which it is to be verified, and then only in cases where it appears proper and reasonable to do so. No SMC should be extended for a period of longer than three months, and the ship to which an extension is granted should not, on its arrival in the port in which it is to be verified, be entitled by virtue of such extension to leave that port without having a new SMC. When the renewal verification is completed, the new SMC should be valid to a date not exceeding five years from the expiry date of the existing SMC before the extension was granted.

3.2.2 When no technical and or operational deficiency found during the initial inspection, there is no need to consider the ISM aspect.

### 3.3. More detailed inspection

Any technical and/or operational deficiency found, shall be related to the ISM Code by the PSCO, using his professional judgment, as follows:

- a. Deficiencies which **do not indicate a failure or lack of SMS effectiveness** No ISM related deficiency shall be **recorded**
- b. Deficiencies which individually or collectively **do not warrant ship detention but indicate a failure or lack of SMS effectiveness** ISM related deficiency shall be **recorded** with the requirement of an **internal audit** and **corrective actions** within 3 months
- c. Deficiencies which individually or collectively **lead to ship detention** and indicate a **serious failure or lack of SMS effectiveness** ISM related deficiency shall be **recorded** with the requirement of an **external audit** before release from the detention

### 3.4 Expanded inspection

Any technical and/or operational deficiency found by the PSCO during the expanded inspection, shall be considered as these found during the more detailed inspections (see above)

### 3.5 Follow up

- 3.5.1 The **follow up** by the company of the required internal audit (action taken code 18) or external audit (action code 19) shall **not be limited to rectification only of the posed** technical and or operational **deficiency(s)**.
- 3.5.2 The company should **investigate and analyze** the outcome of the internal or external audit and ensure that **proper corrective actions taken, including the implementation of measures intended to prevent reoccurrence**, for at least **every PSC** technical and or operational **deficiency(s)**.
- 3.5.3 If an **outstanding ISM related deficiency** (action taken code 18) from a **previous PSC** inspection exists and the current PSC inspection is **more than 3 months later**, the **PSCO will verify that an internal audit** has been performed. The content of the internal audit report will not be evaluated by the PSCO, however the **PSCO will verify the effectiveness of any corrective action, examining** the areas of the technical/operational **deficiencies (marked with ISM)** of the previous PSC inspection
- 3.5.4 If the PSCO finds **no objective evidence that an internal audit performed and corrective actions taken** the following (new) **deficiency will be recorded**:
  - “No objective evidence of the required internal audit from the previous PSC inspection is available”
  - An ISM related deficiency with action taken code **19 will be recorded and the vessel will be detained.**

Companies and INSB Auditors are kindly requested to study present circular and prepare themselves for the proper handling of the PARIS MoU PSC Inspections in relation with the ISM related deficiencies, as these are expected to be very often inside the PSC inspection reports, bearing also in mind that the ship and companies assessment from the MoU has been changed and affects significantly the smooth ship operation as well as the image of the ship and of the company.

Thank you for your kind attention.

Best Regards,

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