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CG-CVC Policy Letter
18-01 CH.1
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COMDT (CG-CVC)

To: Distribution

Subj: GUIDANCE ON THE AUDIT SCHEME FOR VESSELS USING A TOWING SAFETY
MANAGEMENT SYSTEM (TSMS) OPTION

Ref: (a) Title 46, Code of Federal Regulations (CFR), Section 138.220(a)(2)(i)
(b) 46 CFR §138.310
(c) 46 CFR §138.315
(d) 46 CFR §136.115
(e) 46 CFR §138.315(b)(3)
(f) 46 CFR §138.315(b)(4)

1. PURPOSE. The purpose of this policy letter is to provide clarification and guidance to the Towing Vessel National Center of Expertise (NCOE), Officer(s) in Charge, Marine Inspection (OCMI), Third Party Organizations (TPO), and the marine industry on the vessel audit scheme during phase-in and post phase-in periods for vessels whose owners have chosen to use the TSMS option.
2. DIRECTIVES AFFECTED. This policy letter supersedes the original CVC Policy Letter 18-01 issued on January 25, 2018. Change 1 provides an equivalent to meeting the requirements of the random external vessel audit program in 46 CFR Subchapter M.
3. DISCUSSION.
 - a. The TSMS provides operators with the flexibility to tailor their safety management systems to their own needs, while still ensuring an overall level of safety acceptable to the Coast Guard. The verification of compliance with applicable regulations is confirmed through surveys and audits completed by a TPO. A TPO survey is an examination of the vessel and systems to verify compliance with applicable requirements. An audit is a systematic, independent, and documented examination to determine whether activities and related results comply with the TSMS or other approved Safety Management Systems.
 - b. In accordance with reference (a), vessel audits, both internal and external, must be specified in the TSMS used by the vessel. Internal audits are completed annually as required by reference (b). External management audits are conducted twice in a 5-year period while external vessel

audits are conducted once during the 5-year period of validity of the TSMS certificate with vessels selected randomly and distributed as evenly as possible per reference (c).

- c. External audits are a key compliance measure to ensure safety and environmental protection requirements are effectively implemented. The random selection of vessels for audit once within a 5-year TSMS certificate cycle provides a risk-based approach to ensure the vessels are in continual compliance with the requirements. Since the Coast Guard and TPOs may only attend TSMS option vessels once in a five-year cycle for COI renewals, random audits promote a consistent compliance posture.
 - d. The International Safety Management (ISM) Code is an internationally mandated Safety Management System (SMS) for vessels subject to the International Convention for the Safety of Life at Sea, 1974, as amended (SOLAS). The ISM Code is a proven framework that requires two scheduled audits during the period of validity of the Safety Management Certificate to ensure consistent application of the SMS on board a vessel.
5. ACTION. The NCOE, OCMI, TPOs, and towing vessel owners and managing operators should refer to this Policy Letter when discussing vessel audits needed to comply with Subchapter M requirements for a vessel using a TSMS Option.
6. POLICY.
- a. No random external vessel audits are required during the phase-in period listed in 46 CFR § 136.202. All vessels using a TSMS option will undergo an audit as part of their initial COI. It is more reasonable and practicable to begin the random process only after all vessels are issued a COI. This allows the TPO/company to draw an equivalent “random” selection from the entire pool of vessels.
 - b. Upon the first TSMS Certificate issuance (i.e. renewal or initial) after July 19, 2022, the random external vessel program shall begin in accordance with reference (c). This involves a single random audit conducted for each vessel during the 5-year period of validity of the TSMS Certificate. Vessels shall be selected randomly and the schedule of external vessel audits covered by a TSMS Certificate should be distributed as evenly as possible.
 - c. As an equivalent to meeting the requirements of the random external vessel program an owner or managing operator may request OCMI approval to allow the TPO to perform two planned (i.e. non-random) audits in a 5-year cycle in a similar manner to the ISM Code – one planned external vessel audit conducted between the second and third anniversary date of the COI with a second audit before the COI renewal. This alternative arrangement will be considered an equivalent level of safety, per reference (d), to meet the requirements contained in references (e) and (f) and must be documented in the TSMS applicable to the vessel.
 - d. If employing the TSMS equivalency option listed in paragraph (c) of this section, the owner or managing operator shall base their vessel auditing program schedule on the first COI issuance

date (i.e. renewal or initial) for each vessel after July 19, 2022. Additionally, one of the two scheduled audits may use objective evidence, such as recent surveys, pictures, video, vessel logs, machinery logs etc. to credit the audit with attendance at the vessel as deemed necessary by the TPO.

- e. The below table illustrates three possible options to achieve compliance with reference (c) based on the standard employed.

<i>Standard</i>	<i>Requirement</i>
ISM Code	Two planned vessel audits during the 5-year period of the Safety Management Certificate (SMC). One vessel audit between the second and third anniversary date of the SMC and one before the SMC renewal. (46 CFR § 138.225(a))
TSMS	<p>One random vessel audit during the 5-year period of validity of the TSMS certificate. (46 CFR § 138.315(b)(3))</p> <p style="text-align: center;"><i>Or</i></p> <p>With OCMI approval, two planned vessel audits during the 5-year period of the COI. One audit between the second and third anniversary date of the COI and one before the COI renewal. (46 CFR § 136.115)</p>

- 6. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS. Environmental considerations were examined in the development of this policy letter and have been determined not to be applicable.
- 7. DISCLAIMER. This policy letter guidance is neither a substitute for applicable legal requirements, nor a rule. It is not intended nor does it impose legally-binding requirements on any party. It represents the Coast Guard’s current thinking on this topic and may assist industry, mariners, the general public, and the Coast Guard, as well as other Federal and state regulators, in applying statutory and regulatory requirements. An alternative approach may be used for complying with these requirements if the approach satisfies the requirements of the applicable statutes and regulations. If you want to discuss an alternative approach (you are not required to do so), you may contact the Coast Guard Office of Commercial Vessel Compliance (CG-CVC) who is responsible for implementing this guidance.
- 8. QUESTIONS. Questions concerning this policy letter and guidance should be directed to Office of Commercial Vessel Compliance, COMDT (CG-CVC), Flag State Control Division at FlagStateControl@uscg.mil. This policy letter and other Domestic Vessel Policy documents are posted on the CG-CVC website at [CG-CVC Policy Letters \(uscg.mil\)](#).

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