



USCG Office of Commercial Vessel Compliance (CG-CVC)
Mission Management System (MMS) Work Instruction (WI)



Category	Flag State Control				
Title	Subchapter M Third-Party Organization (TPO) Guidance				
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Disclaimer:	This guidance is not a substitute for applicable legal requirements, nor is it itself a rule. It is not intended to 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 public, and the Coast Guard, as well as other federal and state regulators, in applying statutory and regulatory requirements. You can use an alternative approach 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) at CGCVC@uscg.mil who is responsible for implementing this guidance.				
References:	(a) Title 46 Code of Federal Regulations (CFR) part 139 (b) Title 46 CFR chapter I, subchapter M (c) Title 46 CFR § 139.155 (d) CVC-WI-008(series) , <i>Vertical Contract Audits</i> (e) Title 46 CFR § 1.03-55				

A. Purpose. This work instruction (WI) provides guidance to the Towing Vessel National Center of Expertise (TVNCOE), Officers in Charge, Marine Inspection (OCMIs), Third-Party Organizations (TPOs) and the maritime industry on TPO requirements as discussed in reference (a).

B. Background. As of July 19, 2022, all towing vessels must be in compliance with the requirements of reference (b) and have received a COI from the Coast Guard (CG) in accordance with 46 CFR § 136.202. There are two options for documenting compliance for certification: 1) the CG option or 2) the Towing Safety Management System (TSMS) option. Under the TSMS option, routine surveys and audits are primarily performed or overseen by a TPO, including certain classification societies, with limited oversight and audits by the CG. Alternatively, under the CG inspection option, all inspections are conducted by the CG.

As part of the TSMS option, the company management undergoes audits while vessels enrolled in an external survey program or internal survey program receive surveys or audits respectively. TPOs provide the necessary oversight on behalf of the CG to ensure vessel owners and managing operators, as well as their vessels, have systems in place to meet the requirements and be in compliance with reference (b).

C. Action. The TVNCOE, OCMIs and TPOs should refer to this WI and enclosure (1), for clarification concerning work done on the part of a TPO to assist an owner or managing operator and their vessels to achieve compliance with reference (a). CG CVC Policy Letter 17-04 Ch.2 has been incorporated into this MMS WI and is cancelled.

D. Discussion.

1. The CG’s expectation is that TPOs will conduct independent verifications to assess if a TSMS, the company management, and the associated towing vessels comply with the applicable requirements contained in reference (b). To accomplish this, the TPO must have a strong

understanding of 46 CFR parts 138, 139 and apply applicable regulations to the approval of a TSMS with continued oversight of both company management and the associated vessels.

2. Neither the regulations nor this WI could outline the requirements for every possible scenario a TPO may encounter. TPOs should use their professional judgment to assess the circumstances presented along with good marine practice to promote safety and environmental compliance.
 3. In the event there is a conflict between this WI or its enclosure and the regulations found in reference (b), the regulations take precedence. If a conflict between one of the CG Marine Safety Manuals and this WI are identified, this WI shall take precedence until the appropriate Marine Safety Manual can be updated accordingly. Additionally, the conflict should be brought to the attention of the TVNCOE or CG-CVC, as applicable, at the earliest possible opportunity.
- E. Subchapter M TPO Approvals. In accordance with 46 CFR § 139.125, the TVNCOE has the authority to review and approve TPOs and to suspend or revoke TPO approvals. TPOs and all interested parties should use the guidance provided in [Enclosure \(1\): Third-Party Organization \(TPO\) Guidebook](#), regarding the TPO approval and renewal processes.
- F. Vertical Contract Auditor Knowledge, Experience, and Competencies. To limit the CG's impact on the services being delivered by the Recognized Organization or TPO, the total number of auditors attending a Vertical Contract Audit (VCA) should be minimized. In some instances, there may be a need for a second person to accompany the lead auditor, but in all cases, the auditor(s) should follow the guidance outlined in reference (d).
- G. Appeals. Appeals of decisions made regarding inspection issues should follow the appeal procedures outlined in 46 CFR §§ 1.03 and 136.180. Appeals of decisions made regarding survey or audit issues should follow the appeal procedures outlined in reference (e) - Appeals from decisions or actions under subchapter M of this chapter. TPOs and prospective TPOs should follow the appeal procedures outlined in reference (e) and 46 CFR § 139.155 relating to a decision or action of the CG TVNCOE. TPOs and prospective TPOs may use the procedures identified in reference (c) relating to appeals of suspended or revoked approvals granted in reference (a).
- H. Questions. For questions regarding this work instruction or its enclosure, please contact the Office of Commercial Vessel Compliance at CGCVC@uscg.mil. Inquiries regarding reference (a), other than appeals, should be sent to the TVNCOE at tvncoe@uscg.mil.

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By direction

Enclosure: (1) Third-Party Organization (TPO) Guidebook V.4: MAY 2026

THIRD-PARTY ORGANIZATION (TPO) GUIDEBOOK



V.4: MAY 2026

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1. What is the purpose of this guidebook?

The information in the guidebook is meant to aid in the understanding of the Third-Party Organization (TPO) requirements within Subchapter M of 46 Code of Federal Regulations (CFR), Chapter I. This guidebook is intended to be a living document and may be updated by the Coast Guard (CG) based on lessons learned or periodically reviewed for content in accordance with CG-CVCs Mission Management System procedures. Also, *this guidebook is a companion document and, therefore, does not re-state all regulatory requirements.* Section IV of the preamble to the Inspection of Towing Vessels final rule ([81 FR 40004, June 20, 2016](#)) and its Subchapter M regulations should be read before using this guidebook.

The primary audience for this guidebook is approved TPOs and organizations interested in applying to become TPOs to conduct compliance activities on towing vessels subject to Subchapter M.

This guidance is not a substitute for applicable legal requirements, nor is it itself a rule. It is not intended to, nor does it impose legally binding requirements on any party. It represents the CG's current stance on the topics and may assist industry, mariners, the general public, and the CG, as well as other federal and state regulators, in applying statutory and regulatory requirements. You may use an alternative approach for complying with these requirements if the approach satisfies the requirements of the applicable statutes and regulations. If you wish to discuss an alternative approach, you may contact the CG's Towing Vessel National Center of Expertise (TVNCOE), which is responsible for implementing this guidance.

Unless otherwise stated, all regulatory citations (for example, "§ 136.110" or "part 139") in this guidebook refer to 46 CFR Subchapter M regulations.

2. What is a Towing Safety Management System (TSMS)?

A Towing Safety Management System (TSMS) is described in § 138.205(a) as a system whose purpose is to promote continuous regulatory compliance. The TSMS provides early detection of problems or deficiencies through continuous attention to preventative vessel maintenance. A TSMS also provides a means to identify risks and implement sustainable procedures¹ to reduce these risks in the context of the vessel's operations and company oversight. A fully implemented *TSMS is not a checklist* or just a book on the shelf, it is meant to complement the vessel operations and provide the company and crew with a clearly defined system that promotes safety and environmental compliance. TSMS procedures must include the ability to demonstrate full functionality of a prescribed system if required by the regulations (for example essential systems per §§ 136.110 and 143.245, lifesaving equipment readiness per § 141.230, or drills per § 142.245, etc.). A TSMS shall also include the procedures listed in §§ 138.210 and .220. With a TSMS, a towing vessel's company or managing operator develops measures aimed at reducing errors so that the vessel will be more likely to continue operations without unplanned interruptions.

What are the advantages of the TSMS option?

Companies that choose the TSMS option are afforded greater scheduling flexibility to complete required surveys and audits using designated company employees or a TPO, which may reduce vessel downtime.

¹ See § 136.110 Definition of *procedure* means a specification of a series of actions or operations that must be executed in the same manner in order to uniformly comply with applicable policies.

TSMS vessels will generally not need to schedule a CG marine inspector for annual, drydock, or internal structural exams thereby reducing time the vessel may remain idle waiting for CG resources. TSMS vessels are also afforded greater flexibility to resolve incidents that might otherwise delay a towing vessel that uses the CG option, which may be compelled to wait on the availability of a CG marine inspector prior to resuming operations. In the event a non-conformity is identified, vessel owners and operators may work through the TPO to resolve the issue.

3. What is a Third-Party Organization (TPO)?

TPOs are organizations approved by the CG to conduct independent verifications to assess whether a company's TSMS or towing vessels meet Subchapter M requirements, which includes operations, manning, structural, engineering, lifesaving, firefighting equipment, and other similar requirements.

The TPO plays a key role helping to ensure that a towing company operating under the TSMS maintains compliance with the regulatory requirements, including requirements for audits and surveys. The TPO documentation requirements in § 139.165 also help to ensure that non-conformities or substandard conditions are identified, tracked, and corrected. The TPO should provide a method for the CG to have access to vessel records at any time, including required documentation outlined in §§ 137.135 and 138.220(d).

The CG will notify TPOs upon publication of new Subchapter M related regulations, policies, and guidance and will routinely post updates on the TVNCOE website (<https://www.dco.uscg.mil/tvncoe/>).

4. How do I become a TPO?

An organization, other than a recognized or authorized classification society meeting § 139.110, seeking to be approved as a TPO must submit a written request to the TVNCOE in accordance with § 139.120 and indicate which authorities they are applying for as described in § 139.115. The documentation may be hard copy or electronic format (for example, MS Word or .pdf files). Electronic submissions (less than 10 MB) can be submitted to the TVNCOE email, tvncoe@uscg.mil, and hard copy requests may be mailed to:

U.S. Coast Guard
Towing Vessel National Center of Expertise
504 Broadway Street, Suite 101
Paducah, KY 42001

The TPO application must include the information found in § 139.120. The TPO Application Check Sheet may be downloaded at the bottom of the page on the TVNCOE website: [TPO Application Check Sheet](#).

Section § 139.110 provides that any classification society that is recognized or authorized under 46 CFR part 8 is approved to act as a TPO. These organizations should contact the TVNCOE to discuss their desire to act as a TPO. The TVNCOE will, in turn, identify any additional information, including lists of auditors

and surveyors (per 46 CFR 139.120(i)), which may be required to be submitted prior to conducting Subchapter M compliance activities as a TPO.

TPOs must maintain a list of current and former auditors and surveyors. Section § 139.135(c) requires a TPO to notify the TVNCOE upon removal of a member from the TPO's list of approved auditors or surveyors. This notification should be made as soon as practicable. An initial notification may be via email but should be followed up in writing and include a copy of the TPO's revised list of auditors and surveyors required by § 139.135(a). For new auditors or surveyors, TPOs must submit their experience, background and qualifications to the TVNCOE upon placement on the list of auditors and surveyors.

The TVNCOE will assist applicants throughout the application process and will notify the applicant if any of the required documents or information are missing. If approved, the TPO's approval letter will state the specific authority granted to the organization under part 139 and the date such authority expires as well as the functions the TPO may perform. Any person directly affected by a decision or action of the TVNCOE, after requesting re-consideration of the decision or action by the TVNCOE, may make formal appeal of that decision or action to Commandant (CG-CVC) in accordance with reference (e) following the procedures contained in 46 CFR § 1.03-15.

5. What are the main responsibilities of a TPO?

The primary TPO function, as found in § 139.115, is to ensure that towing vessels comply with provisions of Subchapter M. TPOs may be authorized to do any or all of the following:

- Audit TSMSs and the vessels to which they apply to verify compliance to the applicable provisions of Subchapter M.
- Issue TSMS certificates to owners or managing operators who are in compliance with part 138 (TSMS) of Subchapter M.
- Conduct surveys of towing vessels to verify compliance with the applicable provisions of Subchapter M.
- Issue survey reports that detail the results of surveys that are carried out in compliance with part 137 (Vessel Compliance) of Subchapter M.

The regulations define the scope of the vessel surveys (see §§ 137.215 and 137.220) and audits (see §§ 138.315, 138.410, and 138.505). A TPO may be involved in a variety of surveys and audits on a particular vessel or with the owners or managing operators. TPOs, its managers, and employees engaged in audits and/or surveys are not permitted to be involved in activities that create or otherwise limit the auditor, surveyor, or organization's independent judgment (See § 139.120). Authorized Classification Societies approved under 46 CFR part 8 that are considered approved TPOs pursuant to § 139.110, are reminded to refer to their respective agreements with the CG for any additional provisions related to the exclusivity of surveyors/auditors and avoiding conflicts of interest.

Review of a company's TSMS

Prior to the issuance of a TSMS certificate, the TPO will review a company's TSMS to ensure it contains all TSMS elements in accordance with §§ 138.215 and 138.220, including compliance with all applicable U.S. laws, including the CFR, and applicable international conventions (if on an international voyage) in accordance with § 138.215(a).² As part of this evaluation, the TPO will conduct an external management audit of the towing company as specified in § 138.315. The TPO will assess towing vessels, if any, covered by the TSMS certificate for compliance with the TSMS requirements in part 138, Subpart B. This assessment is for issuing the TSMS certificate and does not require a TPO to visit each vessel. Further, this assessment is not a vessel audit but rather verification that the company has implemented the management requirements outlined in the TSMS. The TPO's established procedures will determine which and how many towing vessels should be visited during the external management audit.

Issuance or Rescission of a TSMS Certificate

When the TPO is satisfied that the towing company complies with both the TSMS and applicable sections of Subchapter M, the TPO may issue a TSMS certificate to the towing company. The towing company must maintain a list of towing vessels covered by the TSMS certificate in accordance with § 138.305(c). Additional guidance for CG accepted existing safety management systems can be found in [CG CVC-WI-013\(series\)](#) Towing Vessel COI Inspections Under TSMS Option.

To avoid the forward migration of certificate dates for TSMS renewals, TPOs may request the five-year renewal audit up to 90 days in advance to maintain the initial set of dates associated with the TSMS certificate. Notwithstanding the requirements of 46 CFR § 138.315(a), when the external management audit for the TSMS renewal is completed within three months prior to the expiry date of the existing TSMS certificate, the new TSMS certificate should be valid from the date of completion of the renewal external management audit for the period not exceeding five years from the date of expiry of the existing TSMS certificate. When the external management audit for the TSMS renewal is completed more than three months prior to the expiration date of the existing TSMS certificate, the new TSMS certificate should be valid from the date of completion of the external management audit for a period not to exceed five years from the date of completion of the renewal external management audit.

Example 1: External management audit for the TSMS renewal is completed within three months prior to the expiration date. TSMS certificate expires February 1, 2023. Renewal external management audit completed on November 10, 2022. TSMS certificate dates would reflect audit completion of Nov 10, 2022, as issued date, to expire five years from the expiration date of February 1, 2028.

Example 2: External management audit for the TSMS renewal is completed more than three months prior to the expiration date. TSMS certificate expires February 1, 2023. Renewal external management audit completed on Oct 1, 2022. TSMS certificates dates would reflect audit completion of October 1, 2022, as issued date, to expire five years from the date of completion of the TSMS renewal audit date of October 1, 2027.

² For example, garbage record book carriage and reporting requirements ([https://wwwcdn.imo.org/localresources/en/KnowledgeCentre/IndexofIMOResolutions/MEPCDocuments/MEPC.360\(79\).pdf](https://wwwcdn.imo.org/localresources/en/KnowledgeCentre/IndexofIMOResolutions/MEPCDocuments/MEPC.360(79).pdf)).

If the TPO that issued the TSMS certificate determines that a towing company has not maintained compliance with part 138 requirements, the TPO may rescind the TSMS certificate as provided in § 138.305. The TPO should identify the reasons for rescission of the certificate and what must be done for the certificate to be reissued. Major non-conformities that lead to rescission of a TSMS certificate must be reported to the local Officer in Charge, Marine Inspection (OCMI) within 24 hours and to the owner or managing operator's designated representative in accordance with the TSMS applicable to the vessel(s). In addition, the CG recommends that the TPO notify the TVNCOE as soon as practicable of a towing company TSMS certificate rescission. The owner or managing operator with the rescinded TSMS will be responsible for ensuring all vessels under that TSMS are notified that their COIs are now invalid and must cease operations until concerns are remedied. The company will also be responsible for locating all vessels operating under the TSMS certificate and to notify the cognizant OCMI(s) where those vessels are located.

Audits (part 138, subpart D)

Management and vessels are subject to both internal and external audits to assess compliance with the TSMS and the vessel standards of Subchapter M. 46 CFR § 136.110 defines an internal audit as “an audit that is conducted by a party that has a direct affiliation to the vessel, owner, or managing operator being audited.” An internal audit type provides for a review of routine activities aimed at discovering areas for internal improvement without further external reporting. An internal audit is conducted of all vessels in the company's fleet, as part of the annual internal management audit, utilizing direct internal knowledge of the procedures of the companies SMS to verify effective implementation. Although internal audits may be conducted by a designated employee or contracted individual(s), that individual should not be involved in the ordinary performance of the procedures being audited. If meeting the independent auditor requirement is impractical due to company size, the organization must clearly document this limitation. This documentation should explain why the requirement cannot be met and specify how audits will be conducted in conjunction with the TSMS and Third-Party Organization. However, in all cases, an auditor should not audit their own work. The company must make alternate arrangements to achieve compliance and must not permit auditors to audit themselves (see also [Subchapter M FAQ](#) 138-030).

An external audit per § 136.110, is defined as “an audit conducted by a party with no direct affiliation to the vessel, owner, or managing operator being audited.” An external audit provides the opportunity for an outside perspective and impartial review of how the company and a sampling of the vessels within the company are effectively implementing their Safety Management System (SMS). External TPO auditors, as required by their approval (46 CFR 139.115(b)(1)), must also be independent of the owner or managing operator and vessels that it audits. To meet the intent of the regulations concerning who can conduct internal and external audits, there must be objective evidence presented to differentiate between direct and indirect affiliation. The same contracted party should not complete both internal and external audits. While an internal audit may be conducted by a contracted entity outside the organization being audited (see [Subchapter M FAQ](#) 138-005), it is not preferred. This internal audit must be conducted as if it was performed by an employee of the owner or managing operators per 46 CFR § 138.405(a).

Internal audits (§ 138.310)

Internal audits shall be of sufficient breadth and depth to document the periodic review and evaluation of the company's TSMS to ensure it has been effectively implemented through all levels of the organization.³ Management review of audit findings may lead to additional measures to further improve the effectiveness of the TSMS. Any deficiency or non-conformity found during an internal management audit review should be accompanied by an appropriate corrective action.

Internal management audits must be conducted annually, within 3 months of the anniversary date of the TSMS certificate and must include audits of all the owner or managing operator's towing vessels to which a TSMS applies. When internal management audits are conducted, the results shall be documented and maintained for a period of five years and made available to the CG upon request. The internal management audit is subject to review by the TPO or the CG to ensure compliance with Subchapter M. See CG [CVC-WI-013\(series\)](#) *Towing Vessel COI Inspections Under TSMS Option* for information and guidance on audits.

External audits (§ 138.315)

Per § 138.410(a), external audits must be conducted by an auditor from a TPO or Recognized Class Society. Audits completed by a Responsible Carrier Program (RCP) Auditor prior to the TPO's approval may be accepted. External management audits are conducted prior to the issuance of an owner or managing operator's initial TSMS certificate, or subsequent renewals, with a mid-period external management audit completed between the 27th and 33rd month of the TSMS certificate's period of validity. External vessel audits are completed prior to issuance of the vessels initial COI and randomly during the 5-year period of validity of the TSMS certificate, issued after July 19, 2022. (See [CVC-WI-013\(series\)](#) *Towing Vessel COI Inspections Under TSMS Option* for more information on a "Three-year Objective Evidence Equivalency" and additional guidance on existing safety management systems. See [Appendix](#) - External Management and External Vessel Audit Result Submission for recommended guidance on the audit results.)

An *external management audit* may include:

- An opening meeting including an audit plan discussion with senior management.
- An audit-participant list noting each person's position in the company and role in the audit.
- A verification that the TSMS complies with Subchapter M.
- A tour of the towing vessel company to establish familiarization.
- Procedures for determining which towing vessels should be visited during the external management audit.
- A verification that all required records are being maintained (including internal company audits specified in § 138.405) and the company has completed any other record keeping obligations in their TSMS.
- Interviews with towing company personnel, in accordance with the audit plan or based on preliminary audit findings.

³ See 46 CFR § 138.310 and 46 CFR § 138.405.

- If applicable, a review of non-conformities reported during previous audits to verify that the company's investigation, analysis, and resolution of the non-conformities were done in accordance with their TSMS.
- If applicable, verification that corrective action for outstanding non-conformities is completed or is in process. If the corrective action has been implemented, the auditor should indicate the satisfactory implementation (closing out) in the audit report.
- Preparation of observations and determination of any non-conformities.
- A closing meeting.
- Distribution of the audit report to towing company, TPO senior management, and the TVNCOE. The report should include a recommendation from the auditor(s) to TPO senior management as to whether or not a TSMS certificate should be issued, renewed or suspended, as appropriate.

An *external vessel audit* may include:

- Verification that the vessel is on the list, which indicates it is covered by a specific TSMS certificate, along with a copy of that TSMS certificate on board.
- An opening meeting to ensure the master understands the audit plan.
- A list of the crew members' names that participated in the audit and their positions onboard the vessel. The crew list should be attached to the audit plan.
- A tour of the vessel to establish the overall condition.
- Verification that statutory and classification certificates, if applicable, are valid and no surveys are overdue and that conditions of class or corrective actions are addressed.
- Verify all required records including previous internal and external audits, personnel records, vendor safety, etc. are being maintained, and verify that the company has completed any other record keeping obligations with respect to elements of their TSMS.
- Review of specific procedures outlined in the vessel's TSMS for compliance.
- Observation of equipment tests specified in the audit plan.
- Observation of emergency drills.
- Crew interviews according to the audit plan.
- If applicable, review of non-conformities reported during previously conducted audits to verify that the company's investigation, analysis, and resolution of the non-conformities were done in accordance to the TSMS.
- If applicable, verification that outstanding corrective action for non-conformities are complete or are in process. If the corrective action has been implemented, the auditor should indicate the satisfactory implementation (closing out) in the audit report.
- Determination if there were any non-conformities.
- A closing meeting.
- Forwarding copies of audit results, non-conformity note(s) and observation(s) to the CG OCMI that issued the COI as well as vessel ownership or management. If any major non-conformities are found during the audit, notifications must be made in accordance with § 138.410(f) and the TSMS applicable to the vessel.

Sampling (§ 138.410)

External audits may be conducted on a sampling basis and should be consistent with the TPO's written audit procedures and supported by both the audit plan and the written audit procedures. Sampling within elements is allowed and should follow guidelines the TPO has set forth. Until sufficient data is available

to identify company or vessel trends, sampling should focus on those elements that present the most risk to people, property, and the environment. Once a TPO has had sufficient audits with a vessel owner or managing operator, judgmental sampling could be supported as problem areas are identified, but it should not distract the auditor from assessing other areas. Differences between planned and actual samples are allowed as TPOs adjust the audit trail based on responses, practices, evidence, and observations. Actual samples should be recorded for use in reports and in guiding future audits.

Surveys (part 137, subparts B and C)

Under the TSMS option, either an internal or external survey program is chosen by the towing company. The surveyor, internal or external, conducts an examination of the vessel, including its systems and equipment, to verify compliance with applicable regulations and requirements. An external survey program employs a TPO surveyor while the internal survey program uses a company-employed surveyor or contracted resources, as detailed in the TSMS, to conduct surveys. See [CG CVC-WI-013\(series\) Towing Vessel COI Inspections Under TSMS Option](#) for additional information and guidance on survey intervals.

External Survey Program (§ 137.205)

An external survey program includes the annual vessel surveys required by §§ 137.205(a)(1) and 137.215(b)(1)-(4) and prescribed drydock examinations under § 137.310(b) on each vessel. Companies electing to implement the external survey program must outline, in the TSMS that covers the vessel, the procedures for selecting and using an approved TPO, the duties of that TPO, the process to schedule surveys, and the documentation and recordkeeping requirements of the program in accordance with § 137.205. The TSMS procedures applicable to the vessel should be on board the vessel (version-controlled electronic format is acceptable) and available to the crew and surveyor. It is intended that annual surveys under the external survey program take place as one event and will address all of the items described in § 137.220. The annual survey due date is based on the anniversary date of the Certificate of Inspection (COI) and may take place within a six-month window, between 3 months prior to and 3 months after the anniversary date. However, surveys for renewal, which occur every five years, must be completed prior to the COI expiration date but not sooner than 3 months prior to the expiration date. See [CG CVC-WI-013\(series\) Towing Vessel COI Inspections Under TSMS Option](#) for additional information and guidance on survey intervals.

Surveys conducted under the external program must be documented in a report that meets the requirements of § 137.135(a). A copy of the report shall be delivered to the vessel owner or managing operator and be made available to the OCMI if requested.

Because annual external surveys are conducted by the TPO for TSMS option vessels, the CG does not conduct annual inspections or issue an annual endorsement of the COI. The TPO does not endorse the COI; however, objective evidence of annual external surveys conducted in accordance with § 137.205 must be maintained for five years in accordance with § 139.165(c), and include vessels certificated under an ISM based system accepted under § 138.225. This objective evidence need not be appended to the COI but should be kept onboard the vessel and made available to the CG upon request and will provide objective evidence of compliance with § 137.135(b). At a minimum, these reports must include the items listed in § 137.135.

Internal Survey Program (§ 137.210)

Under the internal survey program, surveys are conducted by internal or contracted towing company resources as outlined in the TSMS and may take place either as one event or over time during several short visits.

For an internal survey program, the TSMS must outline specific procedures for conducting surveys in accordance with §§ 137.210, 137.315, and 138.220(c)(1), including how surveys are conducted, scheduled, sequence of scope, documentation, who may conduct surveys, training and qualifications of those persons conducting the survey, what is examined, how non-conformities or deficiencies are reported, and recordkeeping. Of key importance to this program is the designation of a responsible person or persons to oversee the internal survey program compliance and, if necessary, restrict vessel operations in accordance with §§ 137.210(a)(6) and 137.315(a)(5). The scope of the surveys under the internal program does not differ from that of the external survey program.

An internal survey program includes less frequent interaction between the TPO and the towing company's vessels than an external survey program. Therefore, the audits are the primary method for the TPO to ensure that the TSMS is implemented effectively and follows the required schedule and scope, uses qualified persons, and adequately addresses and reports non-conformities. If, during management and vessel audits, the TPO detects major non-conformities, patterns of improperly maintained or defective equipment, deficient training, or substandard vessel material conditions, the audit should be expanded and proper notifications should be made, as applicable. The TPO may recommend to the OCMI that the vessel be required to transition from an internal survey program to an external survey program.

An internal survey program must be conducted with the oversight of a TPO. The TPO has latitude to determine how they will conduct oversight of a company's internal survey program. TPOs overseeing internal survey programs as specified in § 137.130(b) may attend surveys to confirm the vessel's condition and survey methods used by the towing company. TPOs should also periodically interact with the responsible person or persons in management, as stated in the TSMS applicable to the vessel, to ensure the internal survey program complies with the TSMS and Subchapter M (§§ 137.210 and 138.220). Pursuant to § 138.225, a safety management system (SMS) which is in full compliance with the International Safety Management (ISM) Code requirements will be deemed in compliance with the TSMS-related requirements in part 138 of Subchapter M. If an owner or managing operator selects ISM to comply with the TSMS-related requirements of Subchapter M and they elect to employ an internal survey program, then TPO oversight is required for that program and must be reflected in the SMS. The TPO that oversees an internal survey program must verify that the vessel's structure, stability, and essential systems comply with the applicable requirements for Subchapter M for the intended route and service. Surveys conducted under the internal survey program are required to be documented by the owner or managing operator in a report that meets § 137.135. Internal survey reports are records which must be kept for five years per § 139.165(c) and must be maintained as objective evidence of compliance with § 137.210. These reports should be submitted by the owner or managing operator to the TPO responsible for oversight of internal survey programs. Objective evidence need not be appended to the COI but should be kept onboard the vessel and made available to the CG upon request.

Drydock/Internal Structural Examinations (§§ 137.310, 137.315 & 137.325)

Drydock (DDE) and internal structural examinations (ISE) are required as part of either an external survey program or an internal survey program. An ISE is intended to establish whether internally accessible plating, tanks, structural members, etc., are in satisfactory condition. The ISE may be conducted concurrently or separately from the DDE. For external survey programs, the TSMS must address how to conduct a DDE and ISE. The procedure should also include any special conditions either on the vessel or required by the TPO, such as confined space entry procedures, hull gauging, or surface preparation. Any other procedures pertaining to hull and structural maintenance in the TSMS must be available to the surveyor for assessment of vessel compliance with the TSMS as specified in § 137.205.

For internal survey programs, the TPO that is responsible for auditing the TSMS must be notified by vessel management prior to commencement of any credit examination per § 137.315(b). Per § 137.300, if the cognizant OCMI has reasonable cause to believe the program for the DDE survey is deficient, the OCMI may require additional examinations. Per § 137.317 the cognizant OCMI may also require the owner or managing operator of an internal survey program, to require a TPO to verify vessel compliance with DDE and ISE surveys. Reports of DDE and ISE for external survey program vessels must meet the requirements of § 137.135(a) and provide objective evidence to constitute a credit drydock per § 137.305(c). Objective evidence shall cover the scope of a DDE in accordance with § 137.330.⁴

If the vessel operator reports use of the vessel within the freshwater service interval per § 137.300(a)(2), then the operator is responsible for maintaining evidence of completion of DDE and ISE at least once every five years. If the vessel operates in salt water for more than six months within any 12-month period, then the vessel must comply with saltwater examination intervals per § 137.300(a)(1) and the cognizant OCMI must be notified in writing as soon as this change in status occurs. If the vessel operator reports use of the vessel within the saltwater service interval per § 137.300(a)(1), then the operator is responsible for maintaining evidence of completion of DDE and ISE at least twice every five years, with not more than 36 months between examinations.

Upon completion of the required DDE and ISE with sufficient objective evidence, and upon request of the owner or managing operator, the cognizant OCMI must issue an amended COI with new DDE or ISE dates to ensure compliance with § 137.300. The owner or managing operators should provide the updated COI to the TPO to validate TSMS compliance. (See [CG CVC-WI-029\(series\)](#) *Drydock Examination (DD) and Drydock Extension (DDX) Policy Clarifications* for more information on vessel inspected under the TSMS option.)

Additional TPO Functions

TPOs may be involved in the verification of vessel suitability with respect to an owner or managing operator's request for a permit to proceed (PTP) or an excursion permit. As specified in § 136.240 and § 136.245, the owner or operator must contact the cognizant OCMI prior to movement for a PTP related issue and not less than 48 hours for an excursion permit related matter. The cognizant OCMI may also

⁴ Whether operating under an internal or external survey program, the surveyor shall conduct a survey in accordance with § 137.215 and report the same per § 137.135. Whichever survey program chosen by the owner or managing operator, either internal or external (per part 137, subpart B), it shall be the same program for drydock and internal structural surveys within part 137, subpart C. (i.e., internal survey program § 137.210 and internal survey program notifications for drydock § 137.315.)

require an inspection of the vessel by a CG Marine Inspector or an examination by a surveyor from a TPO prior to the vessel proceeding.

TPOs may endorse, but shall not approve equivalencies, and may approve alternative means for complying with: (§ 141.225(b))

- Lifejackets (§ 141.340)
- Immersion Suits (§ 141.350)
- Lifebuoys (§ 141.360)

An equivalency is any arrangement, fitting, appliance, apparatus, equipment, calculation, information, or test that provides a level of safety equivalent to that established by any specific provision of Subchapter M and must be approved by the CG. If the TPO elects to approve alternative means for compliance for these subparts, then the alternative means must be documented in the TSMS applicable to the vessel. Minimum requirements for alternative means for complying with lifejackets are in § 141.340(c); for immersion suits see § 141.350(a)(3); and for lifebuoys see § 141.360(a)(4). In the event that the TPO elects not to approve alternative means for compliance, they must annotate the deficiency or nonconformity in the TSMS applicable to the vessel along with the plan and timeline to mitigate the risk. Should the risk be considered too high, the TPO may withhold the vessel from inclusion on the TSMS certificate pending appropriate measures to mitigate the risk.

If the owner or managing operator seeks an equivalence determination, then he or she is encouraged to coordinate with their TPO to submit an equivalency request per § 136.115 to the cognizant OCMI to be routed to Commandant for a final decision. The TPO's recommendation regarding the equivalency will help to expedite the request. While an equivalence request is being considered, the vessel may be permitted to operate so long as the arrangement does not pose a risk to people or the environment.

TPOs may not perform their approved functions when: (part 139)

- Their approval has expired, regardless of whether or not the organization has made application for renewal.
- The TPO has given the TVNCOE a formal notification that it will no longer provide the Subchapter M services it has been approved to perform.
- The TPO's approval has been suspended or revoked by the CG.
- The TPO ownership changes. If ownership changes, as defined in § 136.110, then the new owner will have to resubmit an updated application for approval. The new owner may begin the application process before the ownership change is implemented so that vessels covered by the TPO will not be negatively impacted by the ownership change. The new owner may issue new TSMS certificates to replace existing ones without conducting new audits or surveys of the impacted towing vessel company, if the new owner chooses to do so. However, the new TSMS certificates need to maintain the original expiration dates unless the new TPO owner conducts the audits required for the issuance of an initial TSMS certificate.

6. What does the TPO provide to the CG after an external audit?

In accordance with § 138.505, the results of an external *management* audit must be submitted to the TVNCOE (email tvncoe@uscg.mil or mailed to the TVNCOE mailing address) within thirty (30) calendar days from the audit completion. The external *vessel* audit results shall be submitted to the local OCMI no later than thirty (30) calendar days from the audit completion. External audits must be documented and retained by the owner or managing operator for at least five years as per § 138.315(c), and meet any other requirements prescribed by the TSMS.

The preferred method of submitting external audit results to the CG is electronically in portable document format (.pdf). Paper hard copy is acceptable.

A recommended format of external management and external vessels audit results for submission can be found in [Appendix 1](#) of this Enclosure.

7. What does the TPO auditor or surveyor do when they identify a problem?

In addition to required audit and survey reporting requirements, the TPO auditor or surveyor should inform the vessel's management representative and vessel's master during the audit-closing meeting or upon completion of the survey, details regarding any non-conformities or deficiencies. The auditor or surveyor should indicate whether non-conformities or deficiencies observed are major or not. While non-conformities must be resolved as soon as possible, corrective actions must be carried out as detailed in the TSMS with appropriate completion dates noted. For all nonconformities, the TPO auditor will review the root cause analysis and corrective actions identified by the vessel owner.

If an auditor or surveyor identifies a deficiency of equipment, systems or operations that creates an unsafe condition (for example, presents a serious threat to safety or harm to the environment), the TPO should notify the towing vessel company, who must immediately take appropriate action as specified in their TSMS (§ 137.215(d)). A TPO auditor who identifies a major non-conformity during the course of an external audit should notify the cognizant OCMI immediately, if possible, but in no case later than 24 hours (§ 138.410(f)). Time frames for resolution of deficiencies and non-conformities should be identified in the TSMS applicable to the vessel. A TPO may at any time request the OCMI issue a Form CG-835V to a vessel. See [CVC-WI-013\(series\)](#) Towing Vessel Inspections Under TSMS Option, for more guidance.

8. What happens if a TPO's approval is suspended, revoked, or voluntarily surrendered?

To maintain approval, a TPO must comply with the provisions of part 139. Under § 139.150, a TPO's approval may be revoked if it demonstrates a pattern or history of inadequate performance, such as failing to:

- Issue required documents, certificates, or reports.
- Identify, track, and document resolution of non-conformities.

- Maintain adequate resources to support all of the Subchapter M functions the TPO has been approved to carry out.
- Maintain records in accordance with § 139.165.
- Notify the cognizant OCMI of major non-conformities.
- Facilitate the CG in conducting oversight activities per § 139.160.
- Notify the TVNCOE when auditors or surveyors are added or removed.
- Maintain the quality management system described in § 139.120(d).
- Perform a vessel and/or company audit when directed by the CG per § 137.212.

TSMS certificates issued by a TPO that has had its approval suspended, revoked, or voluntarily surrendered, will remain valid until the next external audit, or survey (whether the company has an external or internal program) is due or until the certificate expires, whichever comes first. If a TPO's approval has been suspended and reinstated before any audits or surveys are due, the towing company may continue to use the previously suspended TPO and previously issued TSMS certificate.

9. What is the process for a third-party developed course to gain CG acceptance as a CG recognized equivalent course to the ANSI/ISO/ASQ Q9001-2000 or ISO 9001:2008(E) auditor/assessor course?

46 CFR §§ 138.310 (Internal audits for a TSMS certificate) and 139.130 (Qualifications of auditors and surveyors), require successful completion of an appropriate level ANSI/ISO/ASQ Q9001-2000 or an ISO 9001:2008(E) auditor or assessor course, (or a CG recognized equivalent) and describes the requirements for employment as an external or internal auditor.

A third-party may request to develop a CG recognized equivalent course to the ANSI/ISO/ASQ Q9001-2000 or ISO 9001:2008(E) auditor or assessor course as discussed in § 139.130(b)(3) for external TSMS auditors, and § 138.310(d)(2) for internal auditors.

Equivalent determination requests for an auditor or assessor course may be obtained by providing supporting documentation, such as an independent assessment by an appropriately accredited third-party assessor, to the TVNCOE. The Office of Commercial Vessel Compliance Domestic Division (CG-CVC-1) will then make a determination based upon a recommendation from TVNCOE. Should there be a disagreement with CG-CVC-1's findings, an appeal may be directed to CG-CVC via CGCVC@uscg.mil.

Appendix 1 - External Management and External Vessel Audit Result Submission

The requirements for the conduct of external audits and submission of the audit results are found at 46 CFR §§ 138.410 and 138.505 respectively. The CG recommends using ISO 19011:2011, Guidelines for Auditing Management Systems, to document the external audit results that must be submitted to the CG as per § 138.505. While these guidelines are not mandatory, TPOs are encouraged to use them. Electronic submissions using a portable data format (.pdf) file are strongly encouraged, but the CG accepts paper results as well.

1. Both external management and external vessel audits should provide complete, accurate, concise and clear results of the audit, submitted in an executive summary format. The results should include or refer to the following:
 - The audit objectives, which are the results to be achieved.
 - The audit scope, which is the extent and boundaries of the audit. The audit scope generally includes a description of the physical location(s) where the audit activities were conducted.
 - The audit criteria, which is a set of policies, procedures, or requirements used as a reference against which objective evidence is compared.
 - The audit conclusion, which is the outcome of the audit, after consideration of the audit objectives and all audit findings.
 - A statement on the degree to which the audit criteria have been fulfilled. For example, if a certain part of the audit scope was not achievable, a written explanation should be included.
 - The audit findings including observations, conformities, non-conformities (to include identifying major or minor), corrective action and, other related evidence.
2. The results should show audit evidence evaluated against audit criteria to determine audit findings.
3. Recording conformity in submitted audit results:
 - Identification of the audit criteria against which conformity is shown.
 - Audit evidence supporting conformity.
 - Declaration of conformity, if applicable.
4. Recording non-conformities in submitted audit results.
5. For records of nonconformity, the following should be considered:
 - Description of or reference to audit criteria.
 - Non-conformity declaration, (to include identifying major or minor).
 - Audit evidence.
 - Related audit findings, if applicable.
6. Statement(s) of any previous non-conformities and corrective actions taken to prevent recurrence should be included in the submitted results.
7. The use of checklists and forms should not restrict the extent of audit activities, which can change as a result of information collected during the audit.