



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



Category	Domestic Inspection Program				
Title	Request for Recognized Organization (RO) Internal Quality Management System (QMS) Review – “Quality Case”				
Serial	CVC-WI-005(3)	Orig. Date	23MAY18	Rev. Date	1MAR22
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 Flag State Control Division (CG-CVC-4) at <a href="mailto:FlagStateControl@uscg.mil">FlagStateControl@uscg.mil</a> who is responsible for implementing this guidance.				
References:	<ul style="list-style-type: none"> <li>(a) The International Code for Recognized Organizations (RO Code)</li> <li>(b) International Association of Classification Societies (IACS) Quality System and Certification Scheme (QSCS)</li> <li>(c) IACS Quality Management System Requirements (QMSR)</li> <li>(d) 46 U.S.C. § 3316 – Classification Societies</li> <li>(e) 33 CFR Part 96 – Rules for the Safe Operation of Vessels and Safety Management Systems</li> <li>(f) 46 CFR Part 2 – Vessel Inspections</li> <li>(g) 46 CFR Part 8 – Vessel Inspection Alternatives</li> <li>(h) 46 CFR Part 139 – Third Party Organizations</li> </ul>				
Change Summary	<p>The following is a list of major changes found in revision 3.</p> <ul style="list-style-type: none"> <li>• Incorporated reference (f)</li> <li>• Expanded applicability to include non-U.S. flag vessels where ROs also perform certain delegated functions.</li> <li>• Added Section E – Quality Cases Stemming from Vessel Detentions.</li> <li>• Added Section F – Quality Case recommended by OCMI or COTP.</li> </ul>				

A. Purpose. Coast Guard Marine Inspectors (MI) and Port State Control Officers (PSCO) should use this guidance to evaluate situations where objective evidence indicates potential Quality Management System (QMS) failure(s) stemming from unsatisfactory performance of delegated functions<sup>1</sup> under mandatory IMO instruments or national regulations performed by a Recognized Organization (RO) or a Third Party Organization (TPO) under 46 CFR Subchapter M.

B. Action. This work instruction applies to MIs and PSCOs performing inspections or examinations on U.S. or non-U.S. flag vessels where ROs or TPOs perform certain delegated functions. With respect to non-U.S. flag vessels, Quality Cases may be applied to ROs recognized under 46 CFR Part 8 that are authorized delegated functions by foreign Administrations for non-U.S. flag vessels in certain circumstances. In addition, this work instruction applies to ROs that are not recognized under 46 CFR Part 8 but are approved to review, examine, survey, or certify the construction, repair, or alteration of a vessel in the United States, per 46 CFR subpart 2.45.

<sup>1</sup> “Delegated functions” is defined in 46 CFR § 8.100. For the purpose of this work instruction, “delegated functions” is synonymous with “statutory certification and services” as described in the RO Code and “approved functions” described in 46 CFR § 2.45-10 for non-U.S. flag vessels and 46 CFR § 139.115 for towing vessels subject to inspection under 46 CFR Subchapter M.

Figure 1 below illustrates the applicability of this work instruction. A complete list of U.S. ROs under 46 CFR Part 8 and approved ROs under 46 CFR subpart 2.45 is located [here](#).

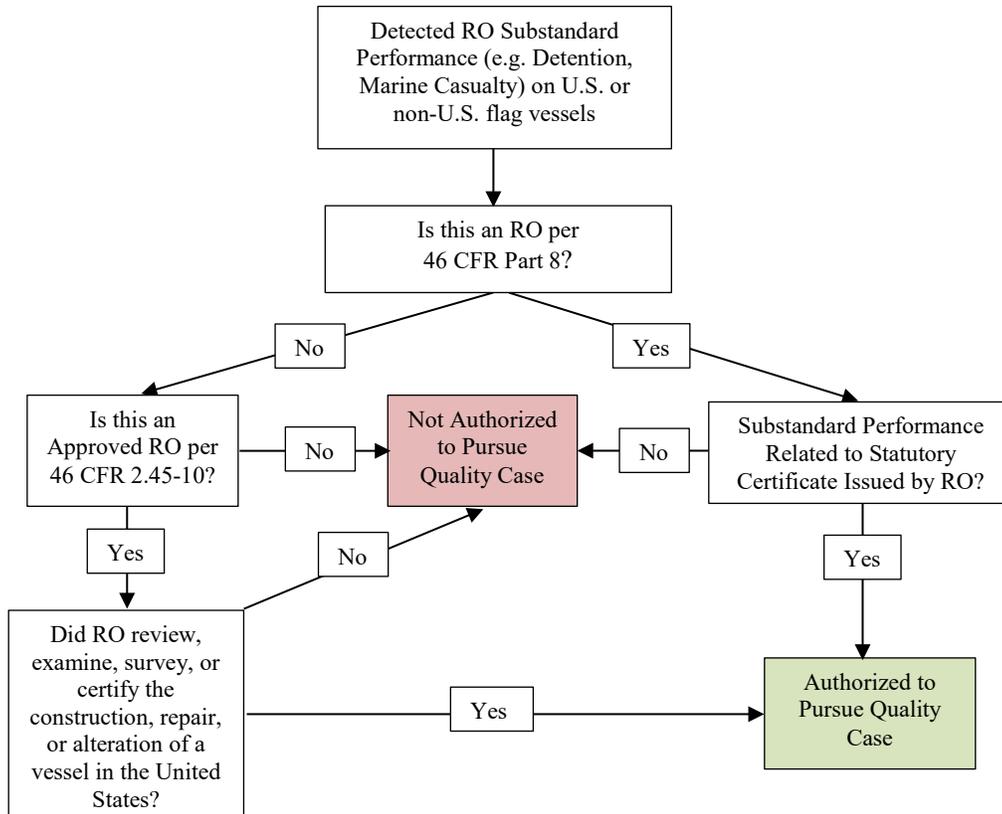


Figure 1: Flow Diagram for Quality Case Applicability

- C. Background. Pursuant to domestic regulations<sup>2</sup> and the RO Code, ROs and TPOs performing delegated functions on behalf of the Coast Guard must develop and implement a QMS no less effective than the International Organization for Standardization (ISO) 9001 series. The purpose of a QMS is to define and document policy and objectives for, and commitment to, quality, safety, and pollution prevention. In addition, the QMS must contain provisions to ensure national legislation and requirements of flag administrations, including Coast Guard requirements, are incorporated.
- D. Discussion. Flag Administrations, including the Coast Guard, are ultimately responsible to ensure the effectiveness of delegated functions performed on their behalf. One of the most critical components of the oversight framework is MI or PSCO “boots on deck.” In addition to performing inspections and examinations, an MI or PSCO must be able to evaluate whether any deficiencies noted constitute **objective evidence** of Safety Management System (SMS) failure(s) of the company. For potential company SMS failure(s), MIs should reference [CVC-WI-003 \(series\)](#), *USCG Oversight of SMS on U.S. Flag Vessels* and PSCOs should reference the Procedures for Port State Control and [NVIC 04-05](#), *Port State Control Guidelines for the Enforcement of Management for the Safe Operation of Ship (ISM Code)*. In addition, MIs and PSCOs should evaluate whether or not substandard condition(s) developed or were allowed to persist due to a potential failure or lack of effectiveness of a QMS. A “Quality Case” (QC) is a

<sup>2</sup> See 46 CFR Parts 2, 8, 139 and 33 CFR Part 96.

tool that the Coast Guard uses to request that the RO or TPO conduct an internal investigation or root-cause analysis when objective evidence indicates a potential failure or lack of effectiveness of the QMS, related to unsatisfactory execution of delegated function(s). The Coast Guard may initiate a QC as the result of a Flag or Port State detention, marine casualty, or at the request of the Officer in Charge, Marine Inspection (OCMI) or Captain of the Port (COTP). Figure 2 illustrates the roles of the MI/PSCO during assessing vessel material condition and evaluating potential failure(s) of a SMS for a company and QMS for an RO or TPO.

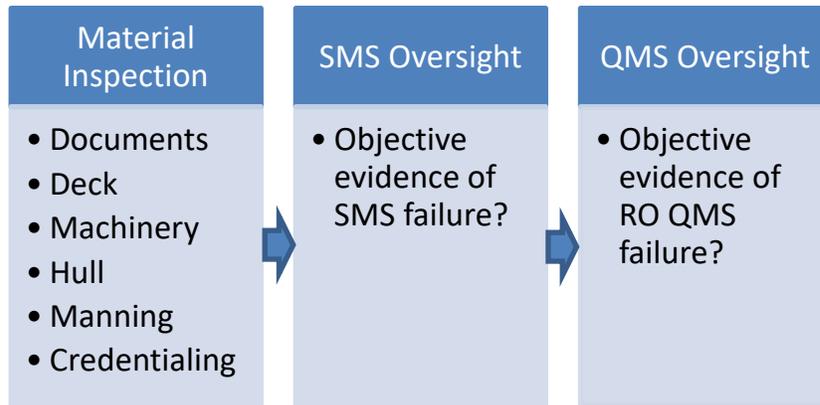


Figure 2: MI and PSCO Process for Evaluating Potential SMS and/or QMS Failure(s).

- E. Quality Cases Stemming from Vessel Detentions.<sup>3</sup> The COTP and OCMI should evaluate **all** Coast Guard issued detentions (i.e., Code 30s) to determine if the responsible RO or TPO should be associated with the detention following a marine inspection on a U.S. flag vessel or PSC examination on a non-U.S. flag vessel. After CG-CVC validates the detention and if objective evidence suggests the RO or TPO should be associated, the RO or TPO will receive a QC notification within 30 days after validating the detention.
- F. Quality Cases Recommended by OCMI or COTP. The OCMI or COTP may recommend a QC in the absence of a detainable deficiency covered by section E of this work instruction. If the OCMI or COTP can clearly articulate through objective evidence that deficiencies or observations are potentially affecting the implementation of the QMS related to statutory surveys or audits, a QC may be recommended. The following scenarios may be grounds for initiating a QC:
- Marine casualty investigation that concludes the RO or TPO was a causal factor;
  - Serious deficiencies (e.g., Codes 30, 17 or 60) that individually or collectively indicate a failure, or lack of effectiveness, of the RO or TPO QMS;
  - Non-fulfillment of the RO Code or IACS Procedural Requirements (only if RO is an IACS member); or
  - Non-fulfillment of RO rules or TPO requirements as outlined in 46 CFR § 139.120.

<sup>3</sup> Examples of detainable deficiencies and related procedures can be found in Appendix 2 of the *Procedures for Port State Control, IMO Res. A.1138(31)*. It is understood that this guidance is not directly applicable to all U.S. vessels; however, it can be a valuable reference to determine the types of deficiencies that may be detainable.

G. Establishing Objective Evidence for a Potential QMS Failure. Prior to recommending a QC, the MI or PSCO must establish **objective evidence** that the RO or TPO failed to meet a **requirement** as it relates to *any* **delegated function**.

1. Objective Evidence means quantitative or qualitative information, records, or statements of fact.<sup>4</sup>

Examples include the following:

- a. Photographs;
- b. Survey/Audit Reports;
- c. Condition of vessel and/or equipment subject to survey;
- d. Surveyor/Auditor statements;
- e. Surveyor/Auditor checklists/procedures;
- f. Marine casualty report of investigation;
- g. Other correspondence (emails, notifications, letters, phone calls, etc.); and
- h. RO delegations (i.e., performing a delegated function that the RO did not have a delegation or authorization to perform).

2. Requirements include the elements of the QMS as established by the RO Code or ANSI/ISO/ASQ Q9001-2000 (or equivalent), and by extension any national legislation and regulations of the flag administration that apply to ROs or TPOs performing delegated or approved functions on behalf of the Coast Guard. Examples of requirements include the following:

- a. IMO Convention Requirements (i.e., SOLAS, MARPOL, STCW);
- b. IACS Procedural Requirements (for ROs that are IACS members);
- c. RO and/or Classification Society Rules;
- d. U.S. Supplemental Requirements (i.e., ACP U.S. Supplement);
- e. TPO requirements (46 CFR Subchapter M); and
- f. National legislation and other requirements or interpretations of the flag administration, including those specified in the Agreements<sup>5</sup> between the RO and the Coast Guard.

3. Delegated Function means functions related to Coast Guard commercial vessel inspection activities **OR** non-U.S. flag commercial activities (i.e., Port State Control Examinations) that occur in the United States performed by an approved RO or TPO. **Delegated functions** may include issuance of international convention certificates (e.g., Load Line Certificate, Cargo Ship Safety Construction Certificate), related surveys/audits, or participation in the Alternate Compliance Program (ACP), Maritime Security Program (MSP), or Towing Safety Management System (TSMS) option under 46 CFR Subchapter M). By extension, other services that eventually result in the issuance of international convention certificates, such as plan review, are delegated functions. A properly formed QC relates to a delegated function and refers to the statutory certificate issued in support of that delegation.

H. Requirements Specific to Subchapter M - TSMS Option.

1. TPOs conduct independent verifications and surveys to assess whether towing vessels comply with the company's TSMS and if the TSMS complies with the applicable

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<sup>4</sup> See 33 CFR § 96.120.

<sup>5</sup> See 46 CFR § 8.130.

requirements contained in 46 CFR Subchapter M. TPOs are required to conduct such verifications and surveys in accordance with the applicable regulatory and internal QMS<sup>6</sup> requirements. TPOs may have their TPO approvals suspended or revoked<sup>7</sup> if the Coast Guard determines that the TPO does not comply with the provisions of Subchapter M. TPOs may perform the following delegated functions (not all functions are performed on all TSMS option vessels):

- External Surveys;<sup>8</sup>
- External Audits;<sup>9</sup>
- Issuance of TSMS Certificates;<sup>10</sup> and
- Oversight of internal survey program.<sup>11</sup>

For oversight of internal survey programs, as prescribed in 46 CFR § 137.210, it is important to note that the procedures and elements of an internal survey program are to be included in the TSMS. To establish “objective evidence” that the TPO failed to adequately oversee an internal survey program, the QC recommendation should provide objective evidence that the TPO failed to adequately audit the required elements and effectiveness of an internal survey program. For example, an internal survey program requires that the TSMS include “procedures for surveying and testing described in 46 CFR § 137.215.” If, in fact, the TSMS does not include such procedures AND the TSMS was recently audited, it may be grounds for a QC for failure to perform oversight of the internal survey program.

2. A QC may be directed against a TPO where objective evidence indicates that the TPO failed to follow their required QMS or established “requirements” related to delegated functions performed on behalf of the Coast Guard. Where there are multiple TPOs that complete delegated functions,<sup>12</sup> the OCMI must ensure that the objective evidence properly relates to the delegated function(s) performed by the relevant TPO. Generally, it is preferable to first assess whether or not the TPO that issued the TSMS certificate properly executed any delegated function prior to assessing any other TPO that may be involved.

I. Procedure for Recommending a Quality Case. Initiation of a QC can occur at any level of the Coast Guard organizational structure. This includes, but is not limited to, the following personnel:

- Coast Guard Headquarters Staff (e.g., CG-CVC, CG-ENG, etc.)
- Traveling Marine Inspector Staff (e.g., CG-5P-TI, National Centers of Expertise, );
- District Prevention Staff; or
- Field Unit Staff (e.g., MIs, PSCOs, Investigating Officers).

In general, most QCs will stem from the MI or PSCO due to their direct observations during vessel inspections and examinations. The MI or PSCO should establish objective evidence that an RO or TPO failed to meet a requirement as it relates to a delegated function using the following steps:

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<sup>6</sup> See 46 CFR § 139.120.

<sup>7</sup> See 46 CFR §§ 139.145 and 139.150, respectively.

<sup>8</sup> See 46 CFR § 137.205.

<sup>9</sup> See 46 CFR § 138.410.

<sup>10</sup> See 46 CFR § 138.305.

<sup>11</sup> See 46 CFR § 137.130.

<sup>12</sup> For example, TPO#1 issues the TSMS certificate to the Company and TPO#2 completes the external surveys of a vessel.

1. The MI or PSCO documents the objective evidence in the MISLE inspection activity. Details of how to document objective evidence in the MISLE inspection activity can be found in CVC-PR-001(series) “*Documenting Deficiencies on U.S. Flag Vessels and OCS Floating Offshore Installations*”, CVC-PR-004(series) “*Management Systems Oversight (MSO)*”, and CVC-PR-009(series) “*MISLE Vessel Inspection and Examination Activity Entry and Review*.” After documenting the objective evidence, the unit shall initiate a MSO activity referral with the “Quality Case” subtype.
2. The MI or PSCO generates the QC MSO activity and routes the activity to CG-CVC through the District. ***Field units shall forward the recommendation within 14 days of becoming aware of the potential QMS failure.*** If field units need additional guidance for QC recommendations, it is strongly encouraged to engage CG-CVC-4 at [FlagStateControl@uscg.mil](mailto:FlagStateControl@uscg.mil).
3. The District (dp) should review each QC recommendation to validate the sufficiency of the objective evidence against the cited requirement and delegated function. ***The District (dp) shall review and complete the review and endorsement within 7 days upon receipt from the OCMI.*** The District (dp) shall record the review and endorsement in the MSO activity narrative. If the District (dp) determines the objective evidence is insufficient, the requirement is invalid, or the objective evidence is unrelated to a delegated function performed by the RO, the District (dp) shall not concur with the QC recommendation. If the District (dp) does not concur with the unit’s recommendation, an explanation shall be provided in the MSO activity narrative. Regardless of the District’s (dp) determination, the activity shall continue to be processed through the chain of command to CG-CVC-4.
4. In addition to the MISLE casework, after the District (dp) review, the QC shall be forwarded to the Towing Vessel National Center of Expertise (TVNCOE) at [TVNCOE@uscg.mil](mailto:TVNCOE@uscg.mil) for QCs involving Subchapter M delegated functions and CG-CVC-4 for all other QCs at [FlagStateControl@uscg.mil](mailto:FlagStateControl@uscg.mil).
5. For QCs involving Subchapter M delegated functions, ***the TVNCOE shall complete review and endorsement within 7 days upon receipt from the District then routed to CG-CVC-4.*** If the TVNCOE does not concur with the recommendation, they shall provide an explanation within the MSO activity narrative and the activity shall continue to be processed by CG-CVC-4.
6. CG-CVC-4 will be the final reviewer for all QCs. CG-CVC-4 will review each QC. If affirmed, CG-CVC-4 will perform all QC actions as described in paragraph H. ***CG-CVC-4 will have 7 days to review and endorse the QC as valid or invalid.*** If the QC is not affirmed, CG-CVC-4 will send notification to the originating unit detailing why the QC was not accepted and close out the MSO activity.
7. Figure 3 displays the general procedure for routing QCs through the Chain of Command.

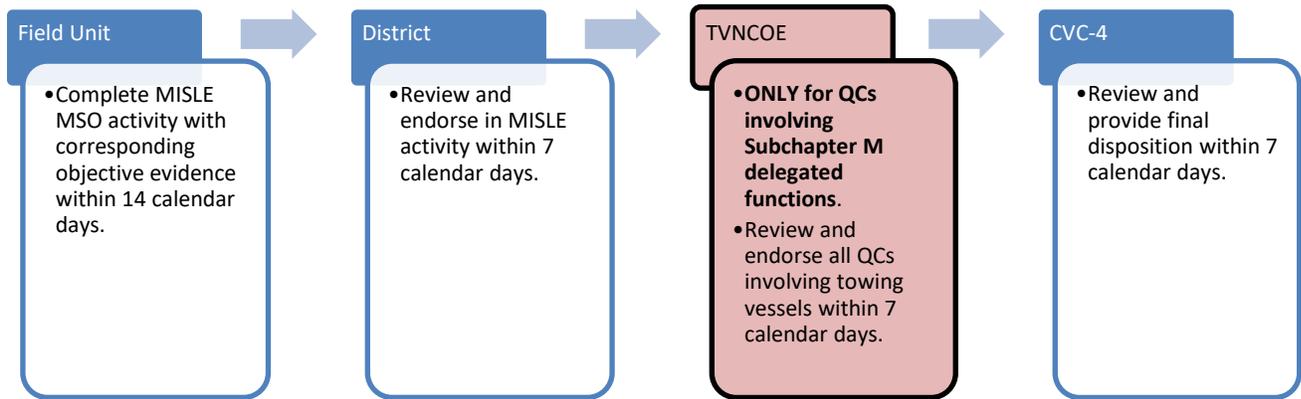


Figure 3: General Process for MI and PSCOs to Route Quality Case Recommendations.

#### J. Quality Case Actions.

1. CG-CVC staff will notify the RO or TPO that the Coast Guard is requesting a QC and send a business letter detailing the circumstances of the QC via email. The RO or TPO should acknowledge receipt of the QC and acceptance or unacceptance by the next business day.
2. ***If accepted.*** The RO or TPO should perform an internal investigation and root cause analysis into the findings of the detention, casualty, or serious deficiency to ensure future compliance with applicable requirements. The quality review should examine the root cause of the occurrence using the applicable audit standard (e.g., RO Code or Subchapter M). The RO or TPO should communicate any findings, to include any non-conformities and associated corrective actions, in writing to [FlagStateControl@uscg.mil](mailto:FlagStateControl@uscg.mil), within **30 calendar days** from receipt of CG-CVC’s QC request.
3. ***If no reply.*** If the RO or TPO does not reply, CG-CVC will presume acceptance of the QC. If the RO or TPO does not perform an internal investigation and provide a written report, this may result in increased RO oversight from the flag state and results published in the domestic or port state annual reports. Repeated non-compliance may invalidate the RO or TPO approval to perform certain delegated functions on U.S. flag vessels or non-U.S. flag vessels in the waters of the United States.
4. CG-CVC staff will review the RO or TPO findings and proposed corrective actions. If accepted, the QC will be considered “closed” and relevant details related to the QC will be recorded within the MSO activity.
5. The Coast Guard may address any non-conformities resulting from a QC at the next regularly scheduled Flag State Audit to ensure that the proposed corrective actions have been implemented and are effective.
6. The Coast Guard will use the data and records derived from QCs to inform Key Performance Indicators (KPI) for ROs and TPOs, in accordance with the RO Code<sup>13</sup> and as specified in the agreement between the RO or TPO and the Coast Guard.

<sup>13</sup> RO Code 6.1.2 and 46 CFR § 8.130(a)(22)-(24).

K. Appeals.

1. Disputes may arise between the Coast Guard and ROs or TPOs on matters of QC interpretation.<sup>14</sup> (e.g., The RO or TPO should provide objective evidence detailing why their organization should not be associated with the detention, incident, or serious deficiency.
2. The first level of dispute resolution is a request for reconsideration by the CG-CVC-4 Division Chief at [FlagStateControl@uscg.mil](mailto:FlagStateControl@uscg.mil). The next and final level of resolution is an appeal, in accordance with 46 C.F.R § 1.03-15 to the Chief, Office of Commercial Vessel Compliance (CG-CVC). The decision by CG-CVC shall constitute final agency action.
3. All appeals under review should be sent to CG-CVC for final disposition through CG-CVC-4 via email at [FlagStateControl@uscg.mil](mailto:FlagStateControl@uscg.mil) or by mail at:

Office of Commercial Vessel Compliance (CG-CVC)  
U.S. Coast Guard, Stop 7501  
2703 Martin Luther King Jr Ave., SE  
Washington, DC 20593-7501

M. EDWARDS  
Captain, U.S. Coast Guard  
Chief, Office of Commercial Vessel Compliance  
By direction

Enclosure: (1) Objective Evidence and Requirements Examples

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<sup>14</sup> For example, determining if the RO or TPO was performing a delegated function at the time of incident, if the requirement is applicable to the delegated function, or if the objective evidence supports the QC.

## Examples of Objective Evidence and Requirements

(These examples are not all-inclusive and are provided only as reference to give the MI a sense of the functions and structure of the objective evidence)

<b>Requirements</b>	<b>Objective Evidence Example</b>
<p>46 CFR § 8.230(a)(15) – RO is required to maintain a Quality Management System</p> <p>ROs must comply with IACS Procedural Requirements (IACS QMSR)</p>	<p>Following oversight exam on an ACP vessel, MI noted that the last annual survey was completed by the RO just two weeks prior. Following a review of the survey report, it was noted that the lifeboats were inoperable, the fuel oil purifiers were leaking and there was oil in the engine room’s bilge. In aggregate, the combination of these deficiencies indicated that the safety management system was not effectively implemented. However, the surveyor did not notify the RO responsible for the SMS audit of the ship in accordance with IACS PR-17. The RO failed to follow IACS Procedural Requirements as required by their QMS.</p>
<p>46 CFR §§ 8.420(e) and 8.430 – ROs have to comply with their agreement with the Coast Guard (MoA/MoU, as applicable), and the requirements of a U.S. Supplement.</p> <p>(Cite the U.S. Supplement as appropriate to the RO)</p>	<p>During an ACP oversight exam, the MI was testing the fire hoses and noted that none of the fire nozzles were Coast Guard-approved. Following a discussion with the Chief Mate, it was discovered that the nozzles were recently replaced and the RO tested them during the annual safety equipment survey. The associated survey report indicated that the surveyor examined the new nozzles and performed an operational test with satisfactory results. The surveyor did not ensure that the fire nozzles were Coast Guard-approved in accordance with the ACP supplement.</p>
<p>46 CFR § 8.230(a)(15) – RO is required to maintain a Quality Management System</p> <p>(Note that the surveyor did not follow the internal checklist)</p>	<p>During an exam of a traditionally inspected cargo ship subject to SOLAS, the MI notes that the RO has issued a Cargo Ship Safety Equipment Certificate pursuant to their delegations. The certificate was properly endorsed within the last 30 days. During a test of the lifeboats, it is noted that the davit electric motor was inoperable and the falls should have been changed 6 months prior. Following a review of the RO’s checklist for the Safety Equipment Annual Survey, the MI notes that there is a function to ensure that the lifeboat, liferaft, and rescue boat appliances (davits, falls, winches &amp; brakes) are thoroughly examined and compliant. The surveyor failed to ensure that regulations requiring the performance of the function were complied with during the annual survey.</p>
<p>46 CFR § 8.230(a)(15) – RO is required to maintain a Quality Management System</p>	<p>CG-CVC received notification that a U.S. flag vessel was detained in a foreign port after the Port State Control Officer had noted that the Company IMO</p>

	number was incorrect on the Document of Compliance. Objective evidence indicates that the RO's procedures related to the review of vessel certificates are inadequate.
46 CFR § 139.135 – Addition and removal of auditors and surveyors	During a marine casualty investigation on a towing vessel inspected under the Subchapter M TSMS Option, the attending investigating officer is reviewing the TPO's survey and audit records for the vessel. The IO consults with the TVNCOE to determine, based on the TPO's records, whether or not ineffective surveys may have contributed to the casualty. Upon further review, it is noted that due to high demand, the TPO hired several new surveyors that were inexperienced. The TPO failed to notify the TVNCOE that new surveyors were hired and did not submit a record of the person's experience, background, and qualifications to the TVNCOE.
NVIC 01-13, Change (1) , Enclosure (4), 1.20 – ACS Responsibilities under an agreement with the Coast Guard	During an annual oversight exam of an MSP Select vessel, the MI notes that the vessel has a short-term classification certificate and that the Unattended Machinery Space endorsement has been suspended due to a failure of the automated control system that cannot be fixed until an upcoming dry-dock (currently 6 months away). Following a review of the COI, it is noted that the vessel has reduced manning and is authorized for Periodically Unattended Machinery Spaces (PUMS). No notification was provided to the Coast Guard regarding a condition of equipment that was not in substantial compliance with the particulars of the COI.
<p>IACS QMSR 4.1.2 Statutory Services</p> <p>The RO's QMS shall ensure that statutory regulations and related requirements are complied with through survey during service.</p> <p>IACS QSCS 4.2 – Quality Management System Requirements</p> <p>ROs must comply with IACS Procedural Requirements</p>	Following an ACP additional oversight exam for a vessel on the risk assessment list, the vessel was found to be in poor materiel condition. The emergency generator would not start, several on-deck gooseneck vents were severely corroded, and most of the fire dampers were inoperable or wasted. Based on the condition of the vessel, it is obvious that many of deficiencies developed over the course of several months or in some cases years. The MI notes that each of the deficiencies relates to an ACS survey checklist item that were signed off during the annual surveys, which occurred just two months prior. In addition, the surveyor failed to apply IACS PR-17 in accordance with the RO's QMS.