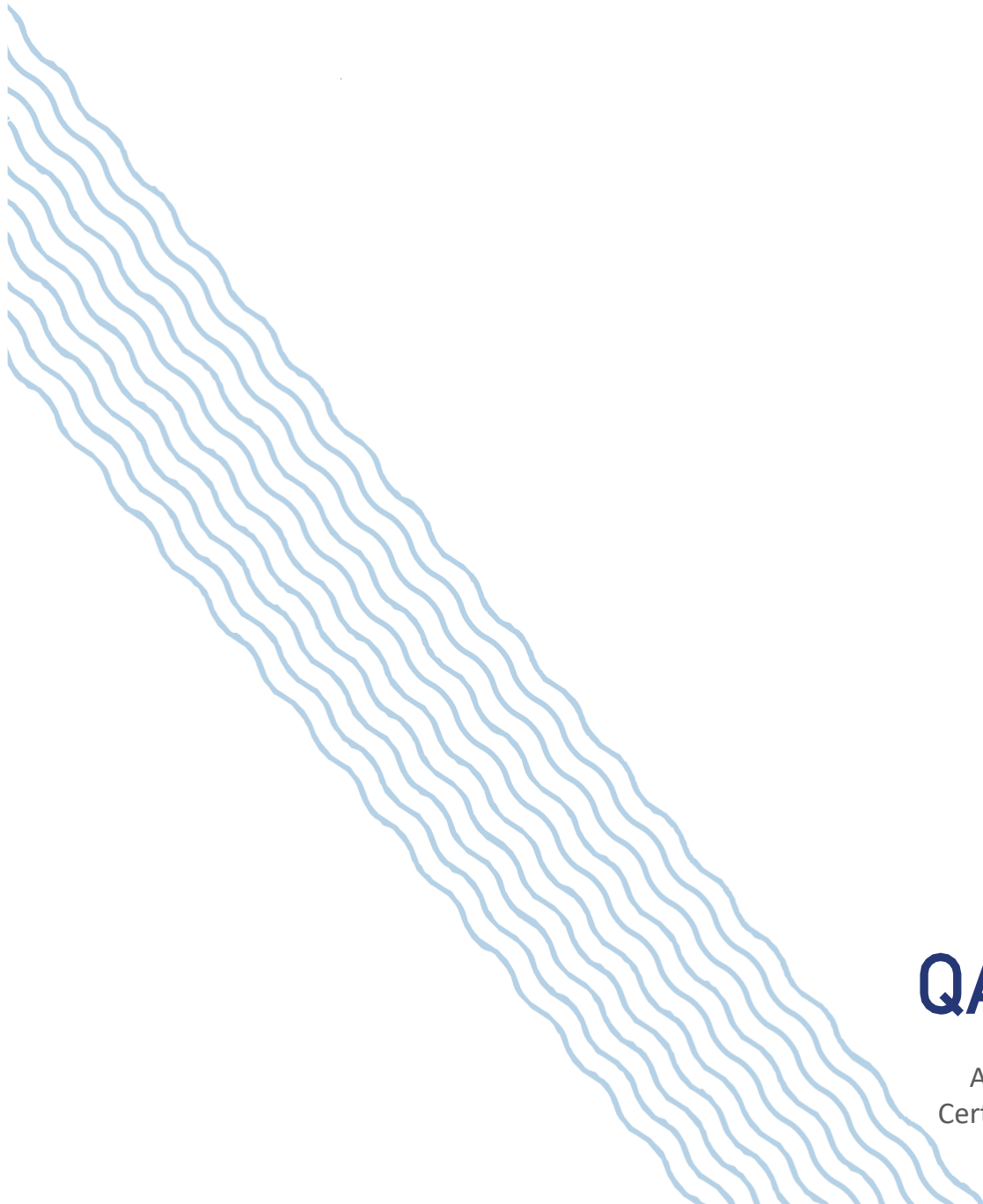


Annual Report 2021



QACE Quality Assessment and Certification Entity

Annual Report 2021



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Community interest company limited by guarantee

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I

Executive Summary

QACE completed, in 2021, another successful year of assessment and certification within the limitations imposed by the pandemic COVID 19. The pandemic restricted our travel and therefore most of the assessments were completed remotely using video conferencing technologies. We could assess only 6 audits onsite – 2 of Head Offices, 1 of VCA Newbuild, 2 of VCA Ship in Service and 1 of VCA Machinery Component. The overall experience of remote assessments was satisfactory.

The Board's restructuring, in 2020, of the QACE Secretariat was found to be effective in managing the operations of QACE. In 2021, one major change was the recruitment and appointment of a new Administration Manager consequent to the departure of the erstwhile Administration Manager. The revamping of the Quality and Administrative processes, in 2020, also proved to effective in improving and streamlining the operations.

The term of the Chairman, Mr. Christian Breinholt, came to an abrupt and unforeseen end due to his ill-health. He resigned, in June 2021, from the positions of Chairman and Director. On his recommendation, the Board unanimously elected one of the directors of the Board – Mr. Ashok Mahapatra, as the Chairman. The first term of two of the directors, Mr. Ashok Mahapatra and Mr. Niels Bjorn Mortensen was completed in November 2021. Being eligible, and agreeable, for re-election, both of them were re-elected, unanimously, at the Annual General Meeting held in November 2021, for the second term of 3 years.



Further, in replacement of Mr. Christian Breinholt, Mr. Peter Hinchliffe was elected as the fifth member of the QACE Board. The term of Mr. Chen Wang as the President of the QACE Assembly ended in December and the

Members elected Mr. Łukasz Korzeniewicz of the Polish Register of Shipping as the President, effective from 1. Jan. 2022.

In 2021, one of the assessors left the scheme effective 31. Dec. 2021. In June 2021, QACE contracted a new assessor with significant experience in class and statutory matters. He was successfully mentored by other assessors and is ready to take on assessments independently from 2022. Currently, the assessor strength continues to remain at six, distributed in America, Asia and Europe.

The QACE website was completely revamped in 2021. The site is now more visually appealing, user-friendly, and easily searchable to enable users to find information quickly. The new website has been appreciated by many users.

II

Scope of Activities

The QACE Scope of Activities continues unchanged as defined in the EU Regulation 391: “The Assessment of the Quality Management Systems (QMS) of the EU Recognised Organisations (EU ROs) in accordance with the principles of ISO 19011:2018 ‘*Guidelines for auditing management systems*’, through the witnessed application of the ISO 9001:2015 and IACS Quality System Certification Scheme (QSCS) requirements by ISO 17021:2015 accredited certification bodies.”

QACE complied with this scope by assessing the QMS of ROs through the audits by the Accredited Certification Bodies (ACBs). The audit scheme encompasses a review of the technical compliance and an audit of the effectiveness of processes, systems and controls, all towards continual improvement.

QACE Interpretation of the International Quality Standards (QIQS), published in 2020, to comply with Article 11 2 (c) of EU Regulation (EC) No. 391/2009, have been well accepted by the Members and the ACBs, and were included in the scope of the audits held in 2021.

QACE also published three new QACE Requirements (QRs) and withdrew one QR which had become irrelevant. All the QRS have been accepted well by all the ROs and the ACBs and were included in the scope of 2021 audits.

With the publication of the QACE Interpretation of International Quality Standards (QIQS) and with the promulgation of three requirements, QACE has continued to exercise ownership of the certification scheme.



III

The 2021 Work Plan

The plan included the following activities:

- Publication of QACE Requirements
- Assessors' meeting to finalise the 2021 Assessment Plan, and to share experiences
- Refresher training of Assessors in selected international regulations
- Assessments of selected ACB audits of the ROs
- Publication of Collective Recommendations
- Issuance of Individual Recommendations to four ROs
- Successful completion of re-certification audit of QACE's QMS to ISO 9001:2015
- Completion of internal audit
- Development, jointly with IACS, of the focus areas for 2022
- Renewal of the certificates of seven ROs

Apart from the above, the 2021 Work Plan also included:

- Three Board meetings and the Members' Annual General Meeting.
- Two meetings with IACS.
- Attending the IACS auditors' seminar
- Attending IACS QC meetings
- Induction training of the new Administration Manager
- Revamping and updating of QACE Website.



IV

2021 Assessment Activities

The main objectives of QACE's assessments are to ensure that the audits held by ACBs are robust and able to confirm the effectiveness of the quality management systems of the ROs.

The two-day Assessors' Meeting, held in January, finalised the year's Assessment Plan, identifying the locations, dates and types of audits for assessment. A risk-based approach is employed in the selection of assessment visits, tailored to each RO's fleet and activities. This plan is approved by the Board of Directors of QACE.

The basis for developing the QACE Assessment Plan is the annual audit program produced by the ACBs based on their own risk-based samples to audit, including newbuilding projects and ships in service undergoing major classification and statutory surveys.

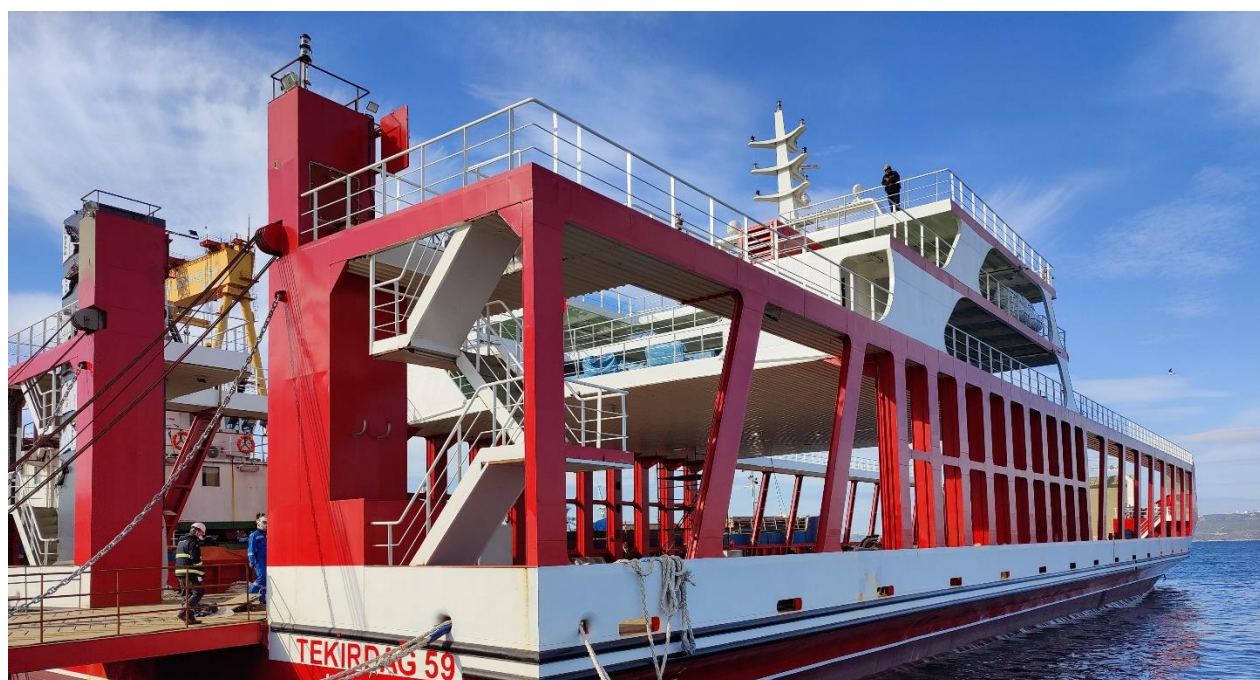
Assessments are planned to be held at the ROs' Head Offices (HO), Control Offices (CO) (generally only large ROs have COs), Survey Locations (SL) and Plan Approval (PA) Offices outside of Head Offices (generally only large ROs have such additional PA offices) and during Vertical Contract Audits (VCAs).

VCAs are held during ACB audits:

- Of surveys onboard ships in service (SiS) during major periodical and statutory surveys;
- Of surveys of New Construction (NC) projects;
- Of surveys of Machinery and Component;
- Of audits of the ISM process both on board ships and in the offices of ship management companies.

However, consequent to the COVID pandemic, assessments of VCAs were reduced due to travel restrictions.

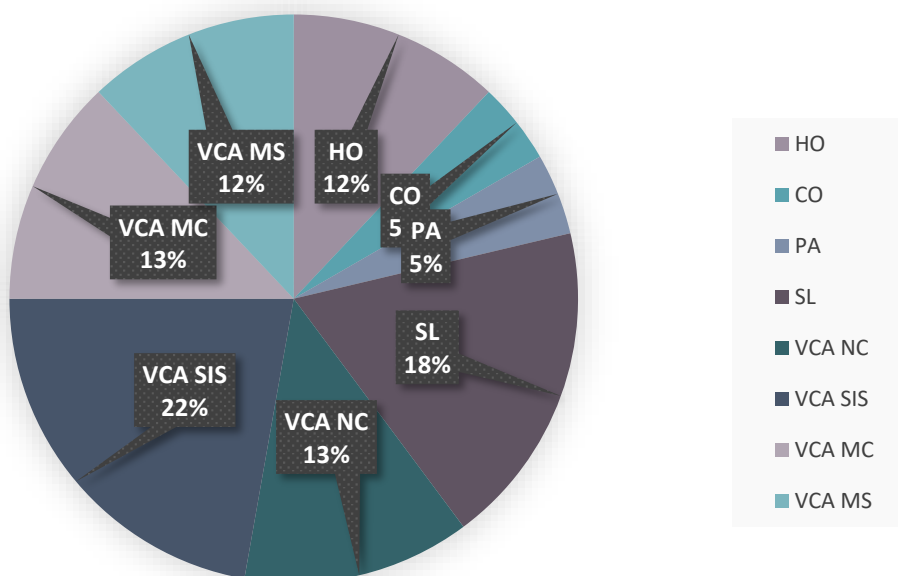
In 2021, the initial plan also included VCAs and audits of Turk Loydu, as the EU Regulation (EC) No. 391/2009 Article 11.2 also requires the assessment and certification of organisations requesting recognition. In view of the disruptions due to the COVID pandemic, Turk Loydu deferred their certification process to 2022 and withdrew their request for QACE Assessment. Therefore, assessment of Turk Loydu was not held.



In 2021, 51 audits of the different types, including VCAs, were assessed as follows:

- 19 Survey Locations (SL) (13 in 2020; 13 in 2019; 18 in 2018). QACE attended at least one SL for each RO each year.
- 7 Control Offices (CO) (4 in 2020; 4 in 2019; 5 in 2018).
- 13 Head Offices (HO) (12 in 2020; 8 in 2019; 10 in 2018). QACE attended the HO audits for all ROs.
- 6 Plan Approval Offices (PA) (6 in 2020; 6 in 2019; 9 in 2018).
- 1 Vertical Contract Audit of New Construction.
- 1 Vertical Contract Audit of Machinery component
- 2 Vertical Contract Audits of Ship in Service
- 2 Vertical Contract Audits of ISM

Types of Audits carried out in 2021



2021 Map Assessments



2019 - 2021 Map Assessments



KEY	
2019	<div></div>
2020	<div></div>
2021	<div></div>

2021 ASSESSMENTS

ACBs	BSI	BSI	SGS	BSI	DEKRA	BSI
ROs	ABS	BV	CCS	CRS	DNV	IRS
Head Office	Houston	Paris	Beijing	Split	Hamburg	Mumbai
	13-17 Sep	20-24 Sep <i>onsite</i>	5-9 Jul	10-14 May	14-17 Sep	15-19 Mar
					Hovik	
					18-22 Oct	
Control Office	Shanghai	Rotterdam	Dalian		N. Europe	
	31 May – 4 Jun	12-14 Apr	22-25 Jul		15-16 Feb	
		Everglades				
		28-31 Jul				
Plan Approval	Shanghai	Copenhagen			Piraeus	
	1-2 Jun	4-5 May			25 Oct	
Survey Location	Shanghai	Copenhagen	Dalian	Zagreb	Augsburg	Jakarta
	31 May – 4 Jun	5-6 May	22-25 Jul	12 Jul	9-11 Mar	11-13 Aug
	Kaohsiung	Rotterdam			Piraeus	
	6-8 July	12-14 Apr			26-27 Oct	
		Everglades				
		28-31 Jul				
VCA NC						
VCA SiS						
VCA MC						
VCA ISM	Tampa 3 Mar				Norway 12-19 Apr	

2021 ASSESSMENTS

ACBs	SGS	BSI	SGS	CCJ	DEKRA	DEKRA
ROs	KR	LR	NK	PRS	RINA	RS
Head Office	Busan	Southampton	Tokyo	Gdansk	Genoa	St. Petersburg
	25-29 Oct	5-8 Oct	5-13 Jul	1-5 Mar	16-19 Nov <i>onsite</i>	7-11 Jun
Control Office		Southampton			Fort Lauderdale	
		11-12 Oct			1-2 Apr	
Plan Approval		Mumbai			Rio de Janeiro	Sevastapol
		21-22 Jul			6-7 May	15-19 Mar
Survey Location	Ningbo	St. Petersburg	Jeddah	Cairo	Fort Lauderdale	Sevastapol
	31 May-1 Jun	8-10 Feb	20-21 Sep	1-2 Feb	1-2 Apr	15-19 Mar
					Rio de Janeiro	Aktau
					3-5 May	28-30 Jun
VCA NC		Pappenburg				
		19-20 Jul <i>onsite</i>				
VCA SiS		Tuzla		Istanbul		
		4-5 Nov <i>onsite</i>		11-12 Nov <i>onsite</i>		
VCA MC	Hamburg					
	6-7 Sep <i>onsite</i>					
VCA ISM						

V Assessment Results

The QACE Assessors are strategically located to deliver the Assessment Programme in the most cost-effective manner possible



The review of the assessments completed in 2021 shows:

- The ROs' processes of the management of technical staff competence, plan approval, follow-up of PSC findings, Management Review, and KPI system are all particularly well managed;
- The ROs' processes of reporting, cyber security risks, postponement of surveys, remote surveys and root cause analysis have scope for improvement;
- The ACBs' processes of audit planning, execution and competence management are well managed; and
- The ACBs' depth of auditing of management functions, coverage of services and geographies of the ROs and time management for remote audits have scope for improvement.

The assessments also indicate that the quality of 'remote' assessments is steadily improving, with improvements in the technology and the increasing familiarity of the stakeholders with the technology.

In February of each year, the ROs provide QACE with a three-year trend analysis of the ACBs' audit findings. The purpose of this analysis is to investigate the trends in the findings, to identify root causes, and to determine effective corrective actions. The content and effectiveness of the ROs' 2021 trend analysis showed good improvements.

VI

Recommendations

Collective Recommendations

QACE publishes its annual Collective Recommendations (CRs) to all the ROs, ACBs and Assessors each year. They are also documented in Annex C of this report.

QACE has issued recommendations each year since 2012. The recommendations have been effective in bringing a focus to issues highlighted by QACE Assessments over the years.

For 2021, the two CRs were made:

CR#1 related to the review of key operational processes to improve their clarity;

The ROs confirmed in their responses to CR#1 that they have reviewed their processes and implemented corrective actions, as necessary.

CR#2 related to feedback on the adoption of the QACE Interpretation of International Quality Standards (QIQS).

The ROs confirmed in their responses to CR#2 that they have incorporated the QIQS into their systems as required and have also implemented necessary awareness and training of their staff. This has been verified during our assessments

Collective Recommendations of 2022

Based on our analysis of all the findings of all the ROs in 2021, the following collective recommendations are made:

CR2022 #1: All ROs to review their training systems, particularly in the light of the 2021 audit findings, to ensure improved understanding by their technical staff of their documented requirements (processes, procedures, checklists, guidelines).

CR2022 #2: All ROs to review their procedures and guidelines for remote surveys to improve the clarity of the requirements.

Please refer to Annex C of this Report for details.

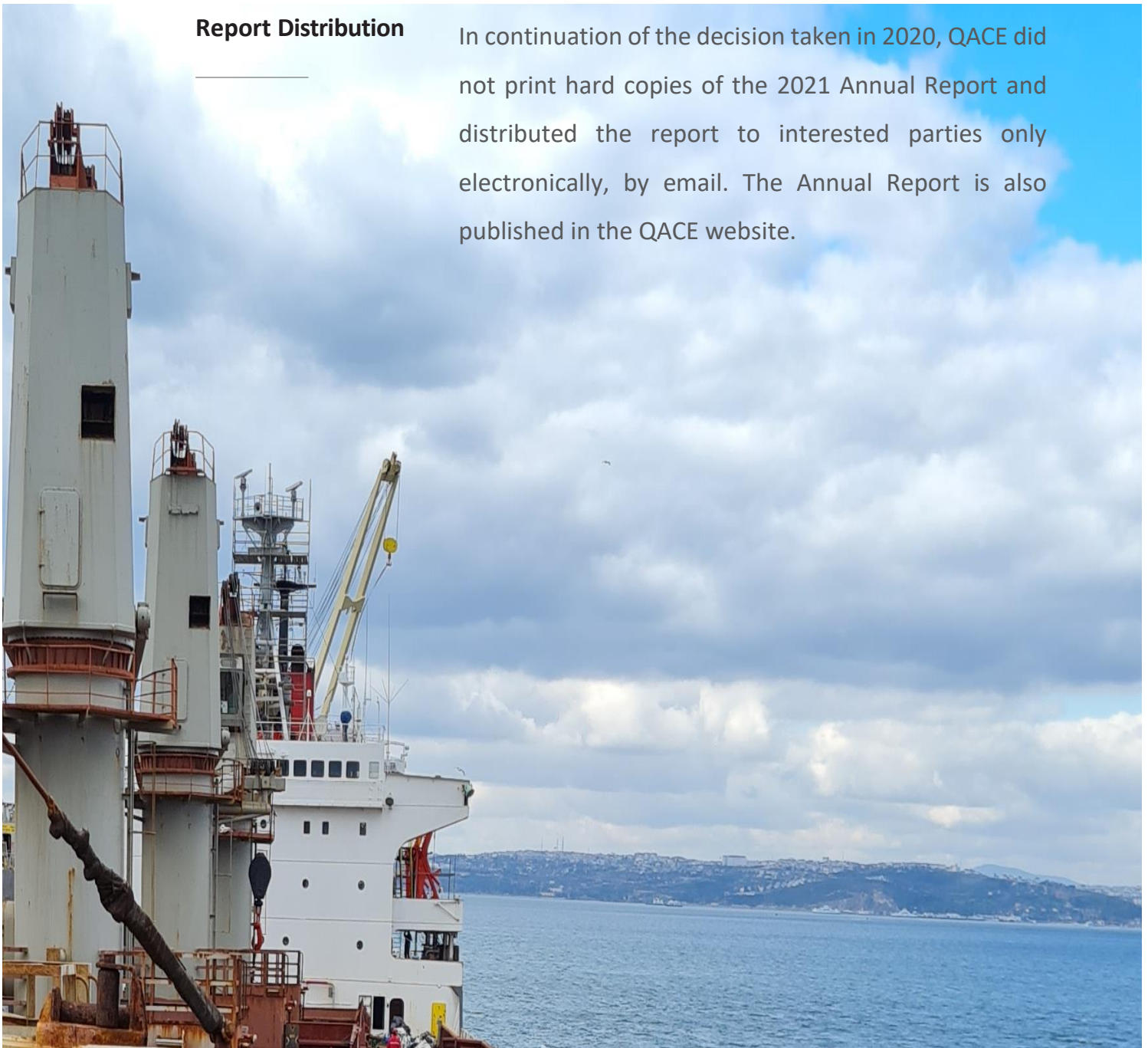


VII

Working with Interested Parties

Report Distribution

In continuation of the decision taken in 2020, QACE did not print hard copies of the 2021 Annual Report and distributed the report to interested parties only electronically, by email. The Annual Report is also published in the QACE website.



The Accredited Certification Bodies (ACBs)

The relationship between ACBs and QACE is satisfactory. The ACB auditors and QACE Assessors work as a team, as envisaged in the Tripartite Agreement and are able to achieve the objectives of both organisations during audits.

The Tripartite Agreement was updated by simplifying and aligning it, as necessary, with revised processes and to reflect current practices. This was completed in consultation with all the ROs and ACBs.

ACB Lead Auditors use the QACE Collective and Individual Recommendations and the ROs' responses in their auditing. QACE sees this as a significant development for the improvement of the RO management systems. The ROs and the ACBs have supported this use of the IRs and feedback and agree that this practice is beneficial to the ROs.

The International Association of Classification Societies (IACS)

QACE continues to work with IACS to ensure the ACB auditors have a few annual audit focus issues. In late 2021, QACE and IACS developed jointly the three focus areas for 2022. The two meetings, in the spring and autumn of each year, help to establish the January Auditor training and the November End-User Workshop arrangements. QACE uses these meetings to convey its observations and plans to the ROs, ACBs and the Auditors and to obtain feedback, directly, from them. QACE also attended, in part, the IACS Quality Committee meetings to work with IACS on the review of the IACS QMSR and other relevant common issues.

VIII

Concluding Remarks

2021 was important for QACE as the year of verification of the effectiveness of the several changes introduced in 2020:

- Adoption of the QACE Interpretation of International Quality Standards (QIQS) by the ROs.
- The acceptance of new QACE Requirements (QRs).
- Continued application of remote auditing technologies by the ACBs and QACE.
- Implementation of the revised internal quality and administrative processes.

The QACE Board of Directors and the Secretariat confirm that the aforesaid changes have indeed improved effectiveness of the assessment and certification of EU Recognised Organisations.

The QACE Board of Directors and the Secretariat continue their commitment to the principles of independence and transparency.



Photo by Jamie Morrison on Unsplash

IX

Acknowledgments

QACE acknowledges the importance of the QACE Assessors in delivering the QACE core activity - its assessment programme. Without their expertise, professionalism and commitment, it would be impossible to deliver on the QACE objectives and the expectations of the interested parties.

QACE thanks the Accredited Certification Bodies and their auditors, for their positive implementation of the Tripartite Agreement and incorporation of QACE requirements and Assessors into the audit process. Their efforts have resulted in a team philosophy, which helps all participants to achieve their objectives through a single auditing scheme.

QACE thanks the ROs for the support extended by them to the QACE Assessors in fulfilling their assessments. QACE acknowledges the valuable feedback the ROs and ACBs provided on various occasions, throughout the year.

QACE thanks the IACS Secretariat and the IACS Quality Committee for their cooperation with QACE in jointly developing the focus areas.

QACE acknowledges with thanks the support of the European Commission and the EMSA, through their valuable assessment of QACE.

QACE appreciates the invaluable assistance of its President, Mr Chen Wang, for his ongoing commitment to QACE.

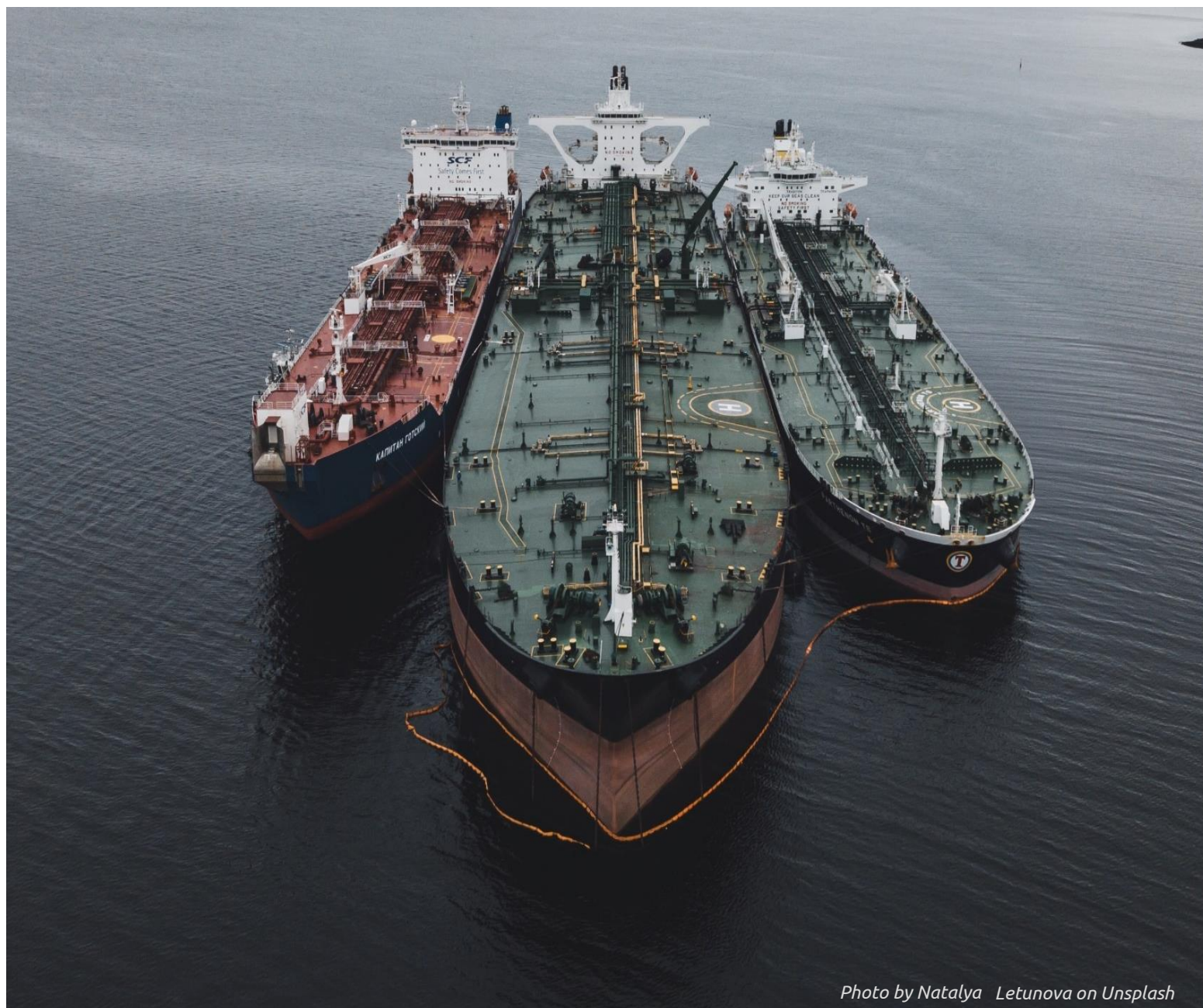


Photo by Natalya Letunova on Unsplash

Glossary

ABS	American Bureau of Shipping
ACB	Accredited Certification Body
AFA	Audit Focus Area
AFTA	Audit Finding Trend Analysis
AGM	Annual General Meeting
BSI	The British Standards Institution [<i>Certification Body</i>]
BV	Bureau Veritas S.A.
CCJ	Quality Certification Center [<i>Certification Body</i>]
CCS	China Classification Society
CIC	Community Interest Company [<i>Non-Profit</i>]
CO	RO Controlling Office
CRs	Collective Recommendations
CRS	Croatian Register of Shipping
DEKRA	DEKRA Certification GmbH [<i>Certification Body</i>]
DNV	DNV AS
EC	European Commission
EMSA	European Maritime Safety Agency
EU	European Union
EUW	IACS ACB Auditor End User Workshop
HO	RO Head Office
IACS	International Association of Classification Societies
IACS PR	IACS Procedural Requirements
IACS UR	IACS Unified Requirements
IAF	International Accreditation Forum, Inc.
IMO	International Maritime Organisation
IRS	Indian Register of Shipping
IRs	Individual Recommendation

ISM	International Safety Management Code
ISO	International Organisation for Standardization
KR	Korean Register of Shipping
LR	Lloyd's Register
NC	Audit finding graded as Nonconformity
NGO	IMO Non-Governmental Organisation
NK	Nippon Kaiji Kyokai
OB	Audit finding graded as Observation
PA	RO Plan Approval Centre
PRS	Polish Register of Shipping S.A.
QAR	QACE Assessment Requirements
QMS	Quality Management System
QRNs	QACE Requirements Notices
QSCS	IACS Quality System Certification Scheme
RINA	RINA Services S.p.A.
RO	Recognised Organisation
RS	Russian Maritime Register of Shipping
SGS	SGS S.A. <i>[Certification Body]</i>
SIAs	Specific Interest Areas
SL	RO Survey Location
SO	Scheme Owner
SPI	Specific Interest Area
TL	Türk Loydu
VCA	Vertical Contract Audit

Annex A

Elected Non-Executive Directors of the Board for QACE

Christian BREINHOLT (Chair till June)	Denmark
H XIE	Asia
Nikos MIKELIS	UK
Ashok MAHAPATRA (Chair from July)	India
Niels Bjørn MORTENSEN	Denmark

Secretariat

Nikos MIKELIS	Company Secretary
Anantha PADMANABHAN	Executive Secretary
Matina BINIAKOU	Administration Manager

Sub-contracted Assessors

Tim HO	Far East
Hartmut NICKEL	Europe
Mike JENNINGS	Europe
Gur SARUP	South Asia
Abhay SHAH	Southeast Asia
Alvin SHEPHERD	America

Annex B

Members of QACE – EU Recognised Organisations

American Bureau of Shipping
Bureau Veritas SA
China Classification Society
Croatian Register of Shipping
DNV AS
Indian Register of Shipping
Korean Register of Shipping
Lloyd's Register
Nippon Kaiji Kyokai
Polish Register of Shipping S.A.
RINA Services S.p.A.
Russian Maritime Register of Shipping

Elected President

C.W.Wang, China Classification Society

The QACE Members' Certificates of Compliance can be found on the QACE website www.qace.co

Approved Accredited Certification Bodies

BSI	Milton Keynes, U.K.
CCJ	Warsaw, Poland
DEKRA Certification B.V.	Arnhem, The Netherlands
SGS S.A.	Geneva, Switzerland

Annex C

2022 Collective Recommendations

Audit findings – a total of 573 – from 2021 of all ROs were analysed quantitatively and qualitatively, to identify Collective Recommendation(s) for 2022.

The quantitative analysis shows the following:

Control of production and Service Provision (QMSR Clause 8.5.1 & RO Code Clause 5.5.7, IACS Category 9) has contributed to 315 (55%) of the 573 findings;

107 (34%) of the 315 findings under this category are consequent to errors in ‘job execution’ – inadequate implementation of requirements, non-compliance with own procedures;

VCAs have contributed to 80 (14%) of the 573 findings;

37 (46%) of these 80 are from ‘Ships in Service’;

18 (23%) of these 80 are from ‘New Construction’;

Remote surveys have contributed to 35 (6%) of the 573 findings.

A qualitative analysis of the findings shows the proximate causes for the above findings to be:

Inadequate implementation, in 201 (35%) of the 573 findings;

Incomplete reporting / records in 223 (39%) of the 573 findings.

The root causes for these findings, prima facie, seem to be one or more of the following;

- Inadequate training of the technical personnel in the RO procedures, checklists, forms and guidelines;
- Inadequate monitoring of jobs carried out and the reports/documents (e.g., drawings and certificates) thereof-

This list is not exhaustive and there could be other root cause(s) which could vary between the ROs. All the ROs are urged to analyse their own performance to arrive at the causes applicable to their systems. This identification of the correct root cause(s) will lead to the identification and implementation of appropriate corrective action(s).

Considering the above, the collective recommendations for 2022 are:

CR2022 #1: All ROs to review their training systems, particularly in the light of the 2021 audit findings, to ensure improved understanding by their technical staff of their documented requirements (processes, procedures, checklists, guidelines).

CR2022 #2: All ROs to review their procedures and guidelines for remote surveys to improve the clarity of the requirements.

A supporting activity, to ensure the effectiveness of the actions consequent to the above, is strengthening the monitoring system which would be a natural follow-up action

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