Good Morning and welcome to the COS Webinar: Guidance for Conducting SEMS Audits to the 3rd edition of API RP 75. I’m Brandy Harrington with the Center for Offshore Safety – among other duties, I staff the COS SEMS Audit and Certificate Committee and its subordinate work groups. During today’s webinar, we request that you keep your audio on mute and do not interrupt during the presentations. There will be an opportunity for questions at the end. Today’s webinar is being recorded and will be made available for future viewing on the COS website along with a PDF of these slides.
The Center for Offshore Safety is part of the American Petroleum Institute and as such, we are governed by their policies and procedures, one of which is the Antitrust Guidelines. To remain in compliance with those guidelines, today we will not discuss pricing or vendors in any way that could negatively impact their business. If you feel like we have veered into those territories, please bring it to COS staff’s attention and we will get back on track.
Thank you to the members of the COS Auditor Guidance work group for their hard work in preparing for this webinar. Today’s speakers have knowledge and many years of experience in auditing as well as working in and supporting the offshore oil and natural gas industry. In order of presentation, our speakers are:

- Russell Holmes, the Director of the Center for Offshore Safety
- Stan Kaczmarek with the Bureau of Safety and Environmental Enforcement
- Lon Langlois with Hess, who serves as the Chair of
the COS SEMS Audit and Certificate Committee
- Glenn Gesoff with BP
- Angus Lam with ExxonMobil, and
- Kim Forgie with Occidental Petroleum, who also serves as the Vice-Chair of the Center for Offshore Safety Board
As you are hopefully already aware, on Thursday, June 17, 2021, COS published COS-1-09 *Guidance for Conducting SEMS Audits*. Today’s objective is to review the purpose and contents of the document. As I mentioned earlier, we’ve allowed time at the end for questions. Throughout the presentations, please send your questions through the Teams chat box which we will be monitoring throughout the webinar. Any questions we do not sufficiently address, we will look to supplement in post-webinar materials.
If you have not yet done so, we invite you to visit our website to download the document.

COS-1-09 can be found by going to the Guidelines and Reports page and then SEMS Auditing. If you have any trouble locating the document, please get in touch with COS staff.

I will now hand it over to Russell Holmes to provide a brief background on COS and the COS good practice development process.
COS Overview

The Center for Offshore Safety is designed to promote the highest level of safety for the offshore oil and gas industry through effective leadership, communication, teamwork, use of disciplined management systems and independent third-party auditing and certification.

COS will achieve operational excellence by:

- Enhancing and continually improving industry’s safety and environmental performance.
- Improving public confidence and trust in the oil and gas industry.
- Increasing public awareness of industry’s safety and environmental performance.
- Fostering collaboration between industry, the government, and other stakeholders to develop and share good practices and learnings.

Good day everyone. Thank you for joining us to hear about our newest guidance document and why we felt the need to publish this document to support the industry. Before we dive into the details, I’d like to provide a little bit of background about the Center for Offshore Safety, which is open to all industry participants. COS was established almost 10 years ago and remains focused on safe operations for the offshore workforce.

Our collective efforts can be broken down into four main pillars, listed on the right side of this slide, to promote
systems that drive offshore safety progress; analyze offshore safety data to identify opportunities for improvement; and facilitate development and sharing of good practices that advance safety and environmental protection. Related to these pillars, COS also serves as the Accreditation Body, recognized by the Bureau of Safety and Environmental Enforcement, to accredit third party SEMS Audit Service Providers.
COS-1-09 was developed under the SEMS Audit and Certificates pillar, consisting of a group of industry experts, including personnel from BSEE, that collaborated to address an area where more guidance was clearly needed.

The document is designed with an introduction and scope and then element by element guidance.

Before we get into the details of the document, we’re going to hear a few words from Stan Kaczmarek, the Chief of the SEMS Section in BSEE’s Offshore Safety
Improvement Branch.
To promote safety, protect the environment and conserve resources offshore through vigorous regulatory oversight and enforcement.

Stanislaus Kaczmarek, PE
Chief, SEMS Section
Stan.Kaczmarek@bsee.gov

“To promote safety, protect the environment and conserve resources offshore through vigorous regulatory oversight and enforcement.”

Stan Kaczmarek
Thank you, Stan.

My name is Lon Langlois from Hess and I am the chair for the SEMS Audit and Certificate Committee for the Center for Offshore Safety. Before we get into the specific auditing guidance, I’d like to provide some context for the document.

SEMS audits provide periodic verification of a company’s management system, by assessing and verifying that the management system is effective in achieving its
objectives. These audits are comprehensive system reviews that focus on a company’s ability to operate in a safe and environmentally sound manner.

This document provides guidance on the approach and type of information that may be required to assess and validate a company’s management system relative to the SEMS requirements. These requirements can be found in the American Petroleum Institute Recommended Practice 75, 3rd edition, which is incorporated by reference into the BSEE SEMS regulation. The Audit Service Provider (ASP) should incorporate this guidance into their approach, and auditees may find it valuable to better understand the process of management systems auditing. This guidance supports the delivery of the requirements of COS-2-03, 1st edition, *Requirements for Third-Party SEMS Auditing and Certification of Deepwater Operations*, which is also incorporated by reference into the SEMS regulation. The work group is continuing its work by developing a similar document that will address the elements of RP 75, 4th edition.
Management System vs Compliance

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<th>Management System Audit</th>
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<td>An evaluation of the design, implementation, maintenance, and performance of a management system, and is insightful whether conducted internally or by a third party. It evaluates the adequacy and effectiveness of the system and its elements to deliver the desired results. A management system audit is performance-based, seeks to identify system gaps, and, in the case of SEMS, is generally conducted at least every 3 years.</td>
<td>An audit focused on verifying compliance with specific requirements, and reports identify specific deficiencies. These audits are often conducted more frequently than system audits, and can vary widely in scope (e.g., time frame, regulatory and/or internal requirements, specific programs or facilities). Corrective action is focused on remediating the deficiencies.</td>
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The main purpose of developing this document was to provide guidance for conducting a management system audit as opposed to a compliance inspection. Before we could provide the guidance, it was important to understand the difference between the two.

A management system audit is an evaluation of the design, implementation, maintenance, and performance of the management system. It evaluates the suitability, adequacy, and effectiveness of the system to deliver the desired results as defined by the system. The audit is
performance based and identifies systemic gaps.

A compliance audit or inspection is focused on verifying compliance with specific requirements and identifies specific deficiencies.
Listed here on the left are the 13 elements of a SEMS per API RP 75, 3rd edition. On the right are the 4 additional elements that are included in the BSEE SEMS 2 regulation. The SEMS regulation requires that operators develop, implement, and maintain a SEMS program that addresses all 17 elements.

A separate section called Contractor Interfaces was created in our Guidance to address references to contractors which are found within several elements of API RP 75 and 30 CFR 250 Subpart S. Note that any
identified conformities and deficiencies concerning contractors should be documented within the appropriate SEMS Elements.

The order in which an ASP audits individual SEMS Elements is a matter of scope and preference as determined by the SEMS Audit Plan. Many of the SEMS Elements are interrelated, and may lend themselves to being grouped, or returning to one after consideration of another.
Before we go any further, there are a few key definitions that we should cover. These definitions are standard across COS audit guidance documents and API RP 75.

A component is a policy, standard, practice, process, procedure, or control.

An observation is the factual support underlying every audit finding.

Effective is the extent to which the management system or an element achieves the desired results as defined by the management system.
the management system.
This guidance contains sections for each element of API RP 75, 3rd edition, the four additional elements from the SEMS regulation, and Contractor Interfaces. Each section is organized under 3 headers addressing intent, audit objectives, and key verifications.

The Intent provides a short description of the intent of the element, based on information in API RP 75 (3rd Ed.) or the SEMS regulation.
The Audit Objectives are a reiteration that the objective is to verify that the management system element has been established, implemented, maintained, and is effective in meeting element requirements.

The Key Verifications are a list of key areas to be verified through evaluation.
For each element, the guidance provides a standard step-by-step verification process. 5 Key Verifications are common to every element.

1. Verify, through observations, that a component(s) has been established to meet or exceed requirements.
2. Verify, through observations, that a component(s) has been established to assign accountability and responsibility for the component(s).
3. Verify, through observations, that a component(s) has been established to determine the necessary skills and knowledge of those assigned accountability and responsibility.
4. Verify, through observations, that the component(s) has been implemented and maintained.
5. Verify, through observations, that the organization is evaluating the effectiveness of the component(s).
skills and knowledge of those assigned the accountability and responsibility.

4. Verify, through observations, that the component(s) has been implemented and maintained. And

5. Verify, through observations, that the organization is evaluating the effectiveness of the component(s).

These verification steps should prompt discussion between the ASP and companies being audited about how that element has been developed, implemented, and maintained. The ASP’s confirmation of this information will form the basis for the observations and conclusions that the ASP provides in the audit report, and aid in understanding the maturity and effectiveness of the company’s SEMS.

Some SEMS elements require additional verification of aspects specific to that element. These will be discussed later in the program, but the process is the same for each element. We will now review each of the elements and discuss the special circumstances called out in each. The PSSR, Audit, Recordkeeping, Employee Participation Program, and Reporting Unsafe Conditions elements follow the five-step verification process exactly and will not be discussed further today.
Glenn Gesoff will now cover the first four Elements of a SEMS Audit.
Thank you, Lon. My name is Glenn Gesoff and I am the SEMS Manager for BP. This updated guidance splits RP 75’s General Element 1 into three, independent sections.

1a addresses verification that a SEMS program has been developed, appropriately communicated, implemented, and is being regularly reviewed to verify the management system’s suitability, adequacy, and effectiveness.

1b addresses verification that the SEMS has established
safety and environmental objectives, goals, and performance measures. It also verifies that personnel responsibilities and accountabilities are articulated to support the effectiveness of the system.

1c addresses verification that all components of the SEMS program have been established, implemented, maintained and are effective in meeting the applicable regulatory standards established for operating in the OCS.

For these 3 sections, the verifications follow the 5 Key Verifications common to every element.
As described in Element 2 of RP 75, the foundation for any SEMS program is having the appropriate safety and environmental information. These need to be developed and maintained for monitoring the operating limits to optimize process safety and the design of all facilities and mechanical equipment.

The verification process for this element includes 2 unique verifications.

- It verifies that all facility and equipment designs are in accordance with generally accepted engineering
practices and all applicable regulatory requirements in effect at the time.

- It also ensures that the safety and environmental information underpins all SEMS Elements within the company’s program.
Element 3, Hazard Analysis, ensures that all offshore operations conduct appropriate levels of analyses of the process and system hazards that are inherent in oil and gas operations. As such, each operator should be maintaining records of hazard identifications (HAZIDs), hazard operability studies (HAZOPs), and/or layer of protection analyses (LOPAs), and others, as necessary.

The Audit of this Element is to ensure that there is a documented procedure on when to conduct which of the hazard analyses, verify that the results have been
documented, and actions appropriately taken to ensure continuous improvement of operations.

There is additional verification that hazard analyses are conducted at a task level for activities on offshore facilities. This includes task-based risk assessments (TBRAs), high impact task risk assessments (HITRAs), Job Safety Analyses (JSAs) and many others. This verification ensures that all safety and environmental concerns are captured and mitigation risks applied, or at least an understanding of the risks to ensure everyone’s safety and no environmental impact. Irrespective of the approach applied, it is important that implementation of this element leads to ongoing awareness of the risks that need to be managed.
Element 4 – Management of Change

One of the most critical processes for offshore operations is ensuring that all changes, whether temporary, permanent, or emergency, are captured with a formal management of change.

This verification is to ensure the process has been established, documented, and maintained for all changes to equipment, operating procedures, personnel, materials and operating conditions. Some examples are provided in the guidance but it is not an exclusive list.
The audit of this Element is to verify that there is definition regarding what initiates a management of change, that appropriate training has been provided PRIOR to startup of the new process or the part of the operation affected by the change, AND that the change has been reviewed and approved PRIOR to implementation and integration into the facility’s processes and procedures.

Angus Lam will now cover the next four Elements.
Thank you, Glenn. I’m Angus Lam, the Principal of Upstream Operations Integrity Management System, also known as OIMS to some of you, for ExxonMobil. Prior to this role I was the Safety, Security, Health and Environment Supervisor for ExxonMobil Upstream Gulf of Mexico Assets.

Appropriate operating procedures are crucial to execute work in a safe and environmentally sound manner. Establishing processes on developing and implementing operating procedures with respect to different risk
exposure is the foundation of SEMS. Components of the processes to be verified during a SEMS audit, listed in Element 5 of the document, should also include:

- Ensuring that the procedures are available to appropriate personnel, and
- Periodic, documented reviews of the operating procedures to verify accuracy and effectiveness.
Safe Work Practices is the next element in guidance document. The intent of safe work practices is to reduce safety and environment risks associated with activities throughout the operation. It is the base level which the workforce adhere to while executing work. Under this element, safe work practices such as permit to work system and hazardous materials handling are specific areas of verification during a SEMS audit.
For training under Element 7, it is important to verify that two distinct components of a training program are established. The company should define the training required for all personnel and should also ensure that personnel possess the required knowledge and skills to carry out their duties and responsibilities. Implementation of the training program should be verified.
Integrity of our facilities is key for safe and environmental sounded operation. Verifying the equipment criticality within the facility is a key component of an effective SEMS program under Element 8. Verification includes but not limited to:

- Process on identifying and categorizing critical equipment
- Inspection and test frequencies
- Deviation from established process

And now, Kim Forgie, will address the remaining elements.
Thank you, Angus. I’m Kim Forgie, I support Occidentals US Offshore SEMS program management and am the current Vice-Chair for the Center of Offshore Safety.

Core to an Emergency Response and Control Element audit is verification that:

- emergency response and control plans have been established and are scalable to address event severity at a facility;
- incident responders are drilled on their knowledge and trained (AKA drilled, drilled, drilled) on the
activities and tasks they need to perform should an emergency occur; and,

- evidence is available to demonstrate after action reports are conducted and lessons learned are shared in support of continuous improvement in response and control capabilities....

Effectively, Plan, do, check, act...or in this case plan, drill, learn, improve...
For Investigation of Incidents, expectations are that audit will verify components are in place that:

- identify or define what incidents will be investigated (both actual or potential serious safety and environmental consequence incidents);
- Determine who will do the investigations and that they have the training and skills needed to conduct the investigations.
- Require that lessons learned and corrective actions are identified and communicated throughout the organization.... as well as being effectively closed
and documented (to which end you may consider using COS-1-07 *Guidance for SEMS Corrective Action Plans*)

- And finally, from a management system audit perspective - is there evidence of improvement or are there gaps in the process.
Elements 14 and 15 address Stop Work Authority and Ultimate Work Authority, respectively. Stop Work Authority is an individual responsibility when real or perceived risk is identified, taken without fear of recriminations, and needs to be understood and supported by everyone... Ultimate Work Authority is granted by the company and the responsibilities and accountabilities of the individual given that role needs to be understood by everyone. The audit should verify that specific components that evidence the foregoing are both in place and collectively understood.
Is Stop Work Authority understood; is it known who the Ultimate work authority is and what their roll and accountability is? Is there evidence that personnel have had the training and have utilized their responsibility to Stop Work? Is there evidence that individuals know that approval to resume work is granted by the Ultimate Work Authority, or as designated, appropriately?
As was mentioned earlier, the guidance gathers all the contractor-related expectations from API RP 75 and verifies them within a Contractor Interfaces section. These are listed here as the components that should be established.

- Is safety performance evaluated;
- Is selection criteria documented and in place;
- Are agreements as to how and what activities and tasks will be conducted in accordance with SEMS established and are expectations for meeting SEMS requirements communicated;
• Are hazards in conducting activities and tasks communicated between all parties – safe work practices established, and training and skills needed verified.
Thank you, Kim.

This concludes our formal presentation on COS-1-09 Guidance on Conducting SEMS Audits.

We will now address some of the submitted questions pertaining to the document. If you haven’t already, please send your questions in the chat box or use the Raise Hands function in Teams.
Before we wrap up, I want to take this opportunity to invite everyone to join us October 27 at the 9th COS Annual Safety Forum. This year’s event will be 100 percent virtual. The event will include a brief update on COS activities, conversations with both BSEE and the Coast Guard on their vision for the Gulf, and presentations from the finalists for the 2021 COS Safety Leadership Awards.

The Forum this year does not include breakout sessions. Instead, COS is planning a series of webinars throughout
the year. Today’s event is the second webinar in that series. The first, on the second edition of our Leadership Site Engagement document, took place on May 26 and is available for viewing on the COS website. We have more webinars planned – please visit the events page on the COS website where new events will be posted throughout the year.

I will now hand it over to Lon for some closing words.
Participants in Development of the Good Practice

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<td>Russell Turner, Baker Hughes</td>
<td>Will Harper, BSEE</td>
<td>Darren Englebaugh, ERM-CVS</td>
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<td>Herick Lopez, BQS</td>
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<td>Simon Zippert, BSEE</td>
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Thanks Brandy.

Finally, I’d like to thank my colleagues for their hard work not only in planning and executing this webinar, but also in the work to produce this document.

You will see in this last slide a list of all the contributors to this guidance document. As we mentioned earlier in the webinar, this group is continuing its work by developing a similar guidance document that will address the elements of API RP 75, 4th edition.
If you have any questions about COS or want to know more, please visit the website. With that, thank you for participating today. Take care.