



AMPP™

**COATING AND LINING INSPECTION
COMPANY ACCREDITATION PROGRAM**

**AMPP/SSPC QP5
APPLICATION, INSTRUCTIONS, AND
PROGRAM RULES**

Table of Contents

I.	INTRODUCTION	3
II.	GENERAL PROCEDURES FOR APPLICANTS	3
III.	APPLICATION FORM	4
IV.	EVALUATION CHECKLIST	8
A.	ORGANIZING AND MANAGEMENT	8
B.	QUALITY SYSTEM, AUDIT AND REVIEW	8
C.	QUALIFICATION OF INSPECTORS	9
D.	INSPECTION EQUIPMENT	9
E.	INSPECTION METHODS AND PRACTICES	9
F.	RECORDS AND RECORDKEEPING	9
G.	ADDITIONAL EXPLANATORY NOTES	10
V.	SUBMITTAL PROCEDURE	10
VI.	FEE PAYMENT SCHEDULE	11
VII.	EVALUATION PROCESS	13
VIII.	DETERMINATION OF STATUS	14
IX.	APPEAL PROCEDURE	14
X.	RENEWAL OF APPLICATION	15
XI.	DEFINITIONS AND EXPLANATIONS	16
XII.	QP5 SCORING CRITERIA	16
XIII.	SPECIAL PROVISIONS	17
A.	MAJOR CHANGES IN COMPANY’S ORGANIZATION	18
B.	SUSPENSION FOR NON-PAYMENT OF FEES	18
C.	FORMAL COMPLAINT PROCEDURE	19
D.	COATING CONTRACTOR AFFILIATION	19
E.	POTENTIAL CONFLICT OF INTEREST	20
	APPENDIX A: QP5 INTERNAL AUDIT	20
	APPENDIX B: NOTICE TO CERTIFIED CONTRACTORS AND QP5 INSPECTION FIRMS: REVIEW OF PERSONNEL RECORDS DURING SSPC CERTIFICATION AUDITS	24

Application Form, Instructions, and Program Rules / SSPC QP5

I. Introduction

SSPC developed the Coating and Lining Inspection Company Certification Program to set a standard of practice for coating and lining inspection companies. SSPC accomplishes this by independently auditing a coating and lining inspection company to determine whether it has the personnel, organization, qualifications, knowledge and capability to provide comprehensive protective coating inspection services in accordance with this standard.

The SSPC QP5 Certification program evaluates quality practices relevant to inspection of coating and lining applications on steel, metal and cementitious substrates. The program is not intended to guarantee the quality of work of a specific QP5 company. It is intended to assist facility owners, prime contractors, contracting companies and others who contract for coating inspection services in evaluating the qualifications of the inspection company. While SSPC certification confirms a company's capability to meet the requirements of SSPC QP5, owners, specifiers, contractors, fabrication shops and others who hire inspection companies to perform coating inspection services may also choose to assess additional capabilities such as financial resources, specific types of insurance coverage and the company's inspection experience as well as its ability to meet project-specific schedules.

This package contains information and materials needed to apply for QP5 Certification.

SPECIAL NOTE:** ***REGARDING QP5 ELIGIBILITY: In order to qualify for QP5 Certification, an inspection company cannot be involved in the manufacture or distribution of coating materials or coating application and related (e.g., surface preparation) equipment, surface preparation or coating application.

DISCLAIMER: *While every precaution is taken to ensure that all information furnished is accurate and complete, SSPC cannot assume responsibility nor incur any obligation resulting from the use or misuse of information contained herein, or of the program itself.*

II. General Procedures for Applicants

The Coating and Linings Inspection Company Certification Program contains this sequence of procedures that the applicant must follow:

- Complete the application form found in **Section III: Application Form.**
- Gather and prepare the required information described in **Section III: Application Form.**

- Submit the three items of information identified by an asterisk (*) in **Section V: Submittal Procedure** to SSPC along with the appropriate certification fee described in **Section VI: Fee Payment Schedule**. SSPC welcomes electronic submissions in lieu of hardcopy submittals. Contact the QP Certification Office for details on how to submit electronically.
- SSPC staff reviews submittals within 10 working days after receipt. An on-site audit will be scheduled if everything is in order. If not, SSPC will indicate what must be done or what additional information is required to complete the submittal.
- All non-public information submitted is treated as confidential. The original submittal is filed at SSPC and the copy is given to the auditor assigned to conduct the audit.
- The on-site evaluation will be conducted by an SSPC auditor at the applicant's primary place(s) of business or a division office in conformity with the SSPC QP5 audit checklist. The audit usually requires one or two days to be completed.

At the conclusion of the audit, an exit interview will be scheduled with an authorized member of management for the purpose of discussing any deficiencies that may have been cited during the audit. If there are deficiencies, the member of management is required – in order to complete the audit – to sign and deficiency/corrective action schedule to acknowledge that findings have been presented.

If the applying company has a qualifying score, it will be certified for one year, renewable each year thereafter.

If the applicant does not qualify, it will have 45 days after notification of findings to develop a written Correction Action Plan acceptable to SSPC and request re-evaluation. If no corrective plan is submitted for SSPC acceptance within the 45-day period, the company must reapply for initial certification.

Should the applicant disagree with the audit findings, QP5 provides for an appeal procedure as described in **Section IX: Appeal Procedure**.

If the QP5 inspection company disputes a suspension or revocation of certification, the company has the option to appeal to the SSPC Corporate Certification Program Manager in writing within 10 business days of formal notification of a suspension or revocation.

III. Application Form

QP5 Certification for the Coating and Lining Inspection Company

The application form is used to provide information that will aid in evaluating and rating the applicant's inspection operation. To avoid delays, all responses must be complete and accurate. Information must be either typed or clearly printed in ink.

Please send the original and one hardcopy of the application form (typed or printed legibly), the written submittal items described in **Section IV: Evaluation Checklist** and noted with an asterisk (*) to SSPC along with the appropriate fee described in **Section VI: Fee Payment Schedule**. Electronic submission is also acceptable. E-mail electronic submittals to certification@sspc.org.

QP5 APPLICATION FORM

NOTE: *This program encompasses inspection of protective coating and lining applications in the industrial and marine markets.*

Company Name: _____

Principal Officer/Title: _____

Home Office Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

Website Address (if applicable): _____

Telephone (w/ area code): _____

Fax Number: _____ Federal Tax ID: _____

(Enclose copy of Fed ID/EIN notification from the IRS or equivalent form for non-USA-based organizations)

Provide a list of current owners (if you are not publicly traded): _____

Type of Business: Sole Proprietorship Partnership
 Corporation Other

Years the applying company has operated under the name listed above: _____

If less than three years, list previous names below and reasons for name change.

Previous Name/Date: _____ From: ___/___/___ To: ___/___/___

Previous Name/Date: _____ From: ___/___/___ To: ___/___/___
Attach explanation of reasons for name changes.

Is the address listed above the main place of business?

Yes No

If the company has other independent offices operating under the same company name in locations other than the one listed above, list each below. Include principal contact, address, phone, fax and e-mail. If needed, attach additional sheet(s).

NOTE: *SSPC reserves the right to annually audit each independent office operating under the name listed above on a rotating basis. Additional fees will be assessed for time and travel expenses required to audit other offices and offices located outside the lower 48 states.*

Has the company undergone – within the past 12-18 months – or is it planning to undergo any major changes (e.g., name change; change in ownership; Chapter 7, 11 or 13; purchase or takeover of another company; major personnel changes)?

Yes (attach explanation) No

Average number of inspectors you've employed annually to perform coating and lining inspection work over the past three years: _____

Are all company inspectors employees of the company? Yes No

Note:

All inspectors must be W-2 employees and cannot be employed (1099) on a "by contract" basis.

Has your company or any of its personnel been accused/charged/alleged by a court (local, state or federal) to be involved in any of the following practices in the past 36 months?

1. Fraud;
2. Alteration of test results or reports;
3. Criminal conviction;
4. Misrepresentation of information;

5. Illegal business practices;
 6. Illicit operations;
 7. Bribery; or
 8. Drug abuse on the job (refer to the **Disciplinary Action Criteria (DAC)**).
- Yes (attach explanation) No

Has your company been disqualified or disbarred from any RFQ/RFP bid or proposal lists in the past 24 months?

Yes No

Have any of your inspection contracts been terminated prior to contract completion for convenience or cause?

Yes No

(Attach reason and name of disqualifying entity or circumstances surrounding any terminations)

If your company is ISO 9001 certified or maintains other third-party Quality Management System certifications, please submit copies of the certificates and copies of the most recent audit findings.

If your company has been audited by any other third-party organization or customers, please submit audit findings.

Provide evidence from your insurance carrier of your company's current interstate and intrastate EMR.

Provide copies of any regulatory body citations issued to your company within the previous 18 months for violations of regulations (e.g., OSHA, EPA, federal or local).

Is your company affiliated/partially or fully owned by – or does it have partial or full ownership of – an independent industrial coating contractor or industrial coating manufacturer or distributor or coating application and related equipment manufacturer?

Yes (attach explanation) No

Does your company sell products that you also specify in coating specifications that you develop for clients for which your company is also doing the coating inspection?

Yes (attach explanation) No

By my signature below, I acknowledge that I have read and understood the Coating and Lining Inspection Company Certification Program Application Form and Instructions, the procedure set forth therein and any Disciplinary Action Criteria in effect. As a principal officer of the inspection company, we agree to abide by and be bound by the rules, regulations and procedures set forth therein.

Authorized Signature

Printed Name and Title

Date

NOTE: *Failure to report accurate, complete information will delay certification evaluation. Deliberate omission or falsifying of information will result in withholding of certification status for a minimum of six months after notification.*

IV. Evaluation Checklist

Coating and Lining Inspection Company Certification

Following is a list of audit evaluation topics that the auditor will review and rate during the SSPC QP5 evaluation. Information on evaluation item titles in **bold type**, preceded by an asterisk (*), must be submitted with the application and accepted by SSPC prior to scheduling of the audit. Specific QP5 audit requirements can be found on the QP5 audit checklist, which you can find at <http://www.sspc.org/qp-audit-checklists>. SSPC strongly recommends that you download the QP5 audit checklist and conduct your own QP5 internal audit prior to the SSPC QP5 audit. Records or files to be made available to the auditor include but are not limited to job files, inspection equipment calibration and calibration verification records, personnel records, company and individual certifications and licenses, equipment maintenance records, personnel training and qualification documentation. The auditor may also interview inspectors and other company personnel as appropriate.

A. Organizing and Management

1. Legal Identifiability of Organization
2. Identifiability of Inspection Body
3. **Technical/Quality Manager (TQM)**
 - a. **NOTE:** *TQM must be present during the QP5 audit*
 - b. *** SUBMITTAL ITEM:** *Names of TQM and all persons performing back-up TQM duties*
4. TQM Functions and Back-Up Plan
5. Internal Auditor Qualifications
6. Supervision and Training of Inspectors
7. Confidentiality of Client Information

B. Quality System, Audit and Review

1. Quality Program

2. Quality Manual (Contents)
 - a. *** SUBMITTAL ITEM:** *Quality Manual*
3. Management Review (by TQM)
4. Independent Verification of Inspection Result by Supervisory Personnel
5. Review of Field Work for Conformance with Contract Requirements
6. Internal Audit of Inspection Activities
7. Quality System Review by the Responsible Executive
8. Periodic Checks by the Responsible Executive

C. Qualification of Inspectors

Carefully review **Section 6.A** of the QP5 standard and **Tables 1-3** in the standard before developing your qualification program.

1. Inspector Qualification and Training Program
 - a. *** SUBMITTAL ITEM:** *Summary of Company's Inspector Qualification Program*
2. Inspector Qualification and Training Requirements (SSPC Level I, II, III)
3. Continual Qualification of Inspectors
4. Qualification Documentation
5. Near Distance Visual Acuity
6. Color Perception
7. Inspector Fails to Pass Farnsworth D-15 Test
8. Other Physical Qualifications

D. Inspection Equipment

1. Equipment and Equipment Reference Materials
2. Maintenance and Calibration of Inspection Equipment
3. Calibration and Records
4. Measurement Traceability (General)
5. Measurement Traceability (In Service)

E. Inspection Methods and Practices

1. Inspection Methods/Practices (General)
2. Inspection Methods/Practices (Project-Specific)
3. Sampling
4. Calculations and Data Transfer

F. Records and Recordkeeping

1. Use of Computers
2. Traceability of Records and Reports
3. Record System
4. Storage of Records
5. Certificates and Reports
6. Subcontracting
7. Complaints

8. Audits Triggered by Significant Complaints

G. Additional Explanatory Notes

1. Floor Audit of Inspectors to Verify Company Support

SSPC reserves the right to contact inspectors by phone on the job site or visit an inspector on a job site as part of the QP5 audit process to verify that the company support is as indicated by policy.

2. Auditor Training Requirements

a. The inspection company must be able to document that internal or external auditors have trained in the following topic areas as they pertain to the independent auditing process:

- I. Ethics, Processional Conduct and Liability Issues;
- II. Audit Preparation;
- III. Audit Performance;
- IV. Audit Reporting;
- V. Corrective Action Follow-Up Closure;
- VI. Audit Program Management;
- VII. General Knowledge and Skills

The training may be live (in-house or by an outside agency) or by distance (e.g., correspondence course, CD-ROM, web-based).

b. Curriculum Outline:

- I. General Knowledge and Skills
Auditing basics, basic skills, tools and techniques, etc.
- II. Ethics, Professional Conduct, Liability Issues
Code of ethics, professional conduct and responsibilities, liability issues, etc.
- III. Audit Preparation
Audit definition and plan, audit design (checklist preparation), document review and preparation, communication and distribution of audit plan, etc.
- IV. Audit Reporting
Review and finalize audit results, written report format and content, issue written report, audit records retention, nonconformance statements, etc.
- V. Corrective Action Follow-Up and Closure
Correction action follow-up, closure, etc.
- VI. Audit Program Management
Administration process, audit personnel, etc.

V. Submittal Procedure

A. To avoid delay, gather and submit application package materials as follows:

- 1) Type or legibly print all entries on the application form. Electronic submission is also acceptable.
 - 2) Be certain all items on the form are answered completely and accurately and that the form is signed by the company president, CEO, COO or similar.
 - 3) Send original or electronic submission of the application package to SSPC. We suggest the company keep a copy on hand for use during the on-site audit.
 - 4) Clearly identify items of information that are noted on the evaluation checklist as being required submittals to accompany the application.
- B. Submittal items include:
- 1) Name of TQM and Designated Backups or Assistants
 - 2) Quality Manual
 - 3) Summary of Inspector Qualification Program
- C. Secure all pages to minimize chance of loss or separation.
- D. Determine non-refundable certification fee using the schedule below.
- Make check payable to:**
SSPC – the Society for Protective Coatings
- Mail the application package and fees to:**
SSPC: Society for Protective Coatings
Attn.: Corporate Certification Program Manager
800 Trumbull Drive
Pittsburgh, PA 15205
- E. Alternatively, application and submittals may be submitted electronically on CD-ROM or MAC Readable Disk or via e-mail provided electronic signatures required on the application form are valid and SSPC is able to open the document. **E-mail documents to certification@sspc.org.**

VI. Fee Payment Schedule

Companies applying for certification must submit the applicable **Administrative Fee** plus **Audit Deposit** to cover anticipated audit expenses with their application. SSPC will withhold your certification until receiving total payment.

NOTE: *The fees cover the cost of staff time to review and process your application package, the cost of the on-site evaluation and audit, and the overhead expenses required to operate the Contractor Certification Program.*

Annual administrative fees are not refundable if a contractor's certification(s) are suspended or revoked.

Determine your audit expense from the following:

QP5 Fee Schedule			
	Sustaining Member	Patron Member	Non Member
<i>Administrative Fee</i>	\$1,350	\$1,600	\$2,150
<i>Audit Deposit</i>	\$2,600	\$2,600	\$2,600
<i>Certification Total with no Corrective Action</i>	\$3,950	\$4,200	\$4,750

QP5 Additional Fees, As Applicable			
	Sustaining Member	Patron Member	Non Member
<i>With Corrective Action Verification:</i>	+\$300	+\$550	+\$800
<i>If Outside US/Mex/Canada:</i>	+\$1,500	+\$1,500	+\$1,500

EXAMPLE: *If your company is an SSPC Patron Member applying for initial QP5 Certification, submit \$5,400 (\$2,400 Administrative Fee + \$3,000 Audit Deposit).*

SSPC will return non-responsive and inactive applications submittals and fees to the applicant after six months of inactivity when no audit was conducted. SSPC will assess a \$750 USD administrative processing fee that will be deducted from the administrative fee and audit deposit initially submitted with the application.

For program members who withdraw from the QP program during a certification term, SSPC will retain the entire administrative fee submitted at the beginning of the certification period and return any unused audit deposit.

You must pay post-audit fees for QP5 deficiency audits or additional audit expenses when they are due. Failure to pay in a timely manner will result in a six-month suspension from the program and public notification of your suspension. If you do not pay the fees after the suspension period, you will be decertified and have to reapply for QP5 Certification. When reapplying, you will have to pay all applicable fees and all past due fees.

NOTE: *Maintenance applications are due December 15. SSPC will assess a \$500 late fee for maintenance applications received by SSPC between December 16 and March 31.*

SSPC POLICY

- A. Audits are performed at cost. If the audit cost is less than the submitted audit deposit, SSPC will bill your company for the additional expenses.
- B. Program fees are **non-refundable** regardless of the results of the evaluation
- C. Fees must be paid in advance. Certification will be withheld until all fees are paid. Post-audit fees for QP5 corrective action verification audits or additional audit expenses are payable when due. Failure to pay fees in a timely manner will result in a six-month suspension from the program and public notification of the suspension. If fees are still not paid after the suspension period lapses the company will be decertified after being given notice. To regain QP5 Certification, the company will need to reapply, pay all applicable fees and fees owed from the past.
- D. In the case that a company withdraws an application prior to the scheduling of the field evaluation, SSPC will withhold \$750 for the application processing expenses.
- E. After six months, SSPC will return non-responsive and inactive applications to the company, less a \$750 non-refundable administrative processing fee.
- F. QP5 applicants must pay all applicable fees for QP5 deficiency audits or additional audit expenses when they are due. Failure to pay in a timely manner will result in a six-month suspension from the program and public notification of the suspension. If fees are not paid after the suspension period, that company will be decertified. In order to regain QP5 status, the company is required to reapply as an initial applicant. When reapplying, all applicable fees and all overdue fees must be paid prior to QP5 Certification being approved.

SSPC Policy Regarding Cancellation of Audit

If after an audit date has been selected and mutually agreed upon by both the applicant and SSPC – and confirmed either in writing or verbally – the applicant either cancels the audit or requests a change of date, the applying company will be responsible for any unrecoverable expenses incurred by SSPC as a result of the cancellation.

VII. Evaluation Process

Evaluation of the applying company is performed in conformity with the current version of SSPC QP5: Standard Procedure for Evaluating the Qualifications of Coating and Lining Inspection Companies.

The application package (i.e., application form, written submittal and certification fee) is received by SSPC. Upon acceptance by SSPC, the application form and submittals are provided to an auditor.

When a mutually agreed upon date or timeframe has been selected for the initial audit – and confirmed in writing or verbally by the applicant and the SSPC Corporate

Certification Program Manager or auditor – SSPC will send a program auditor to visit the headquarters business office of the inspection operations to perform the following:

- A. Confirm data submitted in the application package;
- B. Interview key personnel and selected inspectors;
- C. Observe and rate company organization and operation utilizing standard program guidelines and rating procedures; and
- D. Schedule the exit interview.

At the conclusion of the audit, the auditor will schedule an exit interview with management personnel to point out any corrective actions that were scored “Less than 2” and items scored “2,” which require a minor **Corrective Action Report (CAR)**.

NOTE: *The company TQM must be present during the audit unless the audit is unannounced or conducted on a job site. If corrective actions are required, the auditor will complete the deficiency/corrective action schedule, which must be signed by the company representative at the conclusion of the audit. Signature does not connote agreement with the results. It only acknowledges that findings have been presented. Refusal to sign the deficiency schedule is cause for denial of certification.*

VIII. Determination of Status

At the conclusion of the evaluation process described in **Section VII: Evaluation Process**, the auditor will forward a report to the SSPC Corporate Certification Program Manager – who will make the final recommendation to the Program Director – regarding certification status. Those decisions are either:

- A. Confer Certification
 - a. Applying company achieved score of “3” on all evaluation items.
- B. Deny Qualification
 - a. Applying company achieved scores of “2” on items that require written corrective action within 90 days of notification of audit results. Certification can be issued once a Corrective Action Plan is submitted and accepted for each item rated “2.” If the applying company achieved four or more ratings of “2,” a follow-up audit may be required.
 - b. Applying company achieved scores of “1” on one or more items, requiring submittal of a written Corrective Action Plan and a re-audit at the applicant’s expense. The re-audit will confirm that acceptable corrective actions have been implemented and root causes investigated.

IX. Appeal Procedure

During the audit exit interview, the auditor will document and explain all deficiencies cited during the audit. If you dispute any of the audit results, you may appeal using the steps of recourse listed below.

- A. You must notify the SSPC Corporate Certification Program Manager in writing within 10 working days after the date of the exit interview – specifically identifying the deficiencies you are appealing – and substantively explaining why you dispute them. This includes providing supporting documentation for each deficiency being contested.
- B. SSPC will evaluate your written appeal and notify you in writing of the evaluation results within 30 calendar days of the appeal submission receipt by SSPC. SSPC appeal evaluations will result in either acceptance of your written appeal (vacating or reducing an audit deficiency) or denial of the appeal (sustaining the deficiency). For a denial of any appeal, the inspection company has the option to accept the SSPC appeal resolution and submit a **Corrective Action Plan (CAP)**, which may or may not require a follow-up audit to verify CAP implementation. Finally, an appeal denial by SSPC could also result in a QP suspension of up to one year.
- C. The inspection company can continue the appeal process by requesting – in writing – an informal conference within 10 business days of an appeal denial by SSPC. The informal conference will be held at SSPC headquarters in Pittsburgh, Pennsylvania for the inspection company to further explain its position and request a settlement.
- D. The final option for the inspection company wishing to continue with the appeal is to utilize existing QP contractor **Disciplinary Action Criteria (DAC)** Arbitration Panel Procedure.

NOTE: *Withdrawal from the appeal process at any point during the process shall result in implementation of the initially stated penalty issued by SSPC for failing to pass the audit.*

IMPORTANT NOTE: *Failure to cooperate with the program auditor or failure to provide access to data, personnel or on-site premises shall be sufficient cause for denial, suspension or revocation of QP5 Certification.*

X. Renewal of Application

SSPC QP5 Certification is for one year, from March 31 to March 31. To renew certification, the QP5 Certified company must reapply annually by December 15 unless SSPC has granted an extension.

To renew, the QP5 Certified company must submit a maintenance application form, a list of inspection projects in progress and completed since the last evaluation, changes in key personnel or changes in company organization and the appropriate maintenance

fee. All must be submitted by December 15. SSPC will assess a \$500 late fee for late or incomplete maintenance applications.

SSPC will send a registered letter to the QP5 Certified company 30-60 days before the December 15 deadline as a reminder to reapply. The QP5 Certified company is responsible for ensuring that SSPC has a current business address in order to ensure notification is received in a timely manner. Failure on SSPC's part to send your company a reminder notice does not relieve your company of the responsibility of renewing on time.

NOTE: *If the QP5 Certified company fails to reapply by the December 15 deadline without requesting an extension, SSPC reserves the right to allow your certification to expire.*

SSPC will send a letter to any company who has failed to reapply when due as a reminder that that certification has expired.

XI. Definitions and Explanations

See **Section 2 of the QP5 Standard** (June 2012).

XII. QP5 Scoring Criteria

The SSPC auditor rates your company on all applicable* evaluation items. Only findings rated "1" or "2" are reported on the deficiency schedule, which is given to the auditee at the closing interview. Lack of a finding for an evaluation item means that the auditor rated it "3" or did not rate the item.

****More items are evaluated on initial and full audits than are evaluated on maintenance, spot-check or correction action follow-up audits.***

Below are the ratings and what they mean:

The rating of "1" is a major CAR or deficiency, and indicates:

- a) The required training, written program, practice or procedure is non-existent;
- b) The required training or written program is inadequate; or
- c) The required practice or procedure has not been in place for the minimum time of six consecutive production months, or it has been in place sporadically (e.g., less than 2/3 implemented based on sampling).

IMPORTANT NOTE: *Typically, auditors will not issue major deficiencies for isolated breakdowns in a contractor's quality system. However, there are exceptions. For example, auditors will issue a rating of "1"*

when they observe one or more safety violations or safety hazards that could result in an injury or serious incident. An obvious example would be a person working without appropriate fall protection as required by the contractor's safety and health plan and/or governing regulations. Auditors will also issue a rating of "1" if they discover one or more unauthorized deviations from contract requirements or deviations from good painting practices found in the paint shop, shipyard or field job site.

The rating of "2" is a minor CAR or deficiency, and indicates the training or written program is adequate but requires minor revision. Examples include a practice or procedure that is in place with isolated instances of non-conformance no more than 1/3 of the time based on sampling, lack of practice or documentation due to personnel turnover, non-performance by field personnel, personal hardship and natural disaster.

The rating of "3" indicates that a contractor – based on audit sampling – consistently adheres to specific training and written program requirements as well as required practices and procedures that consistently meet the letter of the standard. When there are no audit findings it means that all items evaluated during the audit were rated "3."

A **Corrective Action Report (CAR)**, using the SSPC automated CAP form found on the SSPC website at <http://www.sspc.org/qp-cap> is required for each rating of "1" (major deficiency) found by the auditor. Remedial action for a major CAR requires the submission of a Corrective Action Report followed by an on-site audit to confirm that the contractor has corrected the deficiency and implemented the corrective action plan submitted to SSPC. With the exception of initial audits and maintenance or follow-up audits where multiple CARs are written (e.g., four to five), remedial action for a minor CAR requires that the auditor confirm remediation at the next audit. Minor CARs that are not remedied by the contractor by the next audit turn into a major CAR or deficiency.

Initial Audits require Corrective Action Report submission for all deficiencies cited – both major and minor.

Concerns: Occasionally, the auditor will note a "Concern" on an audit report. A Concern is not a rating – it is simply a statement for the contractor to consider for its own business purposes. No response is required for a Concern.

XIII. Special Provisions

A. Major Changes in Company's Organization

SSPC certified inspection companies are required to notify the SSPC Program Administrator within 30 days of any major organizational changes. Examples of a major change includes, but is not limited to:

1. Change in ownership;
2. Partnership/joint venture;
3. Change in executive management (president, CEO, general manager, etc.); and
4. Name change.

The notification shall include the following information:

1. Specific details about changes revised organizational and responsibility chart;
2. Effective dates of change; and
3. Names of officers of company.

SSPC will subsequently schedule a special audit at the inspection company's expense within 60 days of notification. SSPC will also schedule another audit – also at the company's expense – within six months of the special (first) audit to verify that the company is in fact maintaining the standards of the program. If the company does not pass the six-month audit, certification will be rescinded.

No transfer of certification status to a new company will be approved until the company provides SSPC with the information and passes the special (first) audit.

Failure to notify the program administrator of any major changes within the required time period may result in an automatic six-month suspension of certification.

A company may request that SSPC waive the requirement for a special (first) audit before approving the transfer. SSPC will evaluate each request and may waive the requirement at its own discretion.

B. Suspension for Non-Payment of Fees

Failure to pay all fees in a timely manner will result in a six-month suspension from the program and public notification of the suspension. SSPC will suspend the QP5 if it fails to pay all outstanding balances within three business days of the final (second) invoice. For initial and annual applicants who pass the evaluation, certification will be withheld until all fees are paid. Finally, if the company chooses to contest or appeal any outstanding balance, the appeal must be in writing and submitted to the Corporate Certification Program Manager within five business days of the final (second) invoice date. Failure to submit a

timely written appeal of an outstanding invoice will also result in a six-month suspension.

C. Formal Complaint Procedure

Any authorized representative of an agency who hires a certified inspection company may file a formal complaint against the company if this person has information that the inspection company does not practice in conformance with QP5 Certification procedures. The formal complaint procedure allows the inspection company to submit information in response to the complaint.

SSPC is committed to a fair and transparent Complaints and Appeals process regarding our certifications. If you would like to learn more about this process, or to communicate an issue to our Certification Body please contact certification@sspc.org and describe your issue and/or request a phone call back. We will respond within two business days to your email communication. You may also call us at 877-281-7772 to speak to someone about your issue.

IMPORTANT NOTE: *Failure to cooperate with the program auditor or failure to provide access to data, personnel or on-site premises shall be sufficient cause for denial, suspension or revocation of the company's certification status.*

D. Coating Contractor Affiliation

Inspection firms applying for QP5 Certification or already certified to QP5 must disclose to the SSPC QP5 Program Administrator that it is affiliated with or has ownership interest in or is owned in whole or in part by an independent industrial coating-contracting company.

Affiliated Company for purposes of these policies is defined as, *"A subsidiary of a larger umbrella organization (e.g., a holding company) of which the inspection company is also a subsidiary, which manufactures coating materials or coating application equipment or is involved in the application process."*

Independent QP5 Certified organizations that are affiliated with an independent coating contracting company or who have an ownership interest in or are owned in whole or in part by a coating contracting company must disclose its affiliation or ownership interest in its QP5 proposals to the facility owner and the prime contractor.

Independent QP5 Certified organizations that are affiliated with an independent coating contractor or who have an ownership interest in or are owned in whole or in part by a coating-contracting company are prohibited from inspecting (under a QP5 contract) that contractor's work unless authorized in writing by the facility owner.

Independent QP5 Certified organizations that are affiliated with an independent coating contractor or who have an ownership interest in or are owned in whole or in part by a coating-contracting company are required to disclose the affiliation or ownership interest to the coating contractor the QP5 company is inspecting (under a QP5 contract) prior to the beginning of painting operations.

The QP5 firm must report the above disclosures to the SSPC Corporate Certification Program Manager or Program Administrator before beginning inspection work requiring QP5 Certification.

SSPC will enforce the above policy through disclosure requirements for QP5 Certified companies and periodic audits. Penalties for failing to comply with the above policies are:

- First Offense: Six-month suspension
- Second Offense: One-year suspension

E. Potential Conflict of Interest

You are required to declare other existing or potential conflicts of interest, such as:

1. Specifying products that you sell and also performing inspection services for those same jobs;
2. Selling materials, equipment and supplies to contractors who are on jobs your company is inspecting; and
3. Manufacturing or distribution of surface preparation and coating application supplies and equipment.

Appendix A: QP5 Internal Audit

SSPC Position Statement on Internal Auditing Requirements for QP5 Certified Inspection of Coating and Lining Firms

This position statement applies to the QP5 company's internal auditing of the coating and lining inspection work performed for its customers. The internal audit program consists of all internal audits, annual management evaluation and corrective actions and follow-up.

Introduction: Why Implement an Internal Auditing Program?

Unlike the audit of a company's financial statements, internal quality auditing is used as a tool for monitoring the state of a company's **Quality Management System (QMS)**. An effective internal audit process can benefit your company by improving operating efficiency (e.g., reducing waste and rework) and reducing business risks (e.g., warranty service demands, latent defects and litigation problems). When you take the time to

identify areas of inefficiency you are always looking at your coating inspection services with an eye toward improving your performance.

The use of internal audits in conjunction with a QMS provides a framework for evaluating compliance. Internal audits also create an environment where continual improvement is both expected and desired.

If your inspection firm implements a QMS merely to comply with QP5, your company is missing the point of the QMS. Likewise, if you implement an internal auditing program just to meet a QP5 audit item, you are again overlooking the benefits of continuous improvement.

The QMS provides the structure from which you can develop a baseline for management and operations/production personnel to improve processes in a controlled fashion. The internal audit process plays an important role in:

1. Continually assessing your company's compliance with its QMS;
2. Helping you evaluate the effectiveness of previous improvement efforts; and
3. In identifying future opportunities for improvement.

Top management must be the first to recognize the value of the QMS and the internal audit program. There must be a total commitment from top management to implement the QMS and to continually improve your company's operations. An effective internal audit program is critical for monitoring your company's QMS and identifying where further efficiencies can be applied.

Who Makes a Good Internal Auditor?

ISO/ASQ QE19011-2002 auditing identifies the following personal attributes for an auditor:

- **Ethical**
 - Fair, truthful, sincere, honest and discreet
- **Open-Minded**
 - Willing to consider alternative ideas or points-of-view
- **Diplomatic**
 - Tactful in dealing with people
- **Observant**
 - Actively aware of physical surroundings and activities
- **Perceptive**
 - Instinctively aware of and able to understand situations
- **Versatile**
 - Adjusts readily to different situations
- **Tenacious**
 - Persistent, focused on achieving objectives
- **Decisive**

- Reaches timely conclusions based on logical reasoning and analysis
- **Self-Reliant**
 - Acts and functions independently while interacting effectively with others

Your internal auditors should have all these characteristics plus a keen eye for problems associated with operating the business and the ability to synthesize knowledge and observations into meaningful recommendations for improvement.

Successful internal auditing also requires using certain techniques that are not necessarily complicated, but not always self-explanatory. Like all areas of business and management, once you've identified an individual with the desired personal characteristics, some training and experience will be required for the individual to perform satisfactorily.

Auditor Training and Qualifications

ISO/ASW QE19011-2002 also provides numerous recommendations for auditor qualifications and experience. Additionally, the effective internal auditor must have general knowledge of coating and linings inspection company operations, as well as technical knowledge of the protective coatings industry.

The American Society for Quality (ASQ) has an auditor certification program that is appropriate for internal auditors. While ASQ certification is not required for QP5 internal auditors, it may be worth considering for the individual(s) in your company heavily involved in internal auditing. The Body of Knowledge for the Certified Quality Auditor Program can be found at <http://www.asq.org>, or specifically at http://www.asq.org/cert/types/cqa/bok_new.html. ASQ also offers a self-study auditing course in both "at home" and "online" versions. At a minimum, any individual assigned auditing functions should have completed the following ASQ e-Learning Courses: Auditing (CQA) Fundamentals I and Auditing (CQA) Fundamentals II, or ASQ's Foundations in Quality Learning Series – Certified Quality Auditor (self-study) or an equivalent.

ASQ e-Learning Course – Quality 101 (web-based training) will provide a good foundation for anyone involved in developing, managing, auditing or otherwise maintaining a QMS.

Compliance with QP5

SSPC expects QP5 companies to perform internal audits on a minimum of 50% of their coatings and linings inspection projects. One way to demonstrate compliance with this quantitative requirement is to keep a log of annual (FY calendar) inspection projects with notations on the log showing which jobs were internally audited, the name of the internal auditor and the date(s) of the internal audit. The log should link specific project records to the appropriate internal audit records.

If you already have such a log or list and use it for other purposes, this is acceptable.

To assist you in identifying projects for auditing, here is a list of situations that might pose unusual risks and must be considered high-priority projects for internal auditing:

- Using or having used an inspector “new” to your company;
- Using or having used a newly trained, inexperienced inspector;
- Doing inspection work for a new client;
- Doing inspection work in a new category of work regardless of whether you have an experienced inspector on the project;
- Receiving a complaint about the level of quality of inspection from your client, the prime contractor, the painting contractor or the material or equipment supplier;
- Receiving a formal request from a client to audit project documents and test procedures/results;
- Executing a contract that requires internal auditing.

You should allow for internal audits to be both announced and unannounced at the discretion of your **Total Quality Manager (TQM)** or the **Responsible Executive (RE)**.

Audit Sample Size

Much value can be derived from internal audits when appropriate sampling techniques are used. The inspection company should have procedures in place to implement the internal audit policy including selecting projects, sampling, evaluating and reporting.

Internal audits should be fair and objective. Before beginning any audit, the internal auditor must become familiar with the details of the coating specification – especially acceptance criteria – as well as details of the QMS. Records and test procedures and results must be reviewed for completeness, accuracy and relevance.

When the audit is complete, the internal auditor must sign the report and distribute copies to the TQM and the RE. All internal and external audit reports, management reviews and corrective actions and resolutions (internal and external) shall be part of the controlled records.

Periodic Spot Checks at Job Sites

In addition to the annual QP5 external audit conducted at your headquarters or at a division office by SSPC, SSPC auditors visiting job sites may perform a spot check of your QP5 procedures as they apply to a particular job. Please notify your field inspectors and project managers so they are prepared for a QP5 field audit. If the SSPC auditor cites your company for a deficiency or a correction action as a result of a job site spot check, the auditor will inform your representative on-site of the deficiency or corrective action.

The Corporate Certification Program Manager will notify the TQM formally after the audit report is received and processed.

SSPC Contact

Certification Program Manager

certification@sspc.org

877-281-7772 at extension 2235

Appendix B: Notice to Certified Contractors and QP5 Inspection Firms: Review of Personnel Records During SSPC Certification Audits

List of personnel information needed to confirm compliance with applicable SSPC QP5 Certification requirements.

It is important that you make available to the SSPC auditor any personnel information that is needed to confirm compliance with applicable SSPC Certification requirements.

Such information includes, but may not be limited to:

- a. Medical surveillance records (e.g., blood lead test results, zpp test results) inspectors who work on your job sites and who may be exposed to hazardous metals or materials;
- b. Clearances to wear respirators;
- c. Respirator fit test;
- d. Hearing test results;
- e. Training records including exam results and course curriculums; and
- f. Hazard communication (right to know) training records.

Many companies maintain spreadsheets of such information. It is important on an audit to have the backup information (e.g., certification cards, course exams, medical exam summaries) available so the auditor can verify the information recorded on spreadsheets or other types of summaries.

Due to increased privacy concerns under **HIPAA (Health Insurance Portability and Accountability Act of 1996)**, it may be necessary to obtain release forms from those persons who do inspection work for your company just to make sure you're covered. HIPAA provides federal protection against the misuse of individually identifiable healthcare information.

However, HIPAA should not be used as a shield when a legitimate requester such as an SSPC auditor requests data. This interpretation is based on a letter issued by OSHA (Standard Interpretation Letter dated August 18, 2004) that explains to contractors that

they do not have to remove names from their OSHA 300 Injury and Illnesses Log in order to comply with HIPAA.

SSPC assures each company that is audited by SSPC that the SSPC auditor, Corporate Certification Program Manager or Program Administrator will only ask the review personnel information that is required to confirm compliance with QP5 audit requirements. The SSPC auditor will not ask to see any personal medical exam results. The SSPC auditor will treat any information reviewed as confidential and will ask to see it only for the purpose of confirming compliance with QP5.

Failure to make available personnel information to SSPC so SSPC can determine compliance with contractor certification requirements will result in issuance of deficiencies, which could lead to suspension or loss of certification status.