PS Asks Joe Stough

PS: What's the first thing a company should do to begin complying with the new Safety and Environmental Management Systems (SEMS) regulation?

Joe: The first thing an off-shore oil and gas company needs to do is develop a comprehensive operations integrity, operational excellence or HSE management system that meets the criteria defined by the American Petroleum Institute (API) RP75, Recommended Practice for Development of a Safety and Environmental Management Program. If the company already has such a structured management system, then it should complete an internal assessment to verify that its management system meets all 13 aspects of the API RP75.

PS: What are the basic steps of SEMS compliance? What are some potential obstacles to compliance?

Joe: The most basic step is to submit form 131 to the Bureau of Safety and Environmental Enforcement (BSEE) to notify it that you have implemented SEMS. Then, ensure that up-to-date hazards analyses have been conducted on all facilities that you operate in the Outer Continental Shelf (OCS). Next, prepare to complete an independent third-party audit and submit those audit results with corrective action plans to BSEE. One potential obstacle would be to assume that existing management systems like OSHAS 18000 or related ISO standards would yield compliance. Companies must show compliance with the RP75 document, which contains elements that are not covered by OSHA or ISO.

PS: Why is it important for operators on the OCS to establish even higher standards for documenting their critical safety indicators?

Joe: As we've seen with some recent events, incidents are not limited to a single impact. They have a major affect on the broader ecosystem in which the company operates—including employees, assets, environment and economies. Companies need lessons learned for themselves as well as for the industry as a whole. The best practice indicators for safety performance often address preventive, proactive measurements as opposed to lagging safety outcomes that allow companies to only react.

PS: How can companies encourage the use of performance-based operating practices?

Joe: As safety performance becomes a more vital measure of business performance and even the “right to operate,” shifting to apply leading indicators as a barometer for driving performance will become more important. In conjunction with establishing each element of a SEMS-compliant management system, measures should be established to track performance in the interim period between audit cycles.

PS: How can companies prepare for a SEMS audit? Where can they find audit documentation?

Joe: BSEE does not provide an internal audit protocol but rather depends on the operator/owners to establish an audit protocol that is compliant with RP75. Overall, it is important for companies to have a system that automates the execution of many of the elements and provides a convenient repository for managing safety and environmental information. This provides best practices and lessons learned in order for companies to continuously improve safety and reduce risk. It is one of the largest benefits of an enterprise HSE software application.

PS: How will BSEE determine whether an operator's SEMS program is effective?

Joe: An operator’s program will be audited by the lessee or an independent third party first within 2 years of initial implementation and then at least every 3 years after that. The audit results along with documented corrective action plans must be provided to BSEE. BSEE requires that audit plans be submitted at least 30 days prior to the audit, and BSEE can decide to participate in the audit. BSEE will assess the documented audit outcomes to determine whether a SEMS is deemed effective.

PS: What are the 13 elements under SEMS?

Joe:
1) general provisions;
2) safety and environmental information;
3) hazards analysis;
4) management of change;
5) operating procedures;
6) safe work practices;
7) training;
8) mechanical integrity;
9) prestartup review;
10) emergency response and control;
11) investigation of incidents;
12) audits;
13) records and documentation.

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**PS:** How does SEMS affect contractor selection?

**Joe:** SEMS does not necessarily affect selection, but contractors are included in SEMS and need to be considered as part of overall safety and risk management planning. Contractors are not required to have an SEMS but rather are required to document their agreement on safety and environmental policies with a “bridging document.” In order to become more attractive, a contractor should implement an SEMS that meets all elements appropriate to their business.

**PS:** How are the new SEMS rules similar to OSHA standards?

**Joe:** Whereas OSHA regulates policy on various elements of safety in industry, it does not “prescribe” an overarching management system—the principle elements of which must be “effectively” implemented in order to be in compliance—and SEMS does exactly that. This may be due to the maturity of each of the standards in that OSHA’s PSM regulation is nearly 20 years old and the new SEMS regulation has the advantage of taking all the best practices learned from other standards and industries.

**PS:** How is SEMS similar to other safety management systems?

**Joe:** As an industry best practice, major energy companies have implemented SEMS for many years to wrap up the core elements of operating a facility with optimum integrity, minimal losses and maximum productivity. The effective execution of these operational excellence and operations integrity management systems has in most cases resulted in excellent HSE and business performance. The SEMS regulation outlined in API RP75 poses to make this best practice a common practice for operations in the OCS.

**PS:** How can employers improve employee training programs to better meet the needs of SEMS?

**Joe:** The training regulations are not prescriptive but rather require that training covers the job functions of employees. Companies that get the best results from SEMS provide rigorous training on the elements and purpose/vision of the SEMS program itself—and this training is provided to all employees and refreshed with leadership communications on a frequent basis.

**PS:** A common deficiency of a SEMS audit is the lack of follow-through on recommendations. Do you have any follow-through tips?

**Joe:** Yes, follow-through is a common deficiency of many risk management programs. Most helpful to solve this is a structured, standardized business process for action item management that covers management of all sources of PSM actions. This includes an associated software platform—ideally part of a comprehensive information solution for enterprise sustainability management—to track recommendations and action items from inception through to completion. This helps to provide transparency for the company and auditors as well as assurance that lessons learned result in real improvements.

Joe Stough is a visionary and strategist in the field of operational risk management, helping companies better manage their enterprise sustainability management programs. For many years, he has been leading the innovation of solutions that successfully combine the disciplines of enterprise-level business software and advanced statistical analysis. His ongoing mission as the leader of Innovation Technologies at IHS is to continuously pursue the measurable factors that yield both a safer work environment and more sustainable operations, so they can be “practically measured” by business leaders to drive sustainability performance improvements. Joe has a professional background in large-scale database software design and holds a graduate degree in applied statistics from the University of California.