
Office of Inspector General
Audit Report

Program for Overseeing Passenger Ferry Safety

U.S. Coast Guard

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Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **INFORMATION:** Program for Overseeing
Passenger Ferry Safety, U.S. Coast Guard
MH-2000-128

Date: September 29, 2000

From: Alexis M. Stefani
Assistant Inspector General for Auditing

Reply to
Attn. of: JA-40

To: Chief of Staff
United States Coast Guard

This report presents the results of our survey of the United States Coast Guard's (Coast Guard) program for overseeing passenger ferry safety. Our objectives were to determine whether the Coast Guard (1) conducts required inspections to determine compliance with the Coast Guard standards; and (2) ensures that items found to be in noncompliance with the standards are corrected. The scope of our audit and the methodology used to achieve our objectives are discussed in Exhibit A.

RESULTS IN BRIEF

Our work at Activities New York and Marine Safety Office (MSO) Puget Sound showed that the Coast Guard performed 87 percent of the required quarterly or annual inspections of passenger ferries, and that 97.8 percent of the deficiencies identified during the course of the ferry inspections were corrected. This high level of compliance is attributable to the limited number of ferries operating in a port, the Coast Guard's knowledge of the operators, and the risk associated with operating a vessel without a valid certificate in waters continuously monitored by the Coast Guard.

We did not assess the operation of ferries or the qualifications of crews. As a result of our findings at Activities New York and MSO Puget Sound, we concluded that further work on whether inspections were conducted and deficiencies corrected was not warranted. Since this report does not contain any recommendations, a response is not expected. We appreciate the cooperation of Coast Guard personnel during the course of this audit.

BACKGROUND

Ferries are vessels that carry passengers and/or vehicles between two or more points, at regular intervals, over water routes. They vary greatly in size, speed, technical complexity, and area of operation, ranging from small river ferries and water taxis on short inland routes to large passenger/vehicle ferries capable of carrying thousands of passengers on near coastal routes. Ferries routinely operate in heavily congested waters near numerous hazards to navigation, at all hours of the day and night, and under varying weather, sea, and atmospheric conditions.

Of the 525 ferries in operation in the United States, 37 are located within the inspection jurisdiction of Activities New York and 47 are located within the inspection jurisdiction of MSO Puget Sound. Ferries operating in the Activities New York and MSO Puget Sound zones transported more than 54 million passengers and 11.5 million vehicles during 1999. This is more than 2.5 times the 21 million passengers carried by Amtrak and more than 6 times the 8.2 million carried by the entire cruise ship industry for the same period of time.

The Coast Guard is responsible for establishing and enforcing inspection and certification requirements for U.S. flag passenger vessels (including ferries). As established in Title 46 Code of Federal Regulations, Subchapters T, K, and H, the required frequency for passenger vessel inspections (CFR) (including ferries) depends on the vessel's gross tonnage and passenger capacity. See Table 1 for a breakdown of passenger vessel inspection requirements. Refer to Exhibit B for examples of the different types of ferries in operation in the United States.

Table 1. Inspection Requirements

<i>Applicable Regulations (46 CFR)</i>	<i>Definition</i>	<i>Certificate of Inspection</i>	<i>Inspection Interval</i>
Subchapter T 46 CFR 175-185	Less than 100 gross tons; and carries 150 or fewer passengers; or has overnight accommodations equal to or less than 49 passengers	3 years	Annually
Subchapter K 46 CFR 114-122	Less than 100 gross tons; and carries more than 150 passengers; or has overnight accommodations for more than 49 passengers	3 years	Annually
Subchapter H 46 CFR 70-80	100 gross tons or more and carries any number of passengers	1 year	Quarterly

The Coast Guard issues Certificates of Inspection to U.S. flag passenger vessels. These certificates indicate that the condition of the vessel and its equipment meet all applicable statutory and regulatory requirements. These certificates, which are valid for a period of 1 to 3 years, also describe the route(s) a vessels may travel; its minimal

staffing level; its minimum lifesaving, survival/rescue craft, and fire extinguishing equipment requirements; the maximum number of passengers allowed to be carried; and the identity of the vessel's owner/operator.

Owner/operators are required to contact the Coast Guard and schedule inspections 60 days before the quarterly or annual cycle when they are due in order to retain their Certificate of Inspection. Coast Guard inspectors performing these inspections are assigned to field units located throughout the United States.

RESULTS OF AUDIT

Timeliness of Inspections. Our review at Activities New York and MSO Puget Sound showed that, for the 50 ferries we selected for in-depth review, the Coast Guard is performing inspections at required intervals. However, a vessel may miss an inspection when, for example, it is undergoing extensive maintenance or repair and has been taken out of service. Table 2 summarizes the inspections required for the 50 ferries we selected for in-depth review and the inspections that were actually performed by class of vessel and location.

Table 2. Inspection Performance Breakdown

<i>Vessel Inspection Frequency</i>	<i>Number of Vessels Reviewed</i>	<i>Number of Inspections Due</i>	<i>Number of Inspections Performed</i>	<i>Difference</i>	<i>Difference New York</i>	<i>Difference Puget Sound</i>
Yearly	29	87	84	3	2	1
Quarterly	21	252	211	41	23	18
Total	50	339	295	44	25	19

As shown in Table 2, of the 339 inspections that were due to be conducted during the 3-year period ended December 31, 1999, 44 (12.9 percent) were not performed (25 from New York and 19 from Puget Sound). Interviews with inspectors assigned to Activities New York and MSO Puget Sound revealed the missed inspections occurred when vessels were taken out of service for routine maintenance and/or repair. For example, the ferry *John Noble* accounted for 6 of the 44 missed inspections. According to Coast Guard inspection data, the vessel missed these 6 inspections when it was taken out of service for 22 months to undergo major repairs to its engine. Data obtained from New York and Puget Sound identified similar explanations underlying the remaining 38 inspections that had not been performed. This high level of compliance is attributable to the limited number of ferries operating in a port, the Coast Guard's knowledge of the operators, and the risk associated with operating a vessel without a valid certificate in waters continuously monitored by the Coast Guard.

Correction of Deficiencies. At Activities New York and MSO Puget Sound, our review showed that deficiencies identified during the course of ferry inspections were being corrected. Of the 1,267 deficiencies issued by Activities New York and MSO Puget Sound during the 3-year period ended September 30, 1999, 1,238 (97.8 percent) had been corrected. The remaining 29 deficiencies were not corrected because they had not yet reached their respective deadlines for taking corrective action or could not be analyzed due to errors in data entry (i.e., the correction date preceded the date of the inspection when the deficiency was identified).

Deficiencies issued during the course of an inspection are often closed out through correspondence between the owner/operator and the Coast Guard. In some instances, the nature of the deficiency requires inspectors to verify that the corrective action was taken (i.e., hull repairs, modification of fire fighting and propulsion systems, etc.). In these instances, it is the obligation of the owner/operator to notify the Coast Guard that a deficiency has been corrected and to schedule an appointment with the cognizant Coast Guard inspection office. If the vessel passes the resulting inspection, the Coast Guard inspector clears the deficiency in the Coast Guard's Marine Safety Information System (MSIS) database.

According to inspectors assigned to Activities New York and MSO Puget Sound, deficiencies are normally required to be closed out within 30 to 60 days. However, the compliance date can be extended at the discretion of the Captain of the Port or the Officer In Charge of Marine Inspection. Our analysis showed that of the 1,238 deficiencies that were corrected, 883 (71.3 percent) were issued and corrected within 60 days and the remaining 355 (28.7 percent) were corrected more than 60 days after the deficiency was cited. Table 3 summarizes the time taken to close out deficiencies at both Activities New York and MSO Puget Sound.

Table 3. Timeliness of Corrective Action

Time To Close Out (Days)	New York Deficiencies	Seattle Deficiencies	Total	Total (%)
0 to 60	711	172	883	71.3%
61 to 89	99	30	129	10.4%
90 to 119	67	32	99	8.0%
More Than 120	92	35	127	10.3%
Total	969	269	1,238	100.0%

Documents provided by inspection personnel disclosed several recurring reasons for the delays, which include:

- The cited vessel was taken out of service for repairs unrelated to the deficiency. When a vessel is out of service, an owner does not typically notify

the Coast Guard that corrective action has been taken until the vessel is ready to go back into service and requires an inspection;

- The owner/operator had filed an appeal regarding the validity of the deficiency issued. Under these circumstances, an extension is usually granted until the appeal has been adjudicated;
- The owner/operator failed to notify the Coast Guard when deficiencies had been resolved and/or to schedule a follow-up inspection; and
- Inspectors were assigned to higher priority work such as performing inspections needed to maintain an owner/operator's Certificate of Inspection.

We appreciate the cooperation of Coast Guard personnel during our survey. Since we are not making any recommendations, no reply to this report is necessary. If you have any questions concerning this report, please contact me at (202) 366-1992 or Tom Howard, Deputy Assistant Inspector General for Maritime and Highway Safety Programs at (202) 366-5630.

**EXHIBIT A
(Page 1 of 2)****SCOPE AND METHODOLOGY**

We performed our fieldwork at U.S. Coast Guard Headquarters, Activities New York, MSO Puget Sound, and MSO Miami. To obtain the number of ferries operating in the United States, we surveyed Coast Guard facilities throughout the United States to determine the number of ferries operating in each area. We then provided this information to Coast Guard Headquarters for validation. We compared information on ferry owners/operators posted on the Internet to our listing of 525 vessels and concluded the 525 was representative of the ferries in operation. To determine the number of inspections performed and the deficiencies identified and closed out, we analyzed data obtained from the Coast Guard's Marine Safety Information System database.

Our review did not look at the operation of ferries or the qualifications of crews. In addition, the review did not focus on the emerging high-speed segment of the industry because the design, construction, and operational issues associated with high-speed ferries are of sufficient scope, complexity, and importance to warrant a separate audit.

To evaluate Coast Guard procedures and controls for conducting inspections of ferry vessels, we met with Coast Guard officials at Headquarters in Washington, D.C., and visited the Marine Inspection Offices in New York, Seattle, and Miami. We discussed the ferry inspection process and how the inspection program was being managed. In addition, we met with ferry owners/operators and attended Ferries '99 Conference (Fort Lauderdale, Florida), the Coast Guard Navigation Safety Advisory Council meeting on ferries (Seattle, Washington), and the *Safety in Numbers Workshop* sponsored by the Bureau of Transportation Statistics (Washington, D.C.).

Finally, we performed an in-depth review of a sample of 50 randomly selected ferries in Seattle and New York to determine the extent to which Coast Guard was meeting its oversight responsibilities. At these locations, we reviewed inspection reports and accompanied the Coast Guard on ferry inspections.

To evaluate how Coast Guard ensures that deficiencies are corrected, we reviewed all 1,267 deficiencies issued by Activities New York and MSO Puget Sound between January 1, 1997, and September 30, 1999. We then determined whether the deficiencies were corrected and closed out within the 30- to 60-day time frame established by the Coast Guard.

We performed our fieldwork in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States. We focused our work on policies and practices used by the Coast Guard to monitor and improve safety aboard

ferries for the 3-year period ending on December 31, 1999. Our review was conducted from October 1999 through September 2000.