



An Coimisiún
um Rialáil Fóntais
**Commission for
Regulation of Utilities**

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Commission for Regulation of Utilities

CRU Audit and Inspection System

Part of the Petroleum Safety Framework

Information Paper

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Version	Reference Number	Changes from Previous Version	Date
1.0	CER/16/015	<p>This new document is based on Part 2 of Compliance Assurance System (CER/14/146) and is retitled <i>CRU Audit and Inspection System</i>.</p> <p>Text updated to comply with the Petroleum (Exploration and Extraction) Safety Act 2015. Main responsibility for compliance moved from petroleum undertakings to Operators and Owners. Reference to SCE changed to S(E)CE - Safety (and Environmentally) Critical Elements.</p>	29/02/16
2.0	CRU202287d	<p>Updated to reflect name change to Commission for Regulation of Utilities and latest branding updates. The audit and inspection requirements for a non-production installation are now set out in section 2.7. Section 1.4 Alignment with CRU Compliance & Enforcement Policy. Minor updates also to improve comprehension and consistency across other recently updated CRU documentation.</p>	12/09/22

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List of Abbreviations

Abbreviation	Meaning
ALARP	As Low As is Reasonably Practicable
CRU	Commission for Regulation of Utilities
HAZOP	Hazard and Operability Study
ICB	Independent Competent Body
PSO	Petroleum Safety Officer
S(E)CE	Safety (and Environmental) Critical Element
S(E)MS	Safety Management System

List of Defined Terms

Words and phrases defined in Section 13A of the Act shall, unless the context otherwise requires, have the same meanings when used in this document.

Term	Definition or Meaning
Decommissioning Safety Permit	A safety permit issued by the CRU under 13P of the Act which permits the decommissioning activity as set out in the associated Decommissioning Safety Case.
Design Notification	A notification submitted to the CRU in accordance with the requirements of section 6 of the <i>Safety Case Requirements</i> for the purpose of gaining acceptance by the CRU
Facilities Verification Scheme	A Facilities Verification Scheme is a description of the work carried out by Independent Competent Body(s) to verify whether an Operator or Owner has identified and continues to meet suitable performance standards for S(E)CEs for pipelines and Facilities (except wells).
Framework	The Petroleum Safety Framework established under section 13I of the Act that comprises a collection of regulations, written regulatory documents and procedures which, taken together, describe the system the CRU uses to regulate the activities of petroleum undertakings, Operators and Owners with respect to safety.
Independent Competent Body	An independent organisation engaged by the Operator or Owner to execute a Verification Scheme under the Compliance Assurance System,
Independent Review Body	An independent and competent organisation engaged by the Operator or Owner to carry out an Independent Thorough Review.
Independent Thorough Review	A review carried out in accordance with Section 4 of the <i>Compliance Assurance System</i> document either as a condition of a safety permit or as a result of a direction by the CRU.
Non-production Safety Case	A safety case submitted to the CRU for acceptance for the purpose of gaining a Well Work Safety Permit.
Operator	The entity appointed under section 13KA(1) to conduct designated petroleum activities including managing and controlling the functions of petroleum infrastructure (except Non-production Installations) in carrying out petroleum activities.

Term	Definition or Meaning
Owner	A person entitled to control the operation of a Non-production Installation
Production Safety Case	A safety case submitted to the CRU for acceptance for the purpose of gaining a Production Safety Permit.
Production Safety Permit	A safety permit issued by the CRU under 13P of the Act which permits the production activity as set out in the associated Production Safety Case.
Safety (and Environmental) Critical Elements – S(E)CE	Safety (and Environmental) Critical Elements S(E)CE are such parts of an installation and its plant, including computer programs, a purpose of which is to prevent or limit the effect of a major accident, or the failure of which could cause or contribute substantially to a major accident. The environmental term is only applicable offshore and relates to the definition of a major hazard, which includes major environmental incidents offshore.
Safety (and Environmental) Management System (S(E)MS)	The framework of policies, processes and procedures that enable the Operator or Owner to manage its risks to safety (and the environment) and continually improve its performance.
Verification Scheme	Denotes the Facilities Verification Scheme and/or the Well Verification Scheme.
Well Verification Scheme	A Well Verification Scheme is a description of the work carried out by an Independent Competent Body(s) to verify whether a Operator has identified and continues to meet suitable performance standards for well-related S(E)CEs and that well integrity is maintained.
Well Work Activity	An activity that constructs or alters the pressure containment boundary of a well whether temporarily or permanently; or introduces wire, cable or pipe into a well. Such an activity is designated and requires a Well Work Safety Permit.
Well Work Safety Case	A safety case submitted to the CRU for acceptance for the purpose of gaining a Well Work Safety Permit.
Well Work Safety Permit	A safety permit issued by the CRU under 13P of the Act which permits the Well Work Activity as per the associated Well Work Safety Case and Non-production Safety Case.

Public Interest Statement

The Commission for Regulation of Utilities (CRU) is the safety regulator for upstream (offshore and onshore) petroleum exploration and extraction activities in Ireland.

The CRU's responsibility is to provide effective safety regulatory oversight and reduce the risk and potential consequences of major accidents onshore and offshore to a level that is as low as is reasonably practicable (ALARP).

This is done through assessing Safety Cases, issuing Safety Permits, and monitoring compliance through an audit and inspection regime. The CRU may also carry out enforcement in instances of non-compliance with the Safety Case.

The CRU may carry out audits and inspections on petroleum undertakings, Operators and Owners to ensure compliance with an accepted safety case, a safety case under assessment or safety permit. This document provides information pertaining to the CRUs function to monitor the relevant parties against the requirements of the Petroleum Safety Framework through audits and inspections.

1 Introduction

1.1 The Petroleum Safety Framework

The Electricity Regulation Act 1999, as amended inter alia by the *Petroleum (Exploration and Extraction) Safety Act 2010* and the *Petroleum (Exploration and Extraction) Safety Act 2015* (the Act) gives the CRU responsibility for the safety regulation of petroleum exploration and extraction activities in Ireland. The Act requires the CRU to “establish and implement a risk-based Petroleum Safety Framework” (the ‘Framework’). The Framework is the overall system established by the CRU to regulate the safety of petroleum activities¹, in particular designated petroleum activities². The Framework established under the Act is a permitting regime, is goal-setting and risk-based, whereby Operators and Owners are required to reduce risks to a level that is ALARP.

1.2 Purpose of the Audit and Inspection System

Responsibility for the management and control of major accident hazards³ rests with each Operator and Owner. Each Operator and Owner must satisfy itself as to the adequacy of, and ensure implementation of, measures to reduce risks to safety to a level that is ALARP. The adequacy of measures must be demonstrated within the Operator’s or Owner’s safety case. Where the CRU accepts a safety case, it will issue a safety permit to the petroleum undertaking. Operators and Owners must comply with their accepted safety case and the associated safety permit, as well as their obligations under the Act.

The *Audit and Inspection System* document forms part of the Framework, and must be complied with by petroleum undertakings, Operators and Owners. The overall purpose of the Audit and Inspection System in the Framework is to measure and ensure compliance by petroleum undertakings, Operators and Owners with their duties under the Act, their safety case and safety permit (as appropriate) to design, construct, operate and maintain their activities in such a manner as to reduce any safety risk to persons to a level that is ALARP. More specifically, the Audit and Inspection System is the system that defines how the CRU audits and inspects Operators and Owners for compliance and, as necessary and appropriate, may enforce and/or prosecute accordingly.

The *Audit and Inspection System* document sets out the system the CRU uses to audit and inspect Operators and Owners to determine compliance with the safety case, safety permit and the requirements upon Operators and Owners under the Compliance Assurance System.

The outcomes of the CRU’s audits and inspections may form the basis of further engagement by the CRU with the Operator or Owner, enforcement action and/or prosecution under the Act. The

¹ As defined in section 13A(2) of the Act.

² As defined in the *Petroleum Safety (Designation of Certain Classes of Petroleum Activity) Regulations 2013*.

³ As defined in the section 13A of the Act: “major accident hazard’ means a hazard that if realised could result in a major accident’

CRU's enforcement powers are progressive in nature and designed to facilitate interaction and cooperation with the Operator and Owner in the first instance and to encourage compliance.

The *Audit and Inspection System* document as part of the Framework is illustrated in Figure 1 on the following page.

1.3 Structure and Interpretation

1.3.1 Structure of the Document

The *Audit and Inspection System* document contains sections detailing the following duties of the CRU:

- Audit and Inspection of Petroleum Undertakings, Operators and Owners (section 2); and
- Enforcement and Prosecution (section 3).

1.3.2 Interpretation

For ease of reference, the CRU has summarised certain provisions of the Act in this document. Such summaries are provided for convenience only and are not intended as a substitute for or legal interpretation of the Act and shall not relieve any petroleum undertaking, Operator or Owner from any obligation under the Act or operate as a defence to any failure to comply with its obligations under the Act.

In accordance with section 13B of the Act, nothing in the Act or within this document shall be read as to be restrictive of any other duty, requirement or obligation imposed by law in respect of safety which would otherwise apply to a petroleum undertaking, Operator or Owner.

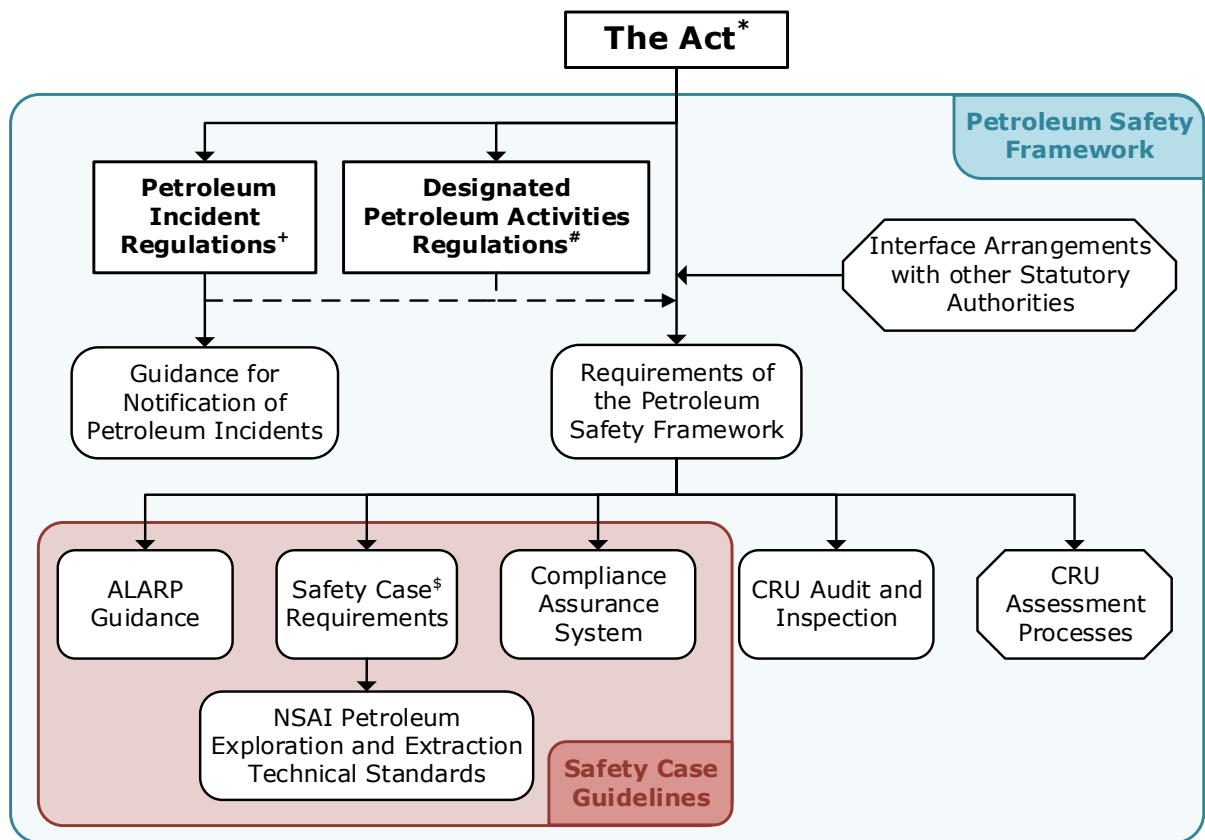
1.4 CRU Compliance and Enforcement Policy Statement

This policy sets out the CRU's high-level approach and the objectives and principles underpinning all of the CRU's Compliance and Enforcement actions in the sectors it regulates, including

- Energy Networks
- Energy Markets
- Energy Safety; and
- Water

The CRU's Compliance and Enforcement Policy Statement is intended to promote a shared understanding of the objectives and principles underpinning the CRU's compliance monitoring and enforcement activities. It seeks to provide clarity and certainty for regulated entities, stakeholders and the public by setting out what to expect from the CRU in the exercise of its compliance monitoring and enforcement actions.

The CRU Audit and Inspection System as part of the Petroleum Safety Framework aligns with the principles and objectives of the CRU Compliance and Enforcement Policy.



(*) The *Electricity Regulation Act 1999 as Amended by the PEES Act 2010 and PEES Act 2015*
 (#) *Petroleum Safety (Designation of Certain Classes of Petroleum Activity) Regulations 2013*
 (+) *Petroleum Safety (Petroleum Incident) Regulations 2013*
 (\$) and notifications

Figure 1: Overview diagram of Petroleum Safety Framework

2 Audit and Inspection of Petroleum Undertakings, Operators and Owners

The CRU must establish a system for on-going audit and inspection of designated petroleum activities under the Framework. The purpose of the CRU's audits and inspections is to ensure, through acquiring objective evidence, that each Operator and Owner is complying with the Act, its accepted safety case(s) and the associated safety permit. As outlined above, the Operator and Owner are required to ensure and demonstrate compliance through verification, safety performance reporting and Independent Thorough Review. The CRU's audit and inspection system operates in parallel with the processes carried out by Operators and Owners and will, in part, be informed by the outcomes of verification, safety performance reporting and Independent Thorough Review.

The CRU's audit and inspection system assists the CRU in meeting its duty to 'monitor and enforce compliance of petroleum undertakings, Operators and Owners with their obligations' under Part IIA of the Act.⁴ The outcome of audits and inspections by the CRU may form the basis of enforcement action and/or, where necessary and appropriate, criminal prosecution by the CRU under the Act.

This document sets out how the CRU audits petroleum undertakings with reference to their duties, and audits and inspects Operators and Owners with reference to the type of safety permit held by the petroleum undertaking for the designated petroleum activities, as follows:

- Production Safety Permit (section 2.4);
- Well Work Safety Permit (section 2.5); and
- Decommissioning Safety Permit (section 2.6).

2.1 Audits and Inspections

In general terms, audits are based on examination and/or inspection of records, reports and other evidence produced or generated by an Operator or Owner relating to, for example, safety operation, safety performance, the Safety Management System, and designs, including verification records, safety performance reports and Independent Thorough Review reports.

Inspections are physical examinations of petroleum infrastructure, systems and parts of systems and hardware, for the purposes of assessing the integrity, and/or operation of these systems. Inspections will be carried out by at least one petroleum safety officer (PSO) appointed by the CRU for this purpose. Further details are given below on the role and powers of PSOs.

For clarity, the use of either term, namely 'audit' or 'inspection', in this document does not limit the scope or extent of the CRU in exercising its powers and functions under the Act.

The CRU will carry out scheduled audits and inspections of petroleum activities and petroleum infrastructure for each safety permit and associated safety case(s). The scheduled audits and

⁴ Section 13H(2)(c) of the Act.

inspections will be supplemented by unscheduled audits and inspections where necessary and appropriate. Triggers for these may include, but are not limited to:

- Information received concerning potential non-compliance with a safety permit or safety case;
- Information that verification, or Independent Thorough Review may not be being carried out with enough independence or competence;
- Reservations raised by an Independent Competent Body (ICB); and
- Information that a safety case may not reflect the true situation with respect to the safety of the petroleum infrastructure.

Audits and inspections will be risk-based, structured around the contents of the safety case and safety permit, and will be carried out throughout the lifecycle of a petroleum activity. The audit and inspection programme will comprise of annually scheduled audits and inspections. The number and extent of the scheduled audits and inspections of an individual Operator or Owner will be proportionate to the extent of their overall designated petroleum activities.

While a risk-based approach will be applied to audits and inspections, the CRU will aim to carry out at least one inspection of a piece of petroleum infrastructure associated with each safety permit each year, and aim to have petroleum infrastructure associated with each safety permit inspected by all relevant technical disciplines at least once every five years.

For activities regulated under a Well Work Safety Permit or Decommissioning Safety Permit, the duration of the audit and inspection programme will equate to the expected duration of the safety permit itself. This is expected to be shorter than five years, reflecting the shorter-term nature of designated petroleum activities under these permits. Scheduled inspections will be carried out during periods when the designated petroleum activity is being planned or carried on.

In addition, insofar as possible, the CRU will co-ordinate with other statutory bodies on audits and inspections to reduce overlap of regulatory activities and to increase regulatory efficiency.

2.2 Petroleum Safety Officers

The CRU will appoint Petroleum Safety Officers (PSOs) to assist it in discharging its functions under the Act. The Act confers PSOs with a number of powers,⁵ including:

- a) At any time, to board, enter, inspect, examine and search any place which he/she has reasonable grounds for believing is used for the purposes of or in connection with a designated petroleum activity and while there, make such inspection, carry out such tests or examinations as may be necessary to ascertain whether the Act is being complied with and for those purposes to take with him/her and use any equipment or materials he/she considers necessary, of any:
 - Petroleum infrastructure;
 - Upstream pipeline;
 - Activity process or procedure;
 - Plant, vessel or equipment; or

⁵ Section 13W(3) of the Act.

○ Records.

A PSO prevented from entering a place in the exercise of his powers may apply to the District Court for a warrant authorising entry.

- b) To carry out an investigation of a petroleum incident when appointed by the CRU to do so;
- c) To direct that the place and anything at, in or on it, be left undisturbed for so long as is reasonably necessary for any search, examination, investigation, inspection or inquiry under the Act;⁶
- d) To take any measurement or photograph or make any electrical or electronic recording which he or she considers necessary for the purposes of any such examination or inquiry;
- e) To take samples of any fluid or gas or other substance found at that place;
- f) As regards any article or substance the PSO finds at that place, to require any relevant person in authority to supply the officer without charge with any such article or substance;
- g) To require any relevant person in authority to produce to him/her such documents, records or materials (and in the case of information in a non-legible form to reproduce it in a legible form) as are in that person's possession or control relating to the matter under inquiry and to give such information as the PSO may reasonably require in regard to such documents, records or materials;
- h) To inspect and take copies of or extracts from any such documents, records or materials or any electronic information system at that place or premises, including in the case of information in a non-legible form, copies or extracts from such information in a permanent legible form or require that such copies be provided;
- i) To remove and retain such records for such period as may be reasonable for further examination;
- j) To require any relevant person in authority to give any information that the PSO may reasonably require for the purposes of any search, examination, investigation, inspection or inquiry under the Act;
- k) To require any person he/she finds at that place to give such assistance and facilities within the person's power or control as are reasonably necessary to enable the PSO to exercise any of his/her powers under the Act; and
- l) To exercise such other powers as may be necessary for the purposes of the exercise by CRU of its functions under the Act.

Where a PSO is of the opinion that the condition of any petroleum infrastructure or any part of such infrastructure or an upstream pipeline or any activity, process or procedure carried on, from or in connection with, such infrastructure or pipeline, poses such a substantial and imminent risk to safety that the activity should be ceased until specified measures have been taken to reduce the risk to a level that is ALARP the PSO will immediately inform CRU and the PSO may issue an emergency direction to the Operator or Owner. The emergency direction will state that the activity must be immediately ceased and any measures required to reduce the associated risk to a level that is ALARP.

Where the PSO is of the opinion, following inspection, examination or search, that there is a substantial and imminent risk to safety, the PSO may take any of the following steps:⁷

⁶ Section 13W(3)(c) of the Act.

- a) Instruct any person to evacuate the premises or place until the PSO is of the opinion that it is safe. This instruction is only in relation to a premises that the PSO has already boarded, inspected, examined or searched to ascertain whether the Act is being complied with;⁸
- b) Instruct any person to perform or refrain from performing any act, if in the opinion of the PSO, the performance or non-performance of such act is necessary in order to reduce or prevent any danger arising from the carrying on of any petroleum activity;
- c) Search for any escaped oil or gas, or any leak or defect in any part of any petroleum infrastructure, upstream pipeline or plant or equipment;
- d) Interrupt the flow of any oil or gas, or disconnect any part of any petroleum infrastructure, upstream pipeline or plant or equipment;
- e) Liaise with any other authorised person appointed by a body that has functions that are similar or ancillary to the functions of the CRU with respect to the safety of petroleum activities.

Where the PSO is of the opinion, following inspection, examination or search, that there is not a substantial and imminent risk to safety relating to a petroleum activity, the PSO will report on its findings to the CRU. Based on this report, the CRU will form a view as to whether or not enforcement action is required.

It is an offence under the Act to obstruct or impede a PSO in the exercise of powers conferred under the Act, including to fail or refuse to comply with any instruction, requirement or direction of a PSO, to give a PSO false or misleading information, to alter, suppress or destroy any document, record or material that a person has been required to produce or may reasonably expect to produce and to interfere with any action taken by a PSO to interrupt the flow of oil or gas or to disconnect any part of any petroleum infrastructure, upstream pipeline or plant.

2.3 Audit of a Petroleum Undertaking

Audits may be carried out by the CRU in relation to the petroleum undertaking's duties and obligations under section 13K and 13KA of the Act. Audits will be risk-based, carried out throughout the lifecycle of a development, and will take consideration of the:

- Audits of the Operator by the petroleum undertaking; and
- Audit of the actions taken by the petroleum undertaking if key performance indicators reported by the Operator to the petroleum undertaking are unsatisfactory.

The above is not intended to represent the full scope of audit and inspection activity, but to indicate the CRU's general approach to petroleum undertaking audits.

2.4 Audit and Inspection in Relation to a Production Safety Permit

⁷ Section 13W(4) of the Act.

⁸ Section 13W(a) of the Act.

Audits and inspections will be carried out by the CRU in relation to a Production Safety Permit, and will include:

- The design process;
- The readiness to operate; and
- Compliance with the Production Safety Case and Production Safety Permit, including:
 - Procedures;
 - Petroleum infrastructure;
 - Competence;
 - Verification;
 - Safety performance indicators; and
 - Independent Thorough Review.

2.4.1 Audit and Inspection of the Design Process

In order to ensure compliance with the Design Notification and the verification process that must be carried out, it is necessary to carry out audits and inspections between the Design Notification being submitted and the Production Safety Permit being issued.

The CRU will use audit of Facilities Verification as the primary means for confirming compliance with the Design Notification. The CRU may also carry out direct inspection of the Operator's:

- Processes to ensure independence of the ICB from the Operator's design activities;⁹ and
- Established management structures, to ensure that they are suitable for reducing the risk to safety from the petroleum infrastructure to ALARP.

The CRU's audits will cover the full range of the ICB's activities necessary to identify Safety (and Environmental) Critical Elements (S(E)CEs), to establish both the suitability of the performance standards and the verification methods for ensuring that they can be met. The audits will be based on a review of a suitable sample of the records of all aspects of verification including:

- The ICB's acceptance of the performance standards with regard to the delivery of risk reduction measures that will reduce the risk to safety to ALARP;
- The methodology for identifying S(E)CEs and defining performance standards;
- The ICB's verification of the suitability of the Operator's proposed assurance activities;
- The verification activities that were carried out by the ICB;
- Anomalies arising from the verification process that have not been closed-out;
- The basis for establishing the nature and frequency of verification activities; and
- Any verification reservations raised by the ICB.

Depending on the results of the CRU's audits of verification, further and/or direct inspection of the Operator's design process may be necessary.

Audits and inspections of the Operator's processes may include:

- Examination of resources for the design activities;
- Review of basis of design;

⁹ There must be separation between those persons carrying out design activities and those persons carrying out verification of that design; the ICB must not become involved in the design activities.

- Discussion with key persons carrying out design to confirm their understanding of how the principle of ALARP applies throughout the design process;
- Review of the operation of the management of change procedure dealing with design changes;
- Review of HAZOP implementation and close-out of recommendations; and
- Discussions with design specialists to ensure that they have a clear understanding of the codes and standards they are using, and review evidence of compliance therewith.

2.4.2 Inspection of Readiness to Operate

After submission of a Production Safety Case and before issuing a Production Safety Permit, the CRU will directly inspect the petroleum infrastructure and the readiness of the organisation and persons to carry on the petroleum activity(ies).

The scope of this inspection will depend on the type of petroleum infrastructure and whether the Production Safety Case relates to a material change or a new build, but may include whether:

- The Operator is capable of implementing the S(E)MS described in its safety case;
- The Operator is capable of carrying on the designated petroleum activity or activities concerned in compliance with its duties under section 13K of the Act;
- Construction has been completed according to the design;
- Commissioning has been completed and the plant is ready to start-up;
- Verification activities have been completed (see section 2.4.3.4);
- HAZOP actions have been implemented and closed-out;
- The management of change processes active during construction and commissioning have been signed off by a suitable person;
- Persons carrying out pre-commissioning checks are competent;
- Operational and maintenance procedures are complete and suitable;
- Recruitment, training and deployment of all necessary persons is complete; and
- The management structure has the ability to operate within and meet the requirements of the Production Safety Case.

2.4.3 Inspection of Compliance with the Production Safety Case and Production Safety Permit

2.4.3.1 *Audit and Inspection of Procedures*

Once an installation is in operation, the CRU will inspect to assure continued compliance with the accepted safety case. These audits and inspections may cover:

- Implementation and review of the S(E)MS including the permit to work system, risk assessment, isolation procedures and evacuation drills;
- Management of change (with particular reference to safety impact, deviations and technical approval) each with reference to the accepted safety case; and
- Whether work is being carried out in accordance with the system, or operational procedures as defined in the safety case.

2.4.3.2 *Audit and Inspection of Petroleum Infrastructure*

Whilst the continued suitability of the S(E)CEs can be confirmed by audit and inspection of the verification activities, all other aspects of compliance will require confirmation by inspection of the installation and its operation. However, the CRU will also directly inspect S(E)CEs and other

hardware by a combination of visual inspection and review of records of assurance activities against information in the safety case, maintenance system and verification activities.

For all active S(E)CEs (e.g. pressure safety valves, temperature and pressure regulation systems or emergency shutdown systems) audits and inspections may include the examination of records of maintenance or witnessing of proof testing (i.e. tests that confirm that the equipment is meeting its functional and reliability requirements), for example:

- Records of the as-found status of S(E)CEs;
- Evidence of proof tests completed within the required timeframe;
- Management action to complete and eliminate overdue work;
- Records of any remedial work;
- Effective management of change through the S(E)MS;
- Apparent inconsistencies or unexpected differences;
- The capturing, analysis and reporting of data from the maintenance and testing activities so that the Operator's management understand the state of the petroleum infrastructure; and
- Maintenance of petroleum infrastructure, including competence, timeliness of work scheduling and standards of defect reporting and correction.

2.4.3.3 Audit and Inspection of Competence

In order to assess the competence of persons working on particular operations, it will usually be necessary for a PSO to accompany them whilst they carry out a selected activity, and so observe their technical ability and understanding of the task in hand, their response to outcomes and to witness the recording of results. This should be followed by a review of the historical records to confirm that what has been demonstrated is typical of routine activity and not solely due to the presence of a PSO. The purpose of audits and inspections of competence is to ensure that:

- Persons have appropriate competence for their role and it is regularly reviewed; and
- All aspects of the petroleum infrastructure are understood by those operating it.

2.4.3.4 Audit and Inspection of Verification

The CRU will inspect the Verification Scheme to determine whether it complies with the Compliance Assurance System and whether it is being implemented as stated. The scope of the audit will depend on the phase of the operation for which the verification is being carried out and the type of petroleum infrastructure to which the verification activities apply.

For the Facilities Verification Scheme and the Well Verification Scheme the audit will be carried out at a combination of the Operator's offices, the location of the petroleum infrastructure or the ICB's office, depending on how verification is structured, where the work is carried out and the records kept.

During production the CRU will inspect the effectiveness of the Operator's verification processes through an examination of records, witnessing of activities and examination of hardware.

- The audit of verification during operations may include a review of the records of verification including:
- Reservations in relation to the verification activities raised by the ICB with detailed examination of those that have not been closed-out;
- The verification activities that were carried out by the ICB;

- A review of all outstanding anomalies arising from verification;
- The competence of persons with responsibilities for verification activities;
- The basis for establishing the nature and frequency of verification activities;
- The ICB's verification of the effectiveness of the Operator's assurance activities;
- How the verification activities are reviewed and revised; and
- Any other concerns or suggestions for improvement.

Inspection may include direct inspection of the verification processes.

2.4.3.5 Audit and Inspection of Safety Performance Indicators

The CRU will check the safety performance indicator data provided by the Operator through:

- On-site inspections;
- Examination of systems;
- Direct examination of records and reports; and
- Confidential dialogue with persons such as the safety representatives.

The CRU will also use information from previous inspection reports to corroborate the accuracy of the information reported.

2.4.3.6 Audit and Inspection of the Independent Thorough Review

The CRU will check compliance with the requirements for the Independent Thorough Review¹⁰, by a review of records, including:

- Independence and competence of persons who have taken part in the review;
- The process used for the Independent Thorough Review;
- Evidence that the Independent Thorough Review revisited the safety critical aspects of codes and standards previously forming the basis of the ALARP demonstration to determine if later revisions are available;
- Evidence that is used to justify the safety critical aspects of codes and standards now in use where the Operator judges that it is not reasonably practicable to change to the most recent revision;
- The findings identified by the Independent Thorough Review to determine whether it was thorough;
- A suitable sample of the risk reduction measures identified that could not be implemented; and
- Any review reservations raised by the Independent Review Body.

2.5 Audit and Inspection in Relation to a Well Work Safety Permit

The following will be audited and/or inspected by the CRU in relation to a Well Work Safety Permit:

- The design process;
- The petroleum infrastructure; and
- Compliance to the Well Work Safety Permit.

¹⁰ See CRU *Compliance Assurance System* paper

2.5.1 Audit of the Design Process

The CRU's audit activities in relation to the well design process will be examination of the Operator's demonstration that verification has been completed.

This audit may trigger a direct inspection, particularly for wells at new locations.

2.5.2 Inspection of the as-built Petroleum Infrastructure

The requirements of this section are as per section 2.4.2.

2.5.3 Inspection of Compliance with the Well Work Safety Case and Well Work Safety Permit

The requirements of this section are as per section 2.4.3. The audit and inspection requirements for a non-production installation are set out in section 2.7.

2.6 Audit and Inspection in Relation to a Decommissioning Safety Permit

The same audits and inspections may be required in relation to a Decommissioning Safety Permit as a Production Safety Permit (section 2.4) excluding the requirement for audit and inspection of an Independent Thorough Review due to the short term nature of the scope of the Decommissioning Safety Permit.

Through the requirement for a Design Notification and a Decommissioning Safety Permit, the CRU will be informed of decommissioning activities and will inspect in the same manner as during production operations.

2.7 Audit and Inspection in relation to a Non-production Installation

Where a Non-production Safety Case is submitted as part of an acknowledgement of compliance (AoC) application, an Owner can decide whether the inspection is carried out as part of the AoC assessment process or as part of a future well work safety permit application inspection. The purpose of this inspection is to assess whether the Owner is capable of operating its Safety and Environmental Management System. In any event, an inspection of the installation will be carried prior to operations in Irish waters. Further details on the AoC process are outlined in the *Requirements of the Petroleum Safety Framework* document.

The requirements of this section are as per section 2.4.2 insofar as it relates to a non-production installation.

Audit and inspection of compliance with a Non-production Safety Case is the same as that for a Production Safety Case, though inspections of the Owner will occur between the time that a Non-production Safety Case is submitted and the Well Work Activity ends.

3 Enforcement and Prosecution

The CRU's audit and inspection system assists the CRU in meeting its duty to 'monitor and enforce compliance of petroleum undertakings, Operators and Owners with their obligations' under Part IIA of the Act.¹¹

Audits and inspections may inform the CRU of non-compliance, or potential non-compliance, by a petroleum undertaking, Operator or Owner with the Act. This may result in either or both of the following outcomes:

- Report of Audit and Inspection; and/or
- Enforcement action by the CRU; and/or
- Criminal prosecution by the CRU under the Act.

Where the CRU forms the view that a petroleum undertaking, Operator or Owner has failed to comply or is not complying with the Act, the CRU may take enforcement action by issuing to the petroleum undertaking, Operator or Owner concerned any (or a combination) of the following:

- Written direction to submit an improvement plan;
- Improvement notice;¹²
- Prohibition notice;¹³
- Notice requiring a safety case review;¹⁴
- Notice that the CRU intends to revoke the undertaking's safety permit;¹⁵ or
- Emergency direction.

The CRU may also apply to the High Court for an order to restrict or prohibit petroleum activities where the CRU has concerns as to the safety of the activity.

The CRU's enforcement powers are designed to encourage compliance. The CRU's approach is generally progressive; however this is dependent on the case presented and the nature of the enforcement action. In the event of non-compliance by a petroleum undertaking, Operator or Owner with the CRU's enforcement steps or more generally, non-compliance with the Act or safety permits, the CRU is empowered under the Act to bring criminal prosecutions.

The Act sets out five categories of offences which may lead to criminal prosecution as follows:

- Carrying on a designated petroleum activity without a safety permit;¹⁶
- Obstructing, misleading, failing to comply with, or, interfering with the functions of a PSO;¹⁷
- Failing to notify the CRU of a petroleum incident and failing to provide a full report;¹⁸
- Failing to comply with an improvement notice;¹⁹
- Failing to comply with a prohibition notice.²⁰

¹¹ Section 13H(2)(c) of the Act.

¹² Section 15 of the Act.

¹³ Section 16 of the Act.

¹⁴ Section 11 of the Act.

¹⁵ Section 13T(2) of the Act. See also section 12.3.

¹⁶ Section 13E(3) of the Act.

¹⁷ Section 13W(11) of the Act.

¹⁸ Section 13S(4) of the Act.

¹⁹ Section 13Z(10) of the Act.

²⁰ Section 13AA(9) of the Act.

The potential penalties on conviction of an offence under the Act are as follows:

- On summary conviction a fine not exceeding €5,000 or a term of imprisonment not exceeding six months or to both; or
- On conviction on indictment to a fine not exceeding €3,000,000 or a term of imprisonment not exceeding three years or to both.²¹

Under the Act, individuals may be prosecuted as well as a petroleum undertaking, Operator or Owner. Section 5 of the Act provides that where an offence has been committed by a corporate body and is proven to have been committed with the consent or connivance of or to be attributable to any neglect on the part of the person being a director, manager, secretary or other officer of the corporate body, or a person who was purporting to act in any such capacity, that person, as well as the corporate body shall be guilty of an offence and be liable to be proceeded against the punished as if he or she were guilty of the first-mentioned offence.

²¹ Section 13W(11) of the Act.