



DISCIPLINARY ACTION CRITERIA
SSPC QP 5
Coating and Lining Inspection Companies

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QP 5 DISCIPLINARY ACTION CRITERIA COATING INSPECTION FIRM CERTIFICATION PROGRAM

I. Introduction

- A. The QP 5 Disciplinary Action Criteria and administrative procedures are intended to strengthen the reputation of the QP 5 Certification and thus make certification more valuable. Coating Inspection Firms who maintain certification standards benefit from the increased recognition and opportunities that come with being part of a program with high standards.

The QP 5 Disciplinary Action Criteria and administrative procedures establish procedures and rules for: issuing warnings to certified inspection firms; putting firms on probation; conducting special audits; suspending, revoking, or denying certification of inspection firms about whom critical faults in safety, environmental compliance, quality/service, or ethical practice have been reported and verified.

SSPC believes that companies who invoke the requirements of a QP-5 quality management system (QMS) and any other policies and procedures to supplement its QP-5 quality system will likely have stronger businesses.

For example, invoking a strong internal audit program, a critical component of the QP-5 QMS, provides an ongoing framework for evaluating quality system compliance. Internal audits also create an environment where continual improvement is both expected and desired.

SSPC's April 19, 2004, position on the benefits of a strong internal auditing program can be found at the following link at SSPC Online: <http://www.sspc.org/certification/pccp/pccpnews.html>

A strong internal audit program can be supplemented by other procedures that can help avoid disciplinary action. Examples include:

- Stated job performance requirements for managers and supervisory personnel to visit field and shop sites announced and unannounced.
- Procedures used to screen inspector job applicants, including background and reference checks.
- Training of inspectors, supervisory, and management staff on ethics.
- Requirements of inspectors to sign attestations concerning best practices and job ethics.
- Procedures for frequency and type of supervision of inspectors, especially those new to the company.
- Procedures to validate inspection results from the field or shop
- Procedures for monitoring daily inspection reports and training of reviewers, noting anomalies in behavior that might be the result of ethical dilemmas.
- Project manager accountability if unethical or illegal or bad practice is discovered on a PM's job site.

The QP-5 DAC goes into effect June 15, 2006. Confirmed critical faults attributed to QP-5 firms occurring on or after June 15 will subject the QP-5 firm to disciplinary action under this program.

- B. **Scope and Use**

This procedure defines the process for disciplining inspection firms for critical faults incurred. This procedure is used by SSPC when a critical fault is suspected. It is also used by inspection firms to respond to and appeal disciplinary actions assessed by SSPC.

The procedure includes the following topics:

- Definitions of critical faults and disciplinary actions
- Steps in the process
- Enforcement
- Notes

II. Definitions of Critical Faults

General

Critical faults are actions associated with inspection firm activities, which violate the requirements of the QP 5 DAC. Critical faults are classified as serious, very serious, severe, and very severe.

A. Types of Critical Faults

1. Serious - A serious fault can result from the following events:

a Safety

A pattern of substantiated, reliable, unsolicited reports (e.g., published accounts) of safety violations *by the QP-5 firm* based solely upon the actions or inactions of the QP 5 firm or its inspectors or supervisory personnel in the field or shop. A pattern is defined, in this instance, as three separate instances in an 18-month period.

b Environmental

A pattern of substantiated, reliable, unsolicited reports (e.g., published accounts) of environmental compliance violations *by the QP-5 firm* based solely upon the actions or inactions of the QP 5 firm or its inspectors or supervisory personnel in the field or shop. A pattern is defined, in this instance, as three separate instances in an 18-month period.

c Quality of Work/Service

Failure to meet overall project inspection requirements as defined in the QP-5 firm's scope of services in the absence of mitigating circumstances, as proven through the presentation of objective evidence by the facility owner or its official representative, including third parties contracted by the facility owner.

2. Very Serious -A very serious fault can result from the following events:

a Safety

Workers Compensation Experience Modification Interstate Rate (EMR) averaged over a three-year period exceeding 1.15, or a single EMR exceeding 1.33 during the same period.

b Environmental

Affirmed violations of EPA or state or municipal authority regulations for environmental protection *by the QP-5 firm* based solely upon the actions or inactions of the QP 5 firm or its inspectors or supervisory personnel in the field or shop.

c Quality of Work/Service

Poor quality coating and lining inspection work, as documented by facility owner or its official representative, including third parties contracted by the facility owner.

d Inspector Felony Conviction

Criminal felony conviction of one (1) inspector or supervisor employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation occurring while the firm is QP 5 certified.

3. Severe - A severe fault can result from the following events:

a Safety

A pattern of OSHA citations for serious or willful violations. A "pattern" is defined in this instance as affirmed serious, repeat, or willful violations as a result of three separate, unrelated (see note below) inspections over an 18 month period; or any two affirmed willful violations during an 18 month period.

Note: If a QP 5 company is cited for repeat or willful violations on the same project, citations are considered (by SSPC) to be "unrelated" if the inspection that reveals such violations was conducted on the same job site at least two months after the inspection firm received written notification of the results from the previous inspection. Citations for compliance violations at other job sites are also considered to be "unrelated." Further, to qualify for a pattern, any affirmed, settled or agreed upon serious or repeat violations must be \geq \$5,000 (USD) in fines paid per inspection.

An affirmed willful OSHA (or an equivalent authority outside the US) violation, resulting from a work site incident.

- b Environmental
Affirmed environmental violations *by the QP-5 firm* that expose employees, other trades or the public to significant hazards in conjunction with inspection work done on a specific project based solely upon the actions or inactions of the QP 5 firm or its inspectors or supervisory personnel in the field or shop.
- c Quality of Work/Service
Deliberate violations of specification or contract requirements, as documented by the facility owner or its official representative, including third parties contracted by the facility owner that are not satisfactorily addressed by the QP-5 firm in a timely manner. Documentation may include but is not limited to official correspondence; third party reports; photographs or video; independent audit reports; inspection reports; performance evaluations; non-conformance reports; and judgements.
- d A pattern of substantiated, reliable reports (e.g., failure analysis reports) of quality/service violations. A pattern is defined, in this instance, as three separate occurrences in an 18-month period in which management did not take appropriate action to address the problem in a manner satisfactory to the client.
- e Inspector Felony Conviction
Criminal felony conviction of two (2) or more inspectors or supervisors employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation occurring within a 48-month period, while the firm is QP 5 certified.

4. Very Severe - A very severe fault can result from the following events

- a Ethical Practice
Criminal conviction of the owner, officers, directors or managing agents of the inspection firm or affiliated corporation, company or entity for any felony in connection with operation of the firm or in connection with coating inspection operations, whether the conviction arises by a finding of guilty by a judge or jury, plea of guilty or plea of nolo contendere.
- b Criminal conviction of the inspection firm or corporation or affiliated corporation, company or entity in connection with coating inspection operations, whether the conviction arises by a finding of guilty by a judge or jury, a plea of guilty, or a plea of nolo contendere.
- c Illegal business practices of the inspection firm or corporation or affiliated corporation, company or entity, such as, but not limited to, systematic violation of labor or tax laws, altering of inspection and related reports and other documentation.
- d A pattern (three separate instances in a 12 month period) of substantiated, reliable, unsolicited reports of ethical practice violations by any representative of the firm's management on a project (e.g., company officer, project manager, resident engineer).
- e Altering any reports, documents, or test results on a project, as documented by facility owner or representative or qualifying agency
- f Misrepresentation of information required for certification, as documented by qualifying agency.
- g Criminal felony conviction of two (2) or more inspectors or supervisors employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation occurring within a 24-month period, while the firm is QP 5 certified.

Note: For purposes of this document, affiliated company is defined as: "A company, corporation, partnership, joint venture, or other business entity operating under a different name than the certified firm, which performs coating and lining inspection or administrative and other support functions for the certified company; and in which an officer, director, owner, partner or stockholder of the certified firm, a previously certified firm disciplined by SSPC, or the certified firm itself, exercises directly or indirectly (such as through family members) any significant degree of ownership, management or control."

- h Other
Two severe faults in a one year period.

III. Definitions of Disciplinary Actions

A disciplinary action is one taken as a result of confirmation of critical faults under the process described in V. below. The four types of disciplinary action are Warning, Probation, Suspension, and Revocation. They are described below.

Warning - The inspection firm is notified that critical faults have been reported and have been verified and that additional reports will trigger further disciplinary action. An inspection firm issued a warning may be subject to one or more audits at any time after the warning has been made. The first audit will be done at the inspection firm's expense. Subsequent audits during the warning period will be done solely at SSPC's expense. Refusal to submit to an audit or refusal to cooperate with an auditor during any audit, or refusal to pay expenses, will result in a six-month suspension from the program. If SSPC chooses to conduct an audit, and the audit is passed, a warning may be removed. Otherwise, a warning remains in effect for one year, unless probation, suspension, or revocation of certification supersedes.

Probation - The inspection firm is notified that multiple critical faults have been reported and have been verified. An inspection firm put on probation is subject to a mandatory audit, done at the inspection firm's expense. If SSPC chooses to audit more than one site, SSPC will bear the cost of additional site audits. Probation ends when the inspection firm passes the audit(s). If an inspection firm is on Probation and fails the audit, the inspection firm will immediately be suspended until it can pass a QP 5 audit with no major deficiencies and/or less than four (4) minor CAR's. The inspection firm cannot appeal the audit. If the suspension lasts six months, the inspection firm will have to follow the procedures for reinstatement in "Suspension" below.

NOTE: "Audits" for inspection firms under "warning" or "probation" are not necessarily limited to audits to certification evaluation checklists items. A mandatory disciplinary related audit can also be in the form of a "special" audit to review business practices or other activities not related directly to the certification audit criteria. Audits are typically announced but can be announced on short notice — i.e., 15 minutes before the audit takes place.

Suspension - The inspection firm is notified that, based on the SSPC administrator's verification of reported critical faults, its certification will be suspended for a minimum of six months to two years. To be reinstated, the inspection firm will have to submit a maintenance application and successfully complete an audit at the inspection firm's expense, as well as pay a reinstatement fee equivalent to an initial application administrative fee. If the inspection firm's certification term runs out during the suspension period, the inspection firm must reapply for initial certification after the end of the suspension period, pay the required initial application and audit fees as well as reinstatement fee, and submit to an audit during the initial evaluation.

Revocation - The inspection firm is notified that, based on the SSPC administrator's verification of reported critical faults, its certification will be revoked for a minimum of two years. To be reinstated, the inspection firm will have to submit an initial application, pass an audit at the inspection firm's expense, and pay a reinstatement fee equivalent to the annual administrative fee in addition to the regular initial application fee. The inspection firm may submit the initial application 45 days prior to the end of the revocation period. Once reinstated, the inspection firm will be issued certification with the stipulation that the firm will have to pass a follow-up audit, at the inspection firm's expense, within the first year of reinstatement, but prior to any planned audit to retain certification status.

IV. Triggers for Disciplinary Actions

Critical faults in safety, environmental compliance, quality/service, or ethical practice will trigger disciplinary action. "Very severe," critical faults will, in general, trigger the harshest disciplinary actions, whereas "serious," faults will trigger milder disciplinary actions. However, the impact of reported critical faults is cumulative, i.e., if many "serious" faults are reported, this will also trigger harsh disciplinary action. And if more than one mild disciplinary action is issued in a given time period (e.g., a year), this will trigger harsher disciplinary actions.

Type of Critical Fault	Disciplinary Action
Serious	Warning
Very Serious	Probation
Severe	Suspension
Very Severe	Revocation

V. Process for Discipline

This section delineates the steps for the discipline process, beginning with first receipt of information by SSPC to resolution. Not every step is required for every inspection firm undergoing the disciplinary process. The sequence of steps is as follows:

- A. SSPC receives the initial information or allegation
From public documents, phone calls, written information, or other means of communication, SSPC receives information or allegations that a certified inspection firm is violating the QP 5 Disciplinary Action Criteria. This information will be accepted from anonymous sources. The allegation must be supported with enough information in order for SSPC to conduct a preliminary inquiry. Allegations without adequate information will be disregarded.
- B. SSPC conducts a preliminary inquiry
SSPC will attempt to confirm the accuracy of the information. If the allegation cannot be substantiated, it will be disregarded.
- C. SSPC notifies the inspection firm of suspected critical faults and the violation of the DAC
If SSPC substantiates the allegation, the inspection firm will be notified in writing that a critical fault has occurred and that SSPC has issued a disciplinary action under the DAC.
- D. Inspection firm right to appeal impending action
Once the inspection firm has been notified, the inspection firm may appeal the decision or action of SSPC. Within 10 working days of official notification of an impending disciplinary action, submit evidence (e.g., settlement documentation; affidavits) to SSPC showing that reported critical faults are incorrect. Failure to appeal in writing within the 10 working day period will result in automatic issuance of the pending disciplinary action.
- F. SSPC affirms the information and that the violation exists
SSPC will evaluate the appeal within 30 days of its receipt.
- G. Inspection firm requests informal conference
If SSPC rejects the first appeal, the inspection firm has the right to request an informal conference with SSPC at SSPC headquarters, within 15 working days of notification of rejection. At this conference, the inspection firm may present additional evidence supporting its appeal.
- H. SSPC responds to informal conference
SSPC may find in favor of the inspection firm or deny the inspection firm's appeal. SSPC will make every effort to render a decision within 30 calendar days after the informal conference.
- I. Arbitration
If the foregoing steps fail to resolve the dispute, a mutually agreed upon arbitration panel must be established per VI below to resolve the dispute.

Note: If an individual of an inspection firm acts in secret and gets caught performing illegal actions despite the fact that the firm can document that it has a verifiable ethics program, a strong internal audit program, a process for background checks, a verifiable commitment by supervisors to monitor the performance of personnel in the field or shop, and other "preventive" steps and that these steps were applied with regard to the illegal acts cited, the SSPC program manager may, at his/her discretion choose to place the firm on the Watch List in lieu of taking disciplinary action.

VI. Process for Arbitration

A. Initiation of Panel

If SSPC and the inspection firm have failed to resolve the dispute through the normal appeals process, SSPC will establish an arbitration panel per V. I. of the DAC.

B. Composition of Panel

The panel will consist of three persons with expertise in the protective coatings industry (one person chosen by the inspection firm, one by SSPC, and one agreed upon by both parties). They will convene to hear evidence and render a final binding decision. Both parties shall agree to the selection of panel members within 15 working days after denial of appeal. Upon selection, panel members must declare in writing to SSPC, at least 10 days before the hearing, that there are no circumstances likely to affect their impartiality, including any bias or any financial or personal interest in the result of the arbitration or any past relationship with the parties or their representatives. Persons who are employees of either of the parties, family members or under contract to either of the parties in dispute are ineligible to serve on the panel.

C. Cooperation

As is the case in other aspects of the program, if an inspection firm fails to cooperate with SSPC in this process, its certificates shall be immediately revoked.

D. Date, Time, and Place of Hearing

SSPC, in consultation with the inspection firm, will decide the date, time, and place for the hearing or conference. SSPC will notify all parties at least 10 working days in advance of the hearing unless otherwise agreed to by both parties. As a general rule, the arbitration panel will convene at the SSPC office in Pittsburgh, PA unless a change in venue is approved by SSPC. Unless a delay is agreed to by both parties, the arbitration panel shall convene no later than 15 working days after selection. Once a date is determined, neither party may reschedule unless an emergency arises with one of the panel members. SSPC will be the final decision authority on all items relating to the hearing.

E. Participation

1. Representation

Each party shall designate an official representative authorized to present the party's interest. Either party may also be represented by counsel or other authorized representative. A party intending to be so represented shall notify the other party of the name and address of the representative/counsel at least five (5) working days prior to the date set for the hearing. When one party decides to have counsel and the other party's counsel is unavailable, this will constitute grounds for postponement of the hearing. Postponement may be invoked by either party, if other than the appointed representative appears at the hearing without prior approval by SSPC.

2. Witnesses

Either party may designate up to two witnesses to present information. The party shall notify the other party at least five working days prior to the hearing date regarding the name, affiliation and purpose of the witness.

F. Record of Proceedings

SSPC will provide a person, not involved in the hearing, to record the highlights of the proceedings. If the inspection firm requests a professional stenographic record, the inspection firm will pay the cost of that service and the production of that record. If the transcript is agreed by the parties to be the official record of the proceeding, it must be produced no later than 30 calendar days after the hearing.

G. Evidence

To expedite the hearing, SSPC will send the panel members all correspondence relevant to the case. This will be done no later than five (5) calendar days before the hearing. The inspection firm will also be given a copy of the material presented to the panel. If a piece of material is determined to be missing, it will be immediately sent to the panel by the most expeditious manner. The panel may request offers of proof and may reject items deemed to be unreliable, unnecessary or of slight

value to the determination of the case. Exhibits may be offered by either party, but they must be relevant to the case being heard, as determined by the Panel President.

H. Order of Proceedings

The person agreed upon by both parties shall be designated to be the president of the panel. That person shall facilitate the proceedings with a view toward expediting the resolution of the dispute.

The standard order of the proceedings is as follows. SSPC shall present evidence to support its finding of a violation or violations of the DAC. The inspection firm shall then present evidence supporting its defense. The arbitration panel may hear witnesses for each party. If there are witnesses, they shall submit to questions or other examination from the panel. The panel has the discretion to vary this procedure but must ensure that each party has been afforded a full and equal opportunity to be heard. In order to expedite the proceedings, the president of the panel may control the order of the proceedings and direct the parties to focus the presentation of their case on the issues at hand.

I. Communication

There shall be no direct communication between the parties and the panel concerning the dispute prior to the hearing unless agreed upon in advance by both parties, in writing.

J. Closing

When satisfied that the presentation of both parties is complete, the president of the panel shall declare the hearing closed. The panel shall render a binding decision by simple majority as soon as possible, preferably that day, but no later than 10 working days after the hearing. As set forth in the DAC, part VI, page 12, item 4, "If the arbitration panel finds for the inspection firm, the cost of all fees and expenses associated with **convening** the arbitration panel will be shared equally by the inspection firm and SSPC. Each party is responsible for expenses related to its witness participation, preparation for the hearing, and its legal counsel, etc. If not, the inspection firm will be responsible for payment of all fees and expenses associated with **convening** the panel." Further, if the arbitration panel determines by majority that SSPC acted in bad faith by issuing the disciplinary action, SSPC agrees to bear the total cost of **convening** the arbitration panel.

K. Decisions

All decisions of the panel shall be by majority. The panel may find in favor of the inspection firm's position; in favor of SSPC's position; or the panel may also decide an alternative action that, in its opinion, maintains the integrity of the program and is fair to all parties. The panel may not render a disciplinary action that exceeds those published in the DAC table.

L. Dispute Resolution

The panel shall be the sole and exclusive decision-maker concerning the existence, nature and extent of its jurisdiction over any issue. The certifying agency and inspection firm mutually agree that the procedures set forth herein shall be the sole and exclusive remedies, procedures or due process available for resolving and settling each, any and all claims, between them, including, but not limited to disputes and controversies related in any way to the inspection firm's application or continued eligibility for certification with the certifying agency or any of its parents, subsidiaries and/or affiliated companies. The certifying agent and the inspection firm shall use this dispute resolution procedure exclusively for all claims, and controversies whether arising under or based on the constitution, statutes, ordinances, regulations, rules, orders or common law of the United States or any state or any political subdivision relating to certification. The certifying agency and the inspection firm mutually agree that the decisions reached in accordance with the procedures set forth above shall be final and binding on all parties and that the parties hereby waive any and all rights to the contrary, including any right to trial by jury, judicial appeal, or the right to proceed in any civil court of law and, any such rights are hereby expressly waived. This agreement is specifically intended, understood and admitted and stipulated to irrevocably and completely change and transfer the former place where the parties' rights will be finally determined. The certifying agency and inspection firm hereby expressly waive any and all rights to proceed in a court of law

with respect to any issues subject to the jurisdiction of the panel and expressly waive any right to appeal any decision of the panel in the court of law.

The certifying agency and inspection firm acknowledge that they have had sufficient time to review and consider signing this agreement. It is clearly understood that this is a legal document and that any questions or concerns about it should be referred to appropriate legal counsel. The parties specifically intend that all provisions of this procedure and any decision of the panel shall be binding on the heirs, spouses, representatives, attorneys, successors and assigns of the parties hereto. The certifying agency and the inspection firm expressly agree and understand that the procedures set forth shall be the final decision of the certifying agency with respect to the awarding or continuation of any certification by SSPC, and that SSPC shall make any and all final determinations with respect to any and all issues related to certification by SSPC, subject only to the procedures set forth herein.

VII. Table of Disciplinary Actions

The table below is a guide for Critical Faults and the associated Disciplinary Actions. In this table, the disciplinary actions are listed from left to right in order of increasing severity. The critical faults are listed from top to bottom in order of increasing severity. Please note that, for economy of space, this table contains an abbreviated description of each critical fault. The full description in the text will be used by SSPC for assessment of disciplinary action.

It is recognized that more than one critical fault may be reported at one time, thus the entries in this table show both the number of reports and the total number of critical faults that will trigger each disciplinary action.

It is also recognized that critical faults of different severity may be reported one at a time. If an inspection firm is reported for two or more critical faults, the higher severity fault(s) will take precedence in determining disciplinary action.

DISCIPLINARY ACTION TABLE				
CRITICAL FAULTS (found in section II.A of the DAC)	WARNING (IV.A)	PROBATION (IV.B)	SUSPEND (IV.C)	REVOKE (IV.D)
SERIOUS * A pattern of reports of safety violations * A pattern of reports of environmental compliance violations * Failure to meet overall project work schedule	2 Reports/ 3 Critical Faults	2 Reports/ 6 Critical Faults	2 Reports/ 9 Critical Faults	N/A
VERY SERIOUS * Worker Compensation Experience Modification Rate (EMR) exceed limit * A citation issued by EPA or other authority for violations of environmental compliance regulations * Poor Quality Work * Criminal felony conviction of 1 inspector employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation	2 Reports/ 2 Critical Faults	2 Reports/ 3 Critical Faults	2 Reports/ 4 Critical Faults	2 Reports/ 6 Critical Faults
SEVERE * A pattern of OSHA citations for serious or willful violations * A citation for willful violation issued by OSHA or other authority outside the US, as a result of a worksite incident * Citations issued for serious environmental violations * Deliberate violations of specification or contract requirements * A pattern of reports of quality/service violations * Criminal felony conviction of 2 or more inspectors employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation occurring within a 48 month period	N/A	N/A	1 Report/ 1 Critical Fault	2 Reports/ 2 Critical Faults
VERY SEVERE * Criminal conviction of the contracting firm's owner, officers, directors or managing agent for a felony related to business operations * Criminal conviction of the painting firm or corp. or affiliated corp., company or entity in connection with business operations, whether the conviction arises by a finding of guilty by a judge or jury, a plea of guilty, * Illegal business practices * A pattern of reports of ethical practice violations * Fraud * Altering any reports, documents, or test results on a project * Misrepresentation of information required for certification * Criminal felony conviction of 2 or more inspectors employed by or under the direction of the inspection firm for illegal practices including but not limited to acceptance of gifts and bribes, falsification of inspection tests, results and documentation occurring within a 24 month period	N/A	N/A	N/A	1 Report/ 1 Critical Fault
MULTIPLE DISCIPLINARY ACTIONS ISSUED		2 WARNINGS in 1 YEAR	2 PROBATIONS in 1 YEAR	3 PROBATIONS in 1 YEAR (or) 2 SUSPENSIONS IN 1 YEAR

NOTE: "Report" = critical faults reported and verified, which have occurred on or in relation to a specific project.

VIII. Enforcement

A. General

The disciplinary action will become effective within two business days of the formal notification to the inspection firm of the resolution.

B. Notification About Inspection Firms

Listed under each type of disciplinary action are the notifications that SSPC will issue following that disciplinary action:

1. **Warning** - Issued to a certified inspection firm
 - a. Inspection firm
 - b. SSPC Administration
 - c. SSPC Auditors
2. **Probation** - Issued to a certified inspection firm
 - a. Inspection firm
 - b. SSPC Administration
 - c. SSPC Auditors
3. **Suspension** - Issued to a certified inspection firm
 - a. Inspection firm
 - b. SSPC Administration
 - c. SSPC Auditors
 - d. "Active" facility owners, i.e., those known by SSPC to be currently engaged in working with the inspection firm who invoke QP-5
 - e. SSPC BOG, PCCP Advisory Committee Chair
 - f. JPCL and SSPC Online (web site), identifying inspection firm.
4. **Revocation** - Issued to a certified inspection firm
 - a. Inspection firm
 - b. SSPC Administration
 - c. SSPC Auditors
 - d. "Active" facility owners, i.e., those known by SSPC to be currently engaged in working with the inspection firm who invoke QP-5
 - e. SSPC BOG
 - f. JPCL and SSPC Online (web site), identifying inspection firm.

Note: For SSPC to issue disciplinary action, a critical fault attributed to a certified inspection firm must have occurred during the inspection firm's certification term. For initial applicants, critical faults occurring up to 24 months prior to submittal of their application for certification will be considered in determining application status or certification status. SSPC reserves the right to issue disciplinary action for faults that have occurred after certification was granted, but are discovered at a later date. SSPC staff will verify the validity of each reported critical fault.

IX. Special Notes

- A. All fees and expenses due SSPC as a result of a disciplinary action must be paid by the inspection firm within 30 days of notification. SSPC reserves the right to suspend a firm's certification for non-payment of fees and expenses.
- B. In the event the certified inspection firm's business is, in whole or in part, sold, leased, transferred or taken over by sale, transfer, lease, assignment, receivership or bankruptcy proceeding, any disciplinary actions (warning, probation, suspension or revocation) issued will be transferred to the new business. The intent is to prevent a contracting company from changing its name, reorganizing or otherwise changing to avoid consequences of disciplinary actions assessed.
- C. For initial certification applicants, reported and verified critical faults will be used to determine denial of application for certification, or conditions upon which an inspection firm can become certified if all other requirements are met.

- D. Certified inspection firms and applicants are required to submit to SSPC copies of all citations issued to their firm by regulatory agencies for non-compliance with regulations during any stage of a project relating to coating inspection or related business operations. Failure to do so can result in assessment of disciplinary action for “misrepresentation of information required for certification.”
- E. Criminal conviction of the owner, officers, directors or managing agents of a certified inspection firm for a felony in connection with business operations being performed under the name of another, as a corporation, a company, partnership or any other business entity, including a joint venture where the owner, officer, director, etc., exercises directly or indirectly any significant degree of ownership, management or control, renders the certified firm subject to disciplinary action under the DAC.
- F. Any representative of the management, including but not limited to an officer, director, superintendent, quality control supervisor, safety director, general manager, or stockholder, or any person who exercises directly or indirectly, including through family members, any degree of ownership, management or control of an inspection firm or affiliated firm disciplined by SSPC under the DAC, who forms or purchases a new company or who exercises any management or control of a new, existing, or purchased company, or who exercises any degree of ownership of a new, existing, or purchased company, renders the new, existing, or purchased company ineligible for certification while any suspension or revocation of the disciplined company the person was associated with, is in effect. The intent is to ensure that management, representatives or individuals associated with the disciplined firm cannot form or purchase a new company, or exercise any control over an existing company (such as through family members) to avoid disciplinary action.

X. Watch List Clause

A. Purpose of the “Watch List” Clause

The “Watch List” allows the SSPC QP 5 certification program administrator (PA) to flag actions of SSPC QP 5 certified firms that could result in eventual disciplinary penalties if such actions are later affirmed as a violation of the DAC. The Watch List is intended to be a precursory step before the initial warning phase of the Disciplinary Action process. The DAC is a more formal procedure. The Watch List is also intended to notify the executive management of the inspection firm of a reported allegation or incident so the inspection firm can take preventive action to get to the root cause of the event and avoid reoccurrence leading to disciplinary action.

If the inspection firm’s executive management fails to respond to the “Watch List” notification within thirty (30) calendar days of the date of the notification, the inspection firm’s certification will be suspended until a satisfactory response is received.

The names of the firms/companies placed on the Watch List is treated as confidential and is for SSPC staff use only. Being placed on the Watch List does not automatically result in any disciplinary action.

B. Criteria for Placement on the Watch List

The following is a list of reported actions that will trigger an SSPC investigation to determine whether an inspection firm reaches the threshold for a “Watch List” notification:

- Violation of worker safety and health or environmental regulations as alleged in a newspaper article or through other media outlets. Written complaint (not verbal) from a Facility Owner or authorized representative, who has specified QP 5 in its project specifications, documenting substandard work performance or contract violations
- Death or serious injury of an inspector or other person under the certified entity’s direction as a result of an alleged violation of worker safety and health regulations issued by OSHA or equivalent agency
- An established pattern of “alleged” Repeat, Serious or Willful OSHA (or equivalent agency) worker safety and health violations as described in the DAC Section II, Critical Faults

- Arrest of a person in Management; including but not limited to the President, Vice President, CEO, COO, Safety Director, or Quality Control Supervisor, for alleged civil or criminal charges in connection with a work related incident or action
- Allegations of fraud involving an individual in Management or an owner of the entity.
- Allegations of violations of wage, hourly or other regulations regarding payment of lawful wages, benefits, payroll taxes, etc.
- Allegations of tax evasion or avoidance
- Reports of insolvency (e.g., failure to meet payroll or pay payroll taxes; failure to pay material and equipment suppliers)
- Other illegal business practices.
- Arrest of an inspector for alleged civil or criminal charges in connection with any inspection or related activity.

Note: SSPC will only consider documented or otherwise substantiated reports as a trigger for a Watch List investigation.

C. Steps in the Process

1. SSPC receives a report that qualifies for an investigation.
2. SSPC confirms that the report is accurate and that the action or incident is connected to a currently certified SSPC inspection firm or currently certified affiliated entity.
3. SSPC notifies the President/CEO of the Certified inspection firm of the report via written correspondence. The letter will include specifics in regard to the source and content of the report. The letter will also ask the company executive to confirm the credibility of the report and add any factual details or extenuating circumstances not contained in the report. The letter will also ask the executive how the company is addressing concerns described in the report, assuming the report has been confirmed.
4. The President/CEO will have thirty (30) days from notification to respond in writing to the SSPC Program Administrator. If the inspection firm acknowledges that the action cited in the report is accurate, the inspection firm must tell SSPC what corrective actions they are taking to remedy the problem. The corrective action plan must be accepted by SSPC as a factual and appropriate response to the action/problem.
5. If the written response from the inspection firm confirms the report and describes appropriate corrective actions to be taken, SSPC will notify the inspection firm in writing that the response has been received and accepted and that the firm will be on the "Watch List," for one (1) year.*
6. SSPC will place an inspection firm on the Watch List if and only if credible information is received and confirmed that the inspection firm may not be meeting SSPC QP 5 certification standards. No disciplinary action is taken unless allegations are affirmed.

After placing inspection firms on the Watch List, SSPC reserves the right to:

- 1). Further investigate to determine if other similar incidents have been reported and a pattern exists.
- 2). Conduct a special audit at the inspection firm's expense, in addition to any regularly scheduled audit, if the confirmed report is related to an operational matter.

D. Removal from the Watch List

Companies will be removed from the Watch List after one (1) year if:

1. no further reports are received concerning the inspection firm.*
2. the inspection firm is issued formal disciplinary action as a result of affirmation of a DAC critical fault.
3. the inspection firm is cleared of alleged violations (e.g., violations are downgraded; formal charges are dropped; the inspection firm or key management/owners are found not guilty of charges or violations upon completion of any formal due process or other disciplinary arbitration or alternate dispute resolution, etc.).

* *Special Note:* Placement on the Watch List can exceed one year in cases where allegations of wrongdoing are pending legal action or other form of recognized due process such as arbitration or alternate dispute resolution.

SSPC CERTIFIED INSPECTION FIRM PERFORMANCE EVALUATION FORM

Please evaluate the inspection firm for your project only:

Project No. _____ Dates on Site _____ through _____

Name of Inspection Firm _____

Inspection Firm Representative(s) on Job _____

I. Safety

<ul style="list-style-type: none"> Inspection firm meets safety requirements of OSHA, other public agencies and the facility owner, and has good safety practices without constant owner reminder. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Inspection firm has had a single change in EMR exceeding 1.33 or has 3-year average EMR >1.15 (EMR issued by their insurance company) 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Reports have been issued by public agencies on safety violations of the inspection firm. If yes, explain. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Inspection firm has received a citation for a serious or willful violation from OSHA or from an equivalent authority outside the US as a result of a worksite incident. If yes, explain. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Inspection firm has to be informed by the owner of potential safety hazards/violations. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____

II. Environmental Compliance

<ul style="list-style-type: none"> Inspection firm meets environmental compliance requirements, follows its lead, health and safety plan, and other such plans designed for its employees and others under its direct control. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Inspection firm has received a citation from EPA or other environmental regulatory agency. If yes, explain. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> Inspection firm is frequently advised by the owner of potential violations and requests for adjustments in field operations in order to comply with requirements/regulations. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____

III. Quality of Work/Service

<ul style="list-style-type: none"> • Inspection firm meets quality/service requirements by complying with specs and good painting practices and contract requirements without constant reminder by the owner. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm has deliberately violated specification or contract requirements. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm demonstrates ability to manage inspectors and communicates with owner when necessary. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm meets overall project work schedule and has necessary personnel and equipment to perform the work. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Reports have been issued of quality/service violations by the inspection firm. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm has satisfactory quality assurance records. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____

IV. Ethical Practice

<ul style="list-style-type: none"> • Inspection firm meets ethical practice requirements. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm has committed fraud. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Inspection firm or field personnel have altered reports, documents, or test results without authorization. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____

<ul style="list-style-type: none"> • Inspection firm (owner, officers, etc.) has been convicted for a felony related to operations of its business. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Reports have been issued of ethical practice violations by the inspection firm or its personnel. 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Would you recommend this inspection firm to other owners? 	Yes <input type="checkbox"/> Usually <input type="checkbox"/> Usually Not <input type="checkbox"/> No <input type="checkbox"/>	Unsure <input type="checkbox"/> Describe: _____ _____ _____
<ul style="list-style-type: none"> • Owner's rating of inspection firm at end of season or completion of work. 	Excellent <input type="checkbox"/> Good <input type="checkbox"/> Acceptable <input type="checkbox"/> Subpar <input type="checkbox"/>	

Comments:

Thank you for your cooperation and support. SSPC will follow up on areas found to be deficient.

Print Name

Print Title

Date

Signature

Dear Facility Owner:

SSPC wishes to congratulate you on selecting an SSPC Certified Inspection Firm for your coatings project. The certification program has been designed to provide the owner with confidence that the inspection firm selected meets SSPC's standards for quality, service, safety, and ethical practice.

In order to maintain the program's high standards, we have established a system to constantly evaluate the performance of SSPC Certified Inspection Firms. As part of this effort, we have attached an evaluation form in which we ask you to assess the inspection firm's performance related to what we consider potential "critical performance criteria." We ask that you be fair and objective when answering each question. SSPC will take the utmost care to treat your response as confidential and will follow up where necessary.

Thank you for your cooperation and interest in the QP 5 Inspection Certification Program. We welcome any comments you have on our program.