

Audit Action Plan Strategies: How to Get the Results You Need

STC Webinar Series – May 18, 2011
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Question:

- »» What's the quickest way for an audit program to create liability for an organization?

Answer:

- » Identify something about which nothing can or will be done

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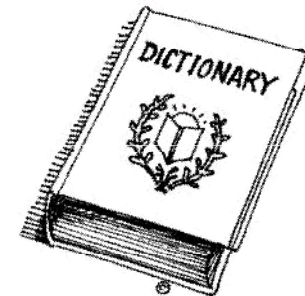
Session Will Consider

How best to assure resolution of findings through:

- ▶ Properly written findings
- ▶ Communicating findings to the right people
- ▶ Effective Corrective And Preventive Action
- ▶ Measuring performance on the action plan
- ▶ Verification steps

Definitions

- ▶ Finding or Nonconformity: nonfulfilment of a requirement (ISO 14001, 3.15)
- ▶ Corrective Action: action to eliminate the cause of a detected nonconformity (ISO 14001, 3.3)



Definitions

- ▶ **Containment:** action to eliminate the cause of other similar undetected nonconformities
(variation on L. Tiebert presentation at 2010 NQA meeting and Lean Six Sigma process)

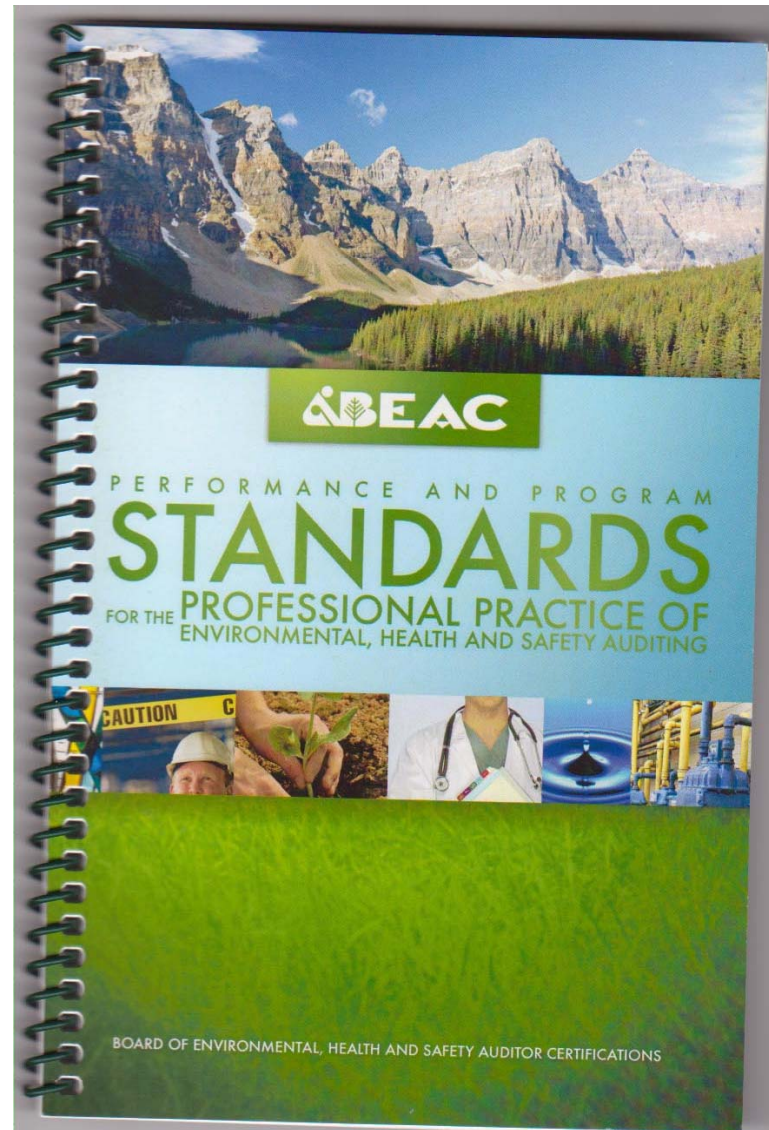
Definitions

- ▶ Root Cause: the most fundamental reason for the failure or inefficiency of a process
- ▶ Preventive Action: action to eliminate the cause of a potential nonconformity (ISO 14001, 3.17)



BEAC Standards for the Professional Practice of EHS Auditing

www.beac.org



BEAC Auditing Standards

- ▶ Four Sections:
 - Independence
 - Due Professional Care
 - Performance of Audit Work
 - Audit Program

- ▶ Presented as:
 - Standards
 - Guidance
 - Recommended Practices

BEAC Auditing Standards

III Performance of Audit Work

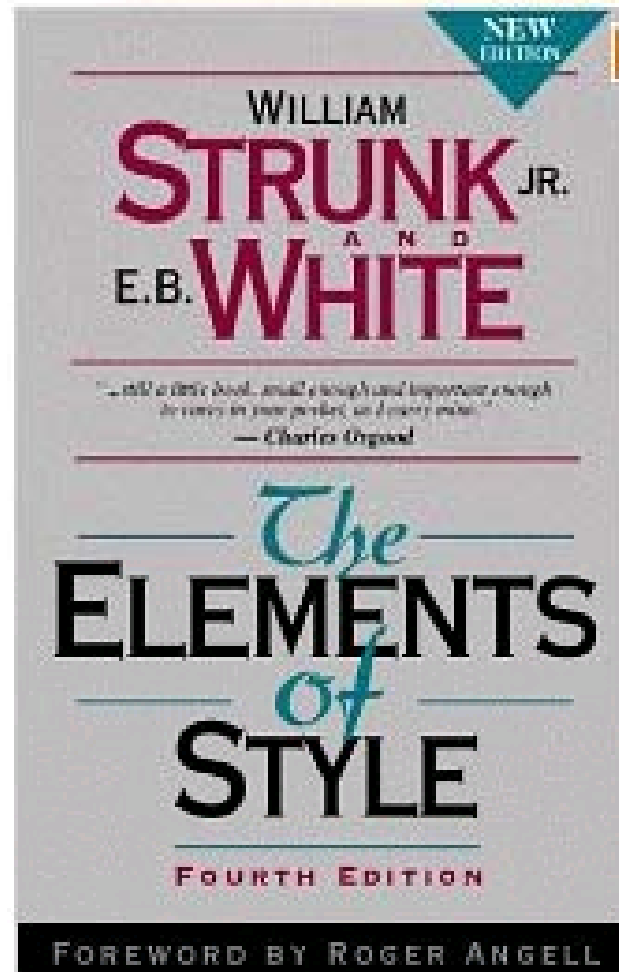
▶ Communicating Audit Results

10. (In Part) Each finding of noncompliance or nonconformance shall be based on appropriate supporting evidence and stated clearly so as to identify both the applicable requirement or criterion and the noncompliance or nonconforming condition or activity.



Write Precise Findings.

Click to **LOOK INSIDE!**



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What makes a poorly written finding?

- ▶ Some manifests weren't found.
- ▶ Workers were engaged in dangerous behavior.
- ▶ The tank was bad.



So what makes a finding
precise?

Precise Findings:

- ▶ Description of what you saw/read/heard that did not fulfill a requirement
- ▶ What was the requirement
- ▶ Context
- ▶ Extenuating circumstances, if felt appropriate

What You Saw/Read/Heard

- ▶ Oily water was overflowing the containment berm.

OK?

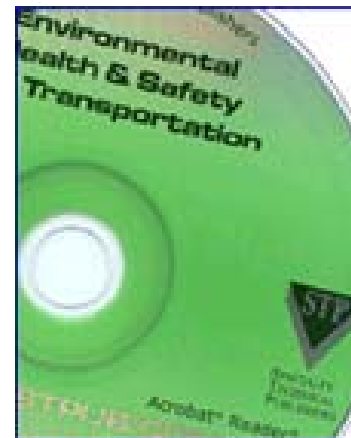


What Was The Requirement?

- ▶ Federal SPCC
- ▶ Fire Code
- ▶ State Rules



Get Specific!



What Was the Context?

- ▶ The used oil tank...



What Was the Context?

- ▶ All 34 of the facility's storage tanks...



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Extenuating Circumstances?

- ▶ During Hurricane Katrina...



Write Precise Findings.

Is The Finding Actionable?

Questions?

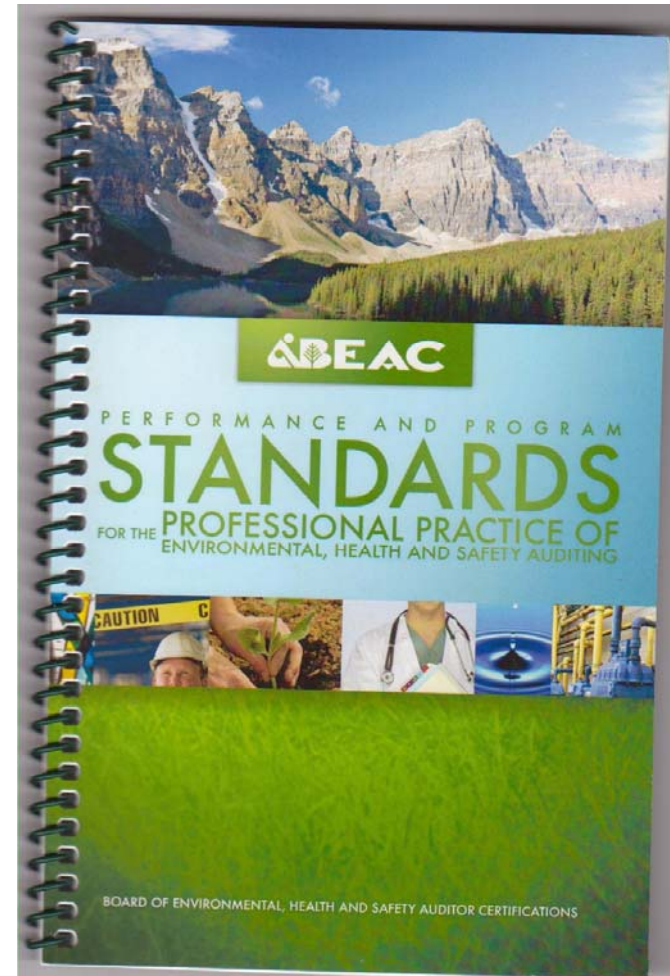


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BEAC Auditing Standards

- ▶ Four Sections:
 - Independence
 - Due Professional Care
 - Performance of Audit Work
 - Audit Program

- ▶ Where is the requirement for corrective action?



BEAC Standards

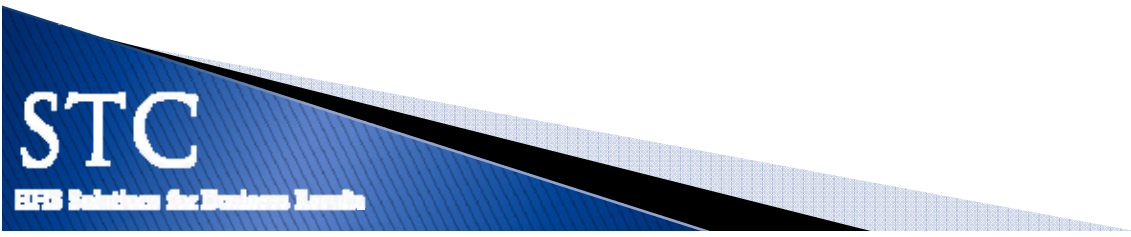
- ▶ Obligation for Corrective Action: **NOT** in the Performance of Audit Work
- ▶ Section III Performance of Audit Work
 1. Auditor work shall include planning the audit, examining and evaluating information and communicating results.

BEAC

Obligation for Corrective Action

- ▶ Section IV Audit Program

9. Senior management shall provide for procedures to develop and implement corrective actions to address all audit findings and verify their completion.



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Obligation for Corrective Action

- ▶ Section IV Audit Program

9. (Cont.) The audit program description shall specify procedures and responsibilities for monitoring the status of corrective action plan implementation.

Why Involve Auditors In Action Plans?

- ▶ Two things the auditors should know best:
 - what was actually wrong; and
 - whether it was actually fixed.

What is needed in an action plan?

- ▶ Precise description of intended or completed action.
- ▶ Often need more than one action, or a series of steps.



CAPA

- ▶ Corrective Action deals with the past



- ▶ Preventive Action deals with the future

Actions Require Information

- ▶ When will the action be done?



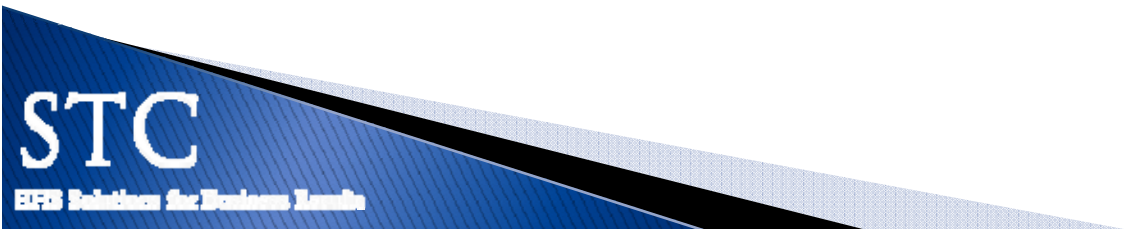
Actions Require Information

- ▶ Who is responsible for the action?



Categorizing Actions

- ▶ Capital Project
- ▶ Agency Approval
- ▶ Documentation
- ▶ Training



Who Needs the Audit Report?



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Who Can Do Something About Resolving Findings?

Action Plans

- ▶ Both Facility Manager and boss should be responsible for implementation of corrective and preventive action
- ▶ Boss influences Facility Manager's objectives, budget and compensation

Role In Action Plan Development

- ▶ Corporate EHS and General Counsel
 - Know what other facilities did
 - Wonder what other facilities are doing
 - Can consider impact on or by other facilities
- ▶ Auditors
 - Know exactly what they meant to write.

“Ownership” of the Action Plan

- ▶ The facility manager and their supervisor are the persons responsible for the facility.
- ▶ Auditors may suggest particular action.
- ▶ Interfering with the decision of operations, dilutes responsibility.

Action Plan Resolution

- ▶ Facility Manager deals with their action plan as they would any other set of responsibilities
 - Report progress/delays to their boss
 - Get capital or reassign personnel as needed

Action Plan Resolution

- ▶ Record and report completion dates.
- ▶ Management needs to trust their managers to tell the truth



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Role of Auditor in Resolution

- ▶ Trust – but verify.
- ▶ Assess resolution during subsequent and/or verification audits.
- ▶ Audit Program Manager should receive information about closure of actions.

Measuring Implementation

- ▶ Quarterly report of action plan completion performance
 - # of Findings
 - # and % Actions completed
 - # and % Actions completed on-time
 - Description of high priority actions late or still not completed after 180 days

On-Time Completion Performance Report

- ▶ Individual report for facility manager
- ▶ Combined report with totals and averages compiled for regions and business systems
- ▶ Higher up in organization, more completion performance reports you received
- ▶ Annual report to Board of Directors

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Lesson From Quality Systems

- ▶ What gets measured, improves.
- ▶ On-time completion performance doubled from below 40% to almost 80% the first year of measurement

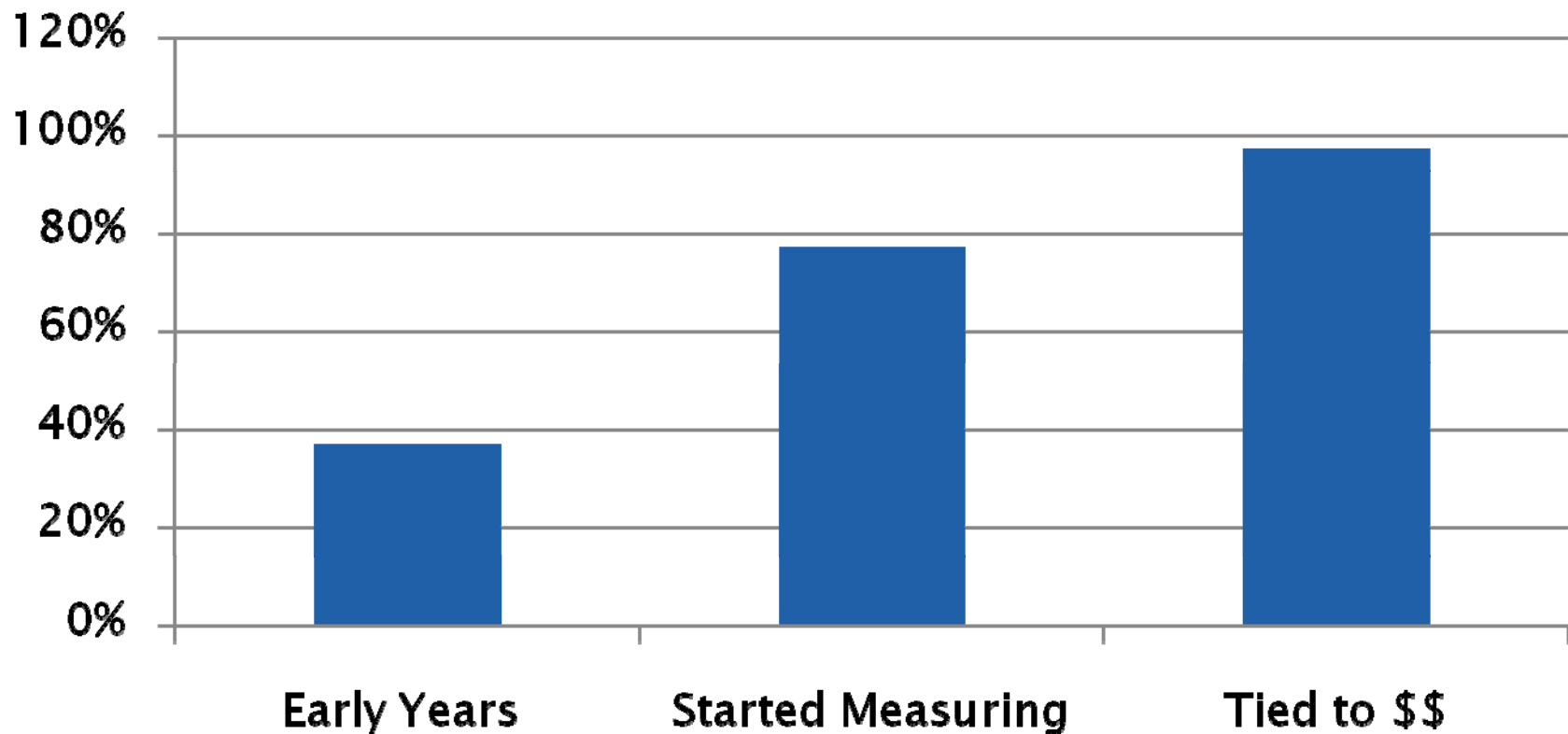
Holding Managers Accountable

- ▶ Tied on-time completion performance to compensation
 - Facility Manager
 - Facility Manager's Boss
 - Regional/Divisional Management
 - Corporate up to CEO



On-Time Completion Performance Approached 100%

Percentage Completed On-Time



Other Benefits of Measuring On-Time Completion Performance

- ▶ Sites argued less about the findings
- ▶ Culture became one of resolution
- ▶ Managers collaborated on solutions
- ▶ Auditing came out of the shadows and out from under Attorney-Client Privilege
- ▶ Senior management bragged about the audit program

Session Considered

How best to assure resolution of findings through:

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- ▶ Measuring performance on the action plan

Thank You!

Questions?

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