

1.0 PURPOSE

The purpose of this procedure is to provide for a system and instructions and to assign responsibilities for conducting internal audits.

The auditing tool will assist the Management Team evaluate performance across organisational functions and management systems to enable continual improvement of the Integrated Management System (IMS). The audits shall identify the strengths and weaknesses of the IMS by assessing the effectiveness of designated processes and activities in meeting customer requirements, our corporate objectives and the requirements of a particular Standard, Regulation, Act or contract.

2.0 SCOPE

This procedure applies to all activities comprising the Integrated Management System and concerns all General Managers, Managers, Supervisors and employees. It is directly relevant to all departments.

Internal audit results and summaries form an integral part of the management review process.

3.0 DEFINITIONS/ABBREVIATIONS

Audit	A systematic, independent and documented process performed to verify by examination or evaluation of objective evidence the adequacy of and compliance with established policies, procedures or requirements.
Audit scope	The extent and boundaries of an audit.
Audit criteria	A set of policies, practices, procedures or requirements against which the auditor compares observations and collected objective evidence.
Audit findings	The result of the evaluation of the collected audit evidence against audit criteria.
Audit conclusion	Outcome of an audit provided by the audit team after consideration of the audit objectives and all audit findings.
Requirement	A need or expectation that is stated, generally implied or obligatory.
Objective evidence	Data supporting the existence or verity of something.
Technical expert	A person who provides specific knowledge of or expertise on the subject to be audited (ie WHSO).
Observation	An opportunity for improvement to services, activities or the effectiveness of the Integrated Management System.
Non Conformance	A deficiency in characteristic, documentation or process implementation, which results in failure to meet a requirement.

4.0 RESPONSIBILITY AND/OR AUTHORITIES

4.1 Management Team

The Management Team, made up of the Chief Executive Officer and General Managers is responsible for providing the resources necessary to allow the audit programme to be conducted effectively and efficiently. The Management Team is also responsible for ensuring that audits are conducted as planned and that where deficiencies are identified, corrective action is taken in a timely manner.

4.2 Team Leader Integrated Management

The Team Leader IMS is responsible for managing the audit programme and shall act as the Lead Auditor for all internally conducted audits.

4.3 Auditor Supervisor

The Supervisor of the Auditor is responsible for ensuring the audit is conducted within the designated period.

4.4 Auditor

The Auditor is responsible for conducting planned audits and reporting audit conclusions.

5.0 REFERENCES/ASSOCIATED DOCUMENTS

CB 029-2003 The Audit Skills Handbook

CK-8-010 Internal Quality Audit Location Checklist

CK-8-011 Internal Quality Audit Forms Checklist

FM-8-026 Internal Quality Audit Plan

FM-8-028 Records To Be Viewed - Internal Quality Audit

FM-8-031 Workplace Internal Quality Audit Record

FM-8-045 Audit Client Questionnaire

ISO 19011 - Guidelines for Auditing Management Systems

MD-8-002 List of Documents - Internal Quality Audit

6.0 DOCUMENT ENQUIRIES

Position Title: Team Leader Integrated Management

7.0 PROCEDURE

The single audit system is based on the systems approach where all auditing decisions and activities consider the interrelationships that exist among different audit elements (objectives, processes and resources), as well as the different functions (quality,

environment and safety) with the aim of applying a systems view for the continual improvement of the IMS.

7.1 Principles of auditing

7.1.1 Auditing is characterised by reliance on a number of principles. These principles include:

- 1) **Ethical Conduct:** Trust, integrity, confidentiality and discretion are essential to auditing;
- 2) **Fair presentation:** Audit findings, audit conclusions and audit reports reflect truthfully and accurately the audit activities;
- 3) **Due professional care:** Auditors exercise care in accordance of the task they perform and the confidence placed in them by Bundaberg Regional Council and other interested parties;
- 4) **Independence:** Auditors are independent of the activity being audited and are free from any bias and conflict of interest;
- 5) **Evidence-based approach:** Audit evidence is verifiable.

7.2 Internal Audit Programme

7.2.1 The Management Team shall plan and schedule audits. Each audit may have a number of objectives based on consideration of:

- 1) Management priorities;
- 2) Corporate intentions;
- 3) Management system requirements;
- 4) Statutory, regulatory or contractual requirements;
- 5) Customer requirements;
- 6) Need for supplier evaluation;
- 7) Needs of other interested parties;
- 8) Risks to the organisation.

7.2.2 The audit schedule lists the processes to be audited at least once a year. In addition to the annually scheduled audits, Management may select certain activities for more frequent auditing, depending on their status importance, past compliance history and trends identified through monitoring.

7.2.3 Audits shall be planned and scheduled taking into account the availability of Auditors and Technical Experts having competence appropriate to the particular audit.

7.2.4 A maximum of 15 audits shall be conducted three times per year. It is at the discretion of the Management Team whether management system audits are conducted separately or together. Several activities may be clustered into one audit.

7.2.5 The audit objectives and scope shall be defined by the Management Team. The audit scope shall be such that it allows the audit to be completed within three working days.

7.2.6 Two or more auditing organisations may cooperate as part of the auditing programme.

7.3 Audit Team

7.3.1 The Lead Auditor shall assign personnel to audit the process or activity chosen by the Management Team and ensure each planned audit is assigned a number in the Risk Management Database.

7.3.2 Personnel assigned to carry out internal audits shall be independent of those having direct responsibility of the audited activity and shall be adequately trained and qualified on conducting internal audits.

7.3.3 The Auditor shall be selected taking into account the competence needed to achieve the objectives of the particular audit.

7.3.4 When deemed necessary, an internal audit may be performed by an Audit Team of two people. In this instance, one person shall be assigned the duties of Audit Team Leader. Auditors-in-training may be included in the audit team, but should not audit without direction or guidance.

7.4 Preparing for Audit

7.4.1 The Lead Auditor shall communicate the audit objectives, scope and criteria to the Auditor in advance of conducting the audit.

7.4.2 The audit criteria shall be defined by the Lead Auditor. If needed, the Lead Auditor shall consult with Technical Experts to establish appropriate audit criteria.

7.4.3 Auditors shall prepare for the audit by fully familiarising themselves with the audit criteria (i.e. policies, procedures, standards, laws & regulations, management system requirements, contractual requirements or industry/business sector codes of conduct) and previous audit reports, non conformances and details of corrective actions that may be relevant to the particular audit.

7.4.4 The Auditor shall compile an audit checklist that reflects the scope and objectives of the audit and prepare work documents as necessary for reference and for recording audit proceedings. The use of prepared checklists or forms shall not restrict the extent of audit activities, which may change as a result of information collected during the audit.

7.4.5 The Auditor shall prepare an audit plan as the basis of the audit activities. The audit plan shall cover:

- 1) The audit objectives and scope;
- 2) The audit criteria and any reference documents;
- 3) Identification of the organisational and functional units and processes to be audited;

- 4) The dates and places where the on-site audit activities are to be conducted;
- 5) The expected time and duration of on-site audit activities;
- 6) Matters of significance requiring consultation with Technical Experts;
- 7) Identification of any matters related to confidentially.

7.4.6 The Manager or Supervisor responsible for the area being audited shall be contacted by the Auditor in advance to make arrangements for the audit and if necessary, to request access to relevant documents.

7.5 Conducting the Audit

7.5.1 The Auditor shall meet with the Manager or Supervisor responsible for the area being audited to confirm the arrangements before commencing the audit.

7.5.2 The audit is performed using the Audit Checklist as a reference. Auditees are interviewed regarding the process or observed performing the process. Auditors shall maintain an objective state of mind throughout the audit process and seek objective evidence demonstrating whether the audited activities comply with audit criteria.

7.5.3 As the audit progresses, changes to the audit scope may be needed to ensure the achievement of the audit objectives. Any change to the audit shall be agreed to by the Lead Auditor.

7.5.4 Evidence collected during the audit that suggests an immediate and extreme risk shall be reported without delay to the Manager or Supervisor responsible for the area being audited.

7.5.5 Any concern about an issue outside the audit scope shall be noted and reported to the Lead Auditor who shall initiate appropriate follow-up action.

7.5.6 The Auditor shall make the Auditee aware of a non conformance when it is noted and agreement to the facts must be sought and established.

7.5.7 The Auditor shall give a verbal report to the responsible Supervisor or Manager advising of any non conformances before departing. Where there are insoluble differences, the matter shall be reported to the Lead Auditor who shall discuss the matter with the relevant Supervisor or Manager. Should a resolution not be achieved, the Team Leader IMS shall raise the issue for discussion at the next Executive Management meeting and a determination be made.

7.5.8 At the end of the audit, the Auditor shall present their audit findings to the Lead Auditor and agreement shall be reached on the audit conclusions.

7.5.9 Following discussion with the Lead Auditor, the Auditor shall compile the Audit Report and prepare Corrective Action Requests (CAR) for each

instance of nonconformity. Each non conformance shall be classified as either Critical (extreme risk), Major (high risk), Significant (Moderate risk) or Minor (low risk). In the event that there are no non conformances identified, the Auditor shall tick the 'Conforms' box on the Audit Report.

7.5.9.1 A Critical nonconformance is a nonconformance with impact on critical corporate objectives and if safety related will result in the audit being stopped temporarily until the issue is addressed.

7.5.9.2 A Major nonconformance is a serious departure from the audit criteria, a high risk to the organisation and generally will take time to correct.

7.5.9.3 A Significant nonconformance is where a number of incidents of Minor nonconformity in one specific aspect are identified.

7.5.9.4 A Minor nonconformance is an isolated incident of nonconformance, a low risk to the organisation and can be fixed in a short time.

7.5.10 The Audit Report shall be issued to the Manager and Supervisor having responsibility for the area audited as soon as practical after the completion of the audit.

7.5.11 The audit is considered completed when all activities described in the Audit Plan have been carried out and the Audit Report has been distributed. The Auditor shall forward a copy of all audit notes to the Team Leader IMS who shall retain these records for future reference.

7.6 Corrective Action and Follow-up

7.6.1 Once a nonconformance is identified and documented it shall be corrected.

7.6.2 Upon receiving notification of the nonconformance, the Manager or his delegate (responsible person) shall investigate the cause of the issue noted as a nonconformance, decide on what corrective action is going to be taken and seek auditor approval. The responsible person shall record the agreed corrective actions and proposed completion date in the database.

7.6.3 The responsible person shall take **timely** action to prevent a recurrence of the issue and complete the relevant section of the Corrective Action Request. Where no action is taken, the IMS Team Leader will bring it to the attention of the relevant General Manager.

7.6.4 On receiving notice that the permanent corrective action is complete, the Lead Auditor will arrange for the Auditor to conduct a follow-up audit to ensure that the corrective action has been effectively implemented. This verification may be part of a subsequent audit. Once verification is complete, the Auditor shall initiate closure of the CAR. However, if more work is needed to fully implement permanent corrective action, a new follow-up date shall be agreed and entered into the database.

7.6.5 Each quarter a status report of all outstanding corrective actions will be tabled at the Internal Audit and Risk Committee.

7.6.6 The results of all internal audits form an integral part of the input for the management review process. At the end of the auditing cycle, all reports established during the cycle are compiled and analysed and are presented at the next management review meeting.

7.7 Opportunities for improvement

7.7.1 Audit Reports may include any general observations which the auditor considers to be constructive or an opportunity to improve the organisations processes.

7.8 Auditor Evaluation

7.8.1 Auditor performance shall be continually evaluated to provide feedback and to identify needs for maintenance and improvement of knowledge and skills.

8.0 RECORDS

Records relating to individual audits can be accessed via the electronic copy of the Audit Report retained in the Risk Management Database. Records maintained within the database include:

- 1) Audit reports;
- 2) Nonconformity reports;
- 3) Corrective action requests;
- 4) Audit follow-up reports;
- 5) Recommendations for improvement.

Other Records maintained include:

- 1) Audit plans (archived in RecFind Record Management System);
- 2) Auditor training and evaluation (retained in employee records);
- 3) Management review of the audit programme (retained in Governance s-drive IMS).