



2005 Responsible Care[®] Conference

Continual Improvement Through Effective Internal Auditing

Presented by:

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Sierra Services, Inc.

- ◆ Providing Management Systems Training and Consulting Services for 10 Years.
- ◆ Assisting ACC & SOCMA Members on RCMS & RC14001 Implementation and Documentation.
- ◆ Training Courses Include : Internal Auditor, Implementation & Documentation, Management Overview, Internet Based, and Customized Training.
- ◆ Assisted 100+ Companies in Obtaining RAB Registration.
- ◆ Office locations across the US and Canada.
- ◆ <http://www.sierraservices.net>



Raymond Patchak

- ◆ Accredited Lead Auditor since 1997
- ◆ 3 years working for the RAB as Accreditation Auditor – conducting audits of Registrars
- ◆ Successfully guided 50+ companies to obtaining registration
- ◆ Chemical industry experience
- ◆ Experience working internationally
- ◆ Trained over 1500 students on how to be an effective management systems lead auditor



Presentation Purpose

- ◆ Big Picture on RCMS/RC14001
- ◆ Importance of Internal Auditing to a Successful Management System
- ◆ Provide Examples of Good Auditing
- ◆ Explain What a 3rd Party Auditor is Looking For
- ◆ Identify Common Problem Areas

The Big Picture

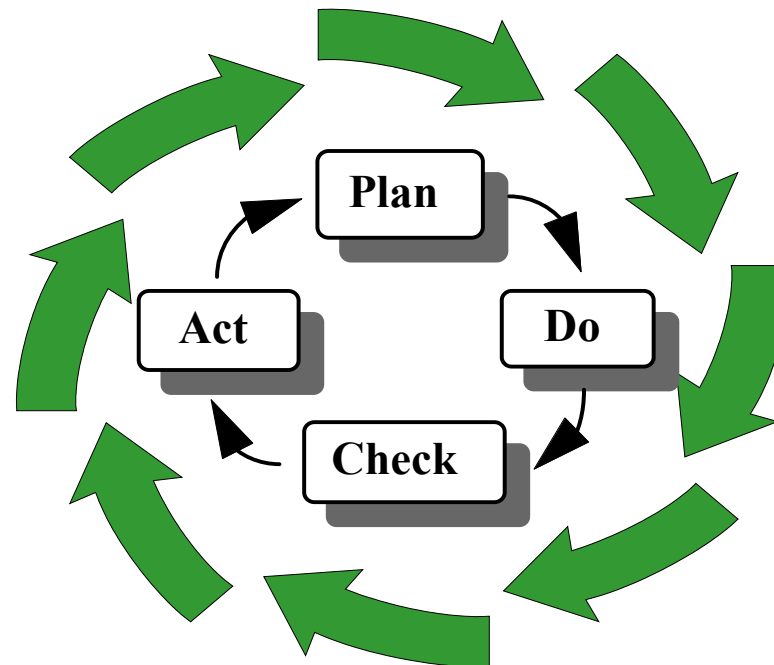
RCMS and RC14001

CONTINUAL IMPROVEMENT



**Management
Review**

EHS Policy



**Checking &
Corrective
Action**

Planning

Implementation and Operation



Direction of an Organization

Top Management Charts the Path

- ◆ EHS Policy
- ◆ Objectives & Targets
- ◆ Mission/Vision Statement
- ◆ 3 – 5+ Year Perspective



Effective Management

- ◆ Monitors Progress
 - Business & Process Metrics
 - Internal Auditing Results
- ◆ Adapts to Changing Conditions
- ◆ Makes Appropriate Changes to Course
 - Policy
 - Objectives & Targets



Characteristics of an Effective Auditing Program

- ◆ Multi-layer Participation
- ◆ Effective Audit Tools
- ◆ Process Based Schedule
- ◆ Objective Evidence



Who Should Audit?

- ◆ The Most effective internal auditing programs use a cross section of their work force, including:
 - Middle Management
 - Supervisory
 - Hourly Workforce



Effective Audit Tools

Audit Checklist

- ◆ Must be developed for the auditor
 - Appropriate to auditors experience
 - Prompts for objective evidence
 - Easy to use
- ◆ Designed for the audit program
 - Questions appropriate to auditee
 - Ensure completion of audit scope

Standard Audit Checklist

SM	EM	P	E	S	SR	QC	L	A	MF	M	OP
4.5.1 ISO Requirements						Conform		Evidence / Notes Findings/Opportunities For Improvement			
						Y	N				
<p>Has the organization established and maintained documented procedures to monitor and measure, on a regular basis, the key characteristics of its operations and activities that can have a significant impact on the EHS&S?</p> <p>Do the procedures include the recording of:</p> <ul style="list-style-type: none"> * Information to track performance? * relevant operational controls? and * conformance with the organization's EHS&S objectives and targets? <p>Has monitoring equipment been calibrated and maintained, and have records of this process been retained according to the organization's procedures?</p>											

User Friendly Checklist

Process Line 1	Checklist B	Auditor:	Date:	Conforms Y/N
Select	record name/#		Evidence/Notes	
1 Operator:	_____	Do they have Policy?		
1 Mtrl Hndler:	_____	Is it most current?		
		Who is the mgmt rep?		
		What are security steps?		
		Security badges visible?		
Select	record name/ rev. #	Have employees signed?		
2 W/I:	_____	When did training occur?		
_____		Verified knowledge?		
		Is it accessible?		
		Is it most current version?		
	What is proper PPE for handling Sulfuric Acid?			
	What are your responsibilities in emergency?			
	• Where is closest spill kit?			
	• Verified contents			
	Review satellite waste disposal area 2			
	• Labels			
	• Waste level & overflow alarm			
	• Containment			



Process Audit Schedule

- ◆ **Process or Function Specific**
 - Wastewater Treatment
 - Bulk Material Handling
 - Mix Line 1
 - Document Control & Records
- ◆ **Identifies Audit Scope**
 - Appropriate to Area
- ◆ **Ensure Adequate Sampling of**
 - Documentation
 - Personnel
 - Equipment

Annual Audit Schedule

Criteria	Bulk Mat. Handling	Baghouse	Blending Process Line 1	Process Line 1 & 2	Water Systems	Maintenece	Shipping/Admin	EMS Manual	EHS Dept.	Top Management	Doc Cntrl & Recr
4.2	2		1		1				1,3		
4.3.1	1		1		1	2		1			
4.3.2								1			
4.3.3	1	1					1, 2	1	1,3		
4.4.1			1		2		1	1	1		
4.4.2	1			1		2					
4.4.3	2	1		2	1		1				
4.4.4							1	1			
4.4.5	1		1		2		1	2		2	
4.4.6	1	1,3		1	1, 2	1	2	2			
4.4.7	2		1	1		2	2	1			
4.5.1		1		2	1	1	1, 2	1	1,3		
4.5.2		3	1						1,3		
4.5.3	1,2			2	1			2		2	
4.5.4											
4.5.5		3	1		1, 2			1	1,3		
4.6								1	1,3		

Legend: 1 = March 2005

2 = June 2005

3 = Oct 2005

Quarterly Audit Schedule

Departments	Audit Dates	Scope	Audit Team	Length of audit	Checklist #	Audit Completion Date
Bulk Material handling	3/27/05	4.3.1 4.3.3 4.4.2 4.4.5 4.4.6 4.5.3	Cindy Maxwell Rob Shire	3 hour	BM 6	4/ 15/2005
Bulk Material handling	6/17/05	4.2 4.4.3 4.4.7 4.5.3	Cindy Maxwell Rob Shire	1 hour	BM 7	
Bag House	3/15/05	4.3.3 4.4.6 4.5.1	Bob Hoe Will Misnutten	1 hour	BH 1	3/ 01/2005
Water Systems & Maintenance	10/01/05	4.4.6 4.5.2 4.5.5	Steve Smith	2 hours	BH 5	



What's a 3rd Party Auditor Looking For?

- ◆ Objective Evidence
 - Documented
 - Supporting Audit Conclusion
- ◆ Adequate Sampling
- ◆ Systematic & Consistent Process



Audit Conclusions

- ◆ **3.3 Audit Evidence** – Records, statement of fact or other information, which are relevant to the audit criteria and verifiable
- ◆ **6.5.4 Collecting and verifying information** – During the audit, information relevant to the audit objectives, scope and criteria... should be collected by appropriate sampling and should be verified. Only information that is verifiable may be audit evidence. Audit evidence should be recorded.

ISO19011-2002: Guidelines for quality and/or environmental management systems auditing



Common Audit Problems

- ◆ Audit team consists of only management level personnel
- ◆ Expectations of auditors is too high
- ◆ Not enough time scheduled to complete the audit
- ◆ Audit evidence does not support conclusion
- ◆ Auditor's notes imply compliance violations
- ◆ Checklists
 - Too complicated
 - Do not support audit objectives
- ◆ Personnel problems
 - Auditors and/or Auditee



Audit Program Recommendation

- ◆ Use a cross section of employees as auditors
- ◆ Develop audit tools appropriate to the skill level of the auditors
- ◆ Make sure your checklists drive auditors to record objective evidence & fulfill the audit scope
- ◆ Consider using audit teams of 2
- ◆ Provide refresher training periodically
- ◆ Deal immediately with problems caused by an auditee or an auditor
- ◆ Make it enjoyable to audit