

# Audit Schedules & Managing Corrective Actions

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## Clients include:

Qantas, Bureau of Meteorology, NZ Blood Service, Aurecon, Cabrini, Power & Water NT, TasNetworks, CASA, Furphy Engineering, Lendlease, VRQA, VACCHO, Biosecurity Victoria, etc

## Today's Presentation

- Develop a risk-based audit schedule
- Identify correction from corrective action
- Conduct a causal analysis of audit outcomes
- Effectively manage outstanding corrective action items that will save you time & money



# What is Compliance?

In general, **compliance** means conforming to rules, contracts, regulations, standards and laws.

## How do we do this in our organisations?

# What is Compliance?

- We have to identify the Rules, Standards, Policies and Laws we have to comply with
  - We determine how we are going to comply
  - We create documentation to communicate
  - We audit to ensure we comply and improve



# Internal Audit Scheduling

## Problems

- Lack of resources
- Lack of knowledge
- Inherited the scheduling process
- Over promise and under deliver
- Lack of scheduling flexibility
- Conflicts of interest
- Auditing at the wrong time



# Internal Audit Scheduling

## Poll Questions

1. Who has been in a situation where rush audits are conducted to catch up with the audit schedule because of an impending external audit?
2. Who has set up an audit schedule based around the clauses of your compliance criteria?
3. Who has conducted audits to ensure that external auditors don't find non-conformances?
4. Who has changed the date of the existing audit schedule to next year without changing the content?

**Please Vote! Feel free to also use the chat box as well to discuss**

# Internal Audit Scheduling

## Tips

It is sensible to consider the following when developing and audit schedule or plan.

- Importance and/or risk
- Past audit results, lessons learnt, trending data
- Changes affecting the organisation
- Work loads, busy times, seasonal issues, incidents
- Contractual or legal requirements
- Available resources
- Type of audit
- Focus on the things that matter





# Audit Schedule

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
A	X						X					
B		X						X				
C			X						X			
D				X						X		
E					X						X	
F	X					X						X
G		X					X					
H			X					X				
I				X					X			
J					X					X		
K						X					X	

# Audit Schedule

SCOPE	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
A	X			X			X			X		X
B		X			X			X			X	
C	X	X	X	X				X	X	X	X	
D						X						
E		X			X			X			X	
F	X										X	X
G	X	X									X	
H								X	X			
I		X		X		X		X		X		X
J					X					X		
K	X		X			X					X	

## Risk Based Approach



# Managing Problems

## Where do problems come from?

- Customer complaints
- Internal & external audit non-conformances
- Issues beyond our control
- Incidents
- Mistakes



# Correcting Problems

Most compliance criteria have requirements for finding ways to improve and to be responsive to problems that arise.

The NDIS standards mention that **‘the review of causes’** must be undertaken to enable improvement.

ISO standards state that **“appropriate correction and corrective action to be taken without undue delay”**.

## So what does this mean?

- Appropriate
- Correction
- Corrective action

# Correcting Problems

**Appropriate:** A very subjective word!

The effort put into the action must be proportionate to the consequence

- Your choice
- suitable or proper in the circumstances (dictionary)

**Correction:**

Action taken to eliminate the non-conformance (quick fix)



**Corrective Action:** Action taken to identify and eliminate the causes of non-conformance to prevent recurrence (long term solution)

# Correcting Problems

It may be **appropriate** to fix things on the spot because it is **low** in risk and not likely to re-occur (**Correction**)

It is **appropriate** to fix things on the spot if it is **high** in risk where we cannot tolerate a recurrence? (**Correction**)

For **high** risk issues we must then find out why it occurred in the first place, determine the causes and treat the causes to enable us to prevent a recurrence in the future. (**Corrective Action**)



**These issues need to be recorded and monitored**

# Correcting Problems

From experience I see too many low risk issues being formally recorded and put through the same corrective action process causing extra administration which is unnecessary and costly.

It may be simpler to cull anything that is prior to a certain date as reviewed and authorised with management input?

- a decision could be made via the management meetings process





# Things to Consider?

Any actions to be taken must be influenced by the risk of not taking action.

- What does it cost to correct?
- What does it cost if we don't?



What is appropriate?

Sometimes it gets too hard and we don't do anything?

Sometimes we think the formal approach is not worth it?

Sometimes we formally record all of our problems which can cause a build up of problems!

# Things to Consider?

**Poll Question:**

Who has a register of 'issues' that contain overdue items?

**Please feel free to also share your thoughts via the chat box**



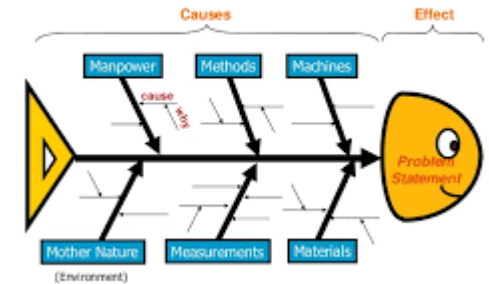
# Problem Solving /Cause Analysis

## 5 Whys Example

Why?	Answer
1 Why is there oil on the floor?	Oil leaks from the cylinder rod when activated.
2 Why did oil leak?	The O-ring was out.
3 Why was the O-ring out?	The rod was flawed.
4 Why was the rod flawed?	Dirt in the oil abrades the rod.
5 Why did dirt get in the oil?	There are holes and gaps on the upper plate of the tank.



## Cause & Effect Diagram (Manufacturing)

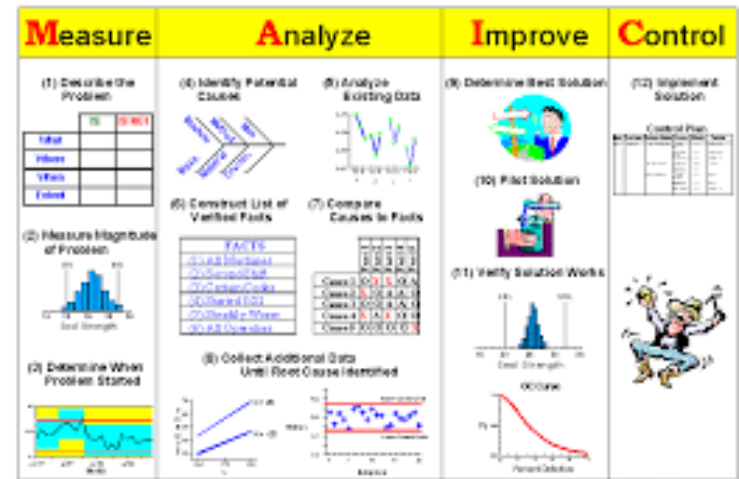


## 7 Problem Solving Tools:

- Cause and Effect Diagrams
- Flowcharts
- Checklists
- Control Charts
- Scatter Diagrams
- Pareto Analysis
- Histograms



## Six Sigma Problem Solving - MAIC



# Example of 5 Why Process/Cause Analysis

Often it is said that after asking why 5 times you are very close to the cause of most problems!

**Actual problem (Hospital setting)**



*Day procedure patient records were left on common work benches which could be seen and read by visitors near reception contrary to the Hospital's Privacy Policy*

# 5 Why Process

When staff were asked why these records were left out in breach of the Privacy Policy, the following responses were given

- Why ?** “we don’t have time to put them away”
- Why ?** “because we have to treat 25 patients per shift”
- Why ?** “it’s a financial KPI relating to profit margin”
- Why ?** “the file storage is 20m away from here”
- Why ?** “we need a storage location that is close”



# The Cause!

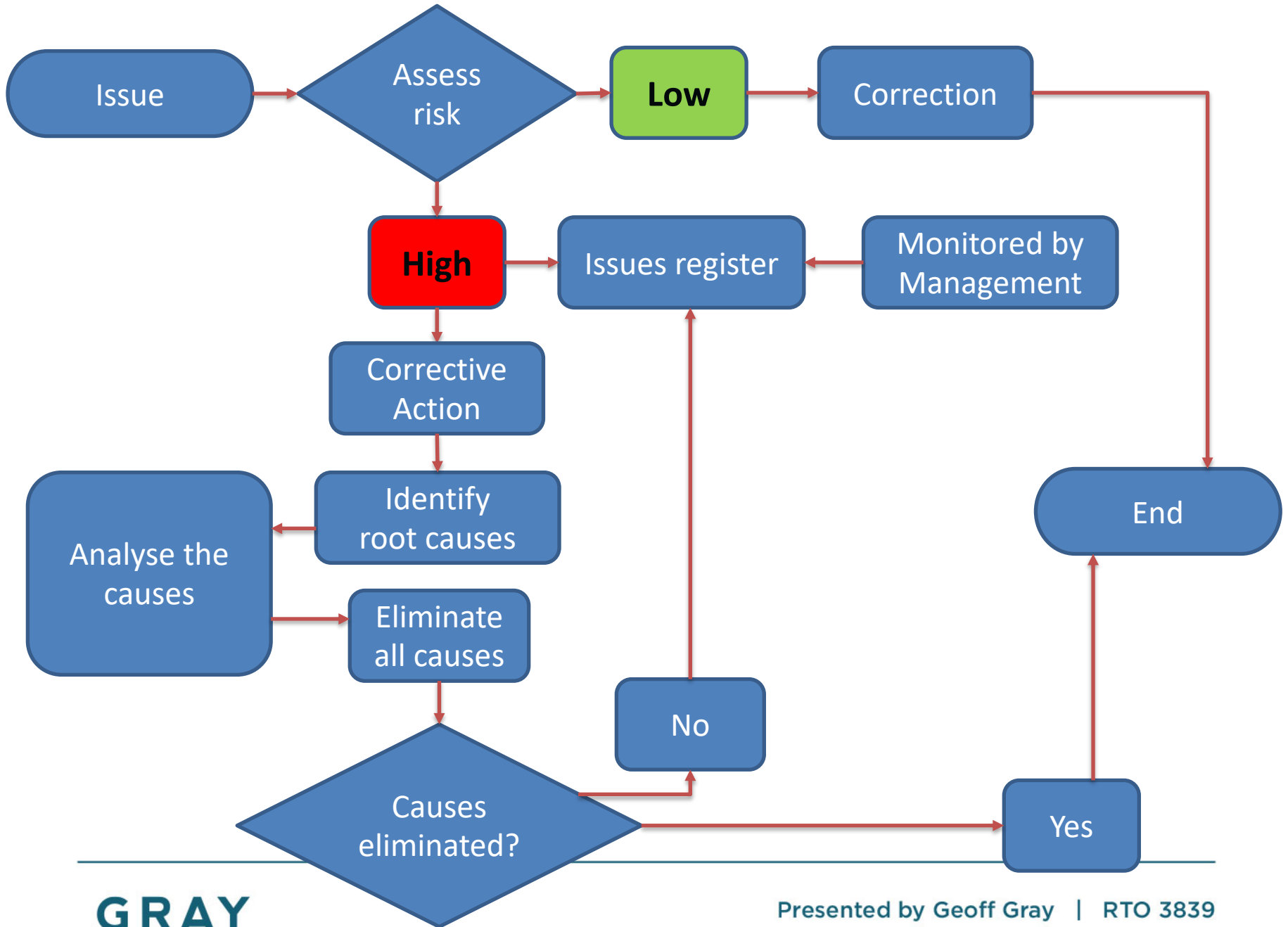
The record storage area is too far from operating area! **(Main Cause)**

**The solution?**

Purchase a lockable filing cabinet and locate it next to the theatre!

**Problem solved!**





# Any Questions?

**Feel free to contact me anytime**

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