



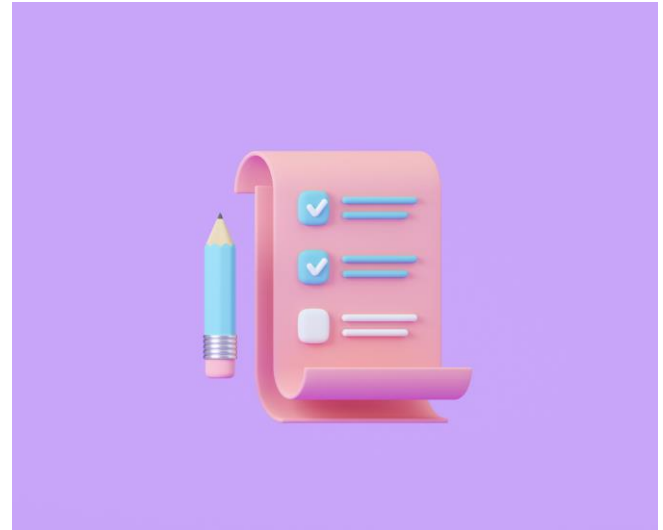
The Value of Internal Auditing

Dr Charles Beacroft

21st November 2024

Agenda

- Overview of ISO management systems and Annex SL
- Understanding what internal auditing is
- The value of internal auditing
- The value of internal auditors
- Q&A



OUR PURPOSE

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NQA is a world leading certification body with global operations.

NQA specialises in certification in **high technology** and engineering sectors.





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Dr Charles Beacroft NQA Training Manager

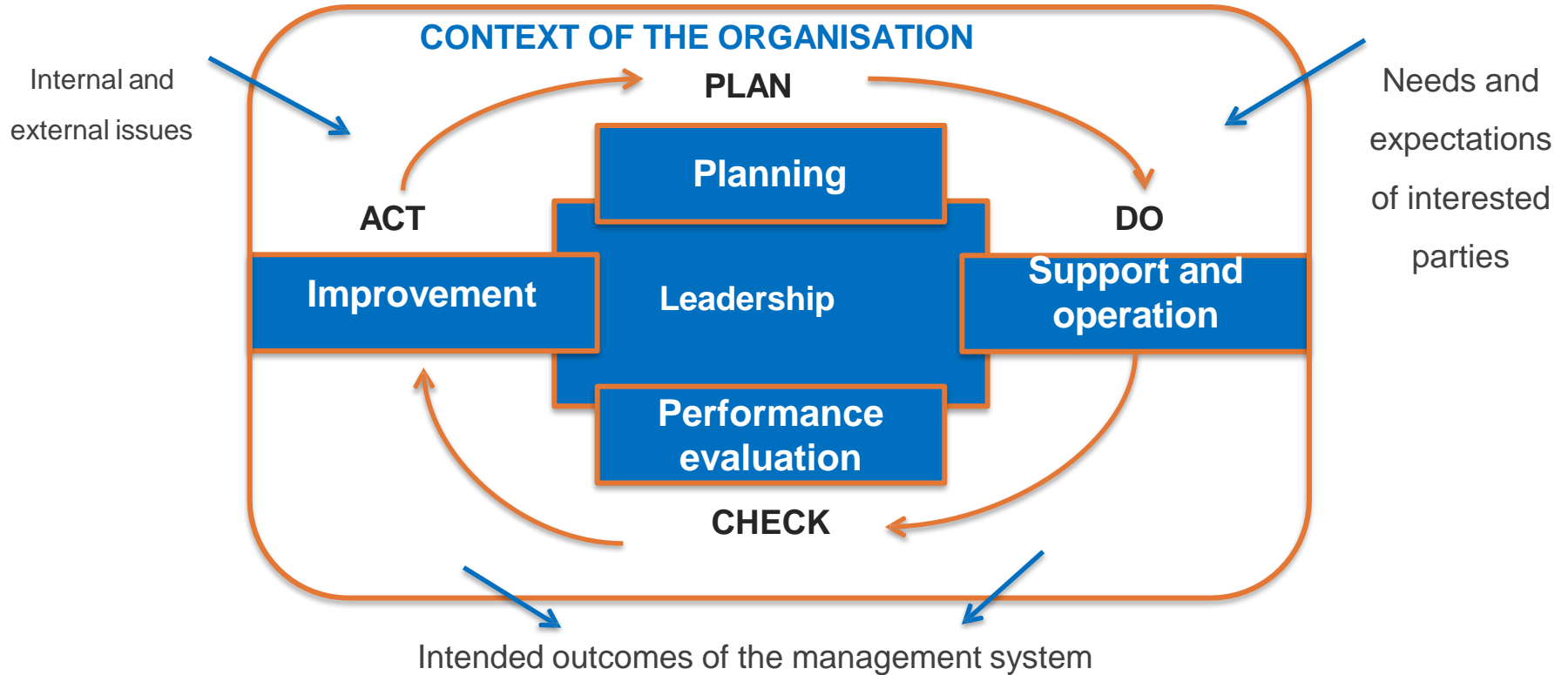


Your Presenter

- Completed 1 year as the Training Manager for NQA Certification Ltd
 - Responsible for growth in the NQA Training Business Unit
 - Managing the delivery of training courses for all NQA customers
- Lead Auditor in ISO 9001, Internal Auditor in ISO 14001 and ISO 45001
- Completed a PhD at the University East Anglia (UEA), with significant university lecturing and teaching experience at University College London, the London School of Economics, and UEA
- 4 years at Pearson Education, delivering postgraduate online distance learning for thousands of students at seven UK universities

OVERVIEW OF ISO MANAGEMENT SYSTEMS AND ANNEX SL

PLAN-DO-CHECK-ACT



ANNEX SL HIGH-LEVEL STRUCTURE

1. Scope
2. Normative References
3. Terms and Definitions
4. Context of the Organization
5. Leadership
6. Planning
7. Support
8. Operation
9. Performance Evaluation
10. Improvement



Establishes the basis for the management system

Aligned to nearly all ISO
management system structures



CLAUSE 9 & 10 OF THE ISO STANDARD

Clause 9 – Performance Evaluation

- 9.1 Monitoring, measurement, analysis and evaluation
- 9.2 Internal audit
- 9.3 Management review

Check

Clause 10 – Improvement

- 10.1 General
- 10.2 Nonconformity and corrective actions
- 10.3 Continual improvement

Act

PROCESSES AND DOCUMENTED INFORMATION

- A key part of a management system is the emphasis on the use of processes, including organisational, supporting, and operational processes
- All such processes are part of the documented information, which allows for the management system to be monitored
- This fits the requirements set out in Clause 7.5 These documents are essential for conducting internal audits



OVERVIEW OF INTERNAL AUDITING

Audit: Systematic, independent and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

(ISO 14001:2015)



1st party – internal audits

- Audits carried out by an organisation on their own systems.

2nd party – supplier/vendor audits

- Audits carried out by an organisation on their suppliers / sub-contractors.

3rd party – external audits

- Audits performed by an independent body, usually for certification purposes.
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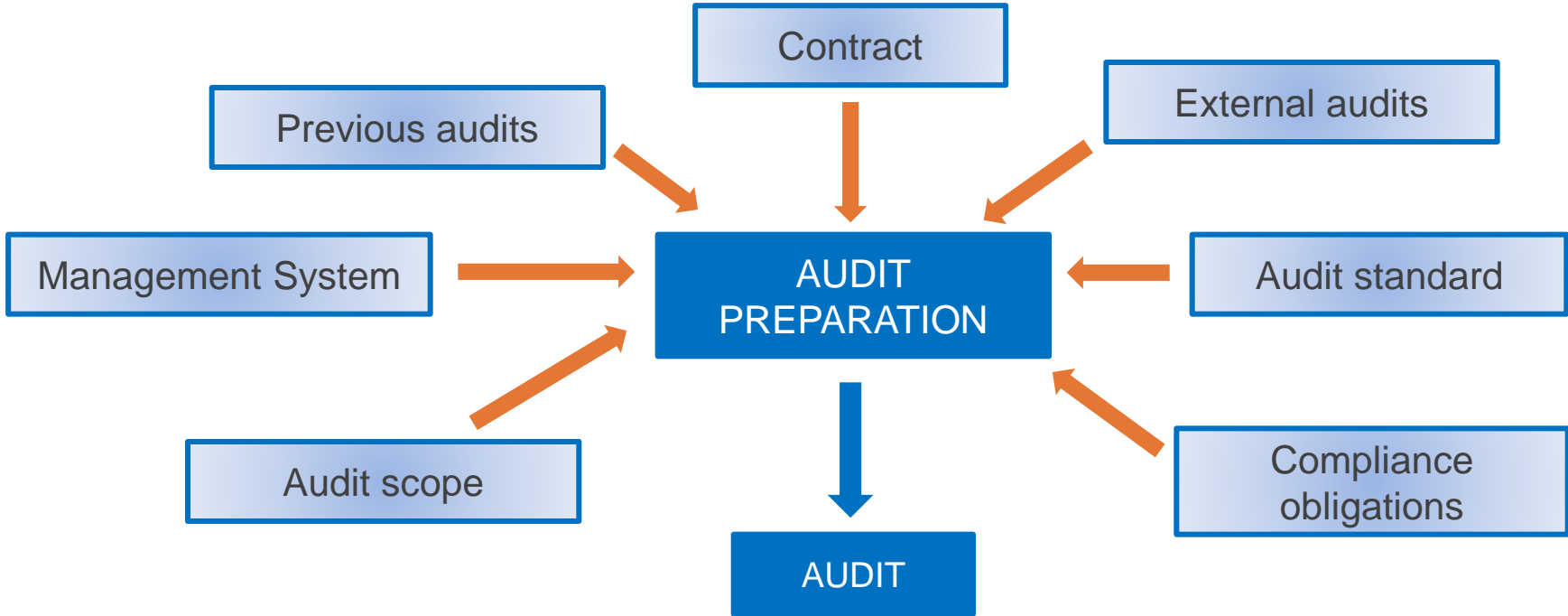
INTERNAL AUDIT OBJECTIVES



Audit objectives include:

- Conformance to the standard
- Conformance with their own management system
- Conformance to contract requirements
- Conformance to certification body requirements
- Conformance with compliance obligations

AUDIT PREPARATION – INPUTS



AUDITOR ACTIVITIES

- Conducting an opening meeting
- Following the audit plan
- Asking questions and recording answers
- Collecting evidence
- Assessing evidence against criteria
- Taking notes
- Conducting a closing meeting





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AUDIT CHECKLIST

Sheet of

Area/Procedure(s) audited

Auditor

Date

Question/Topic	Ref	Response	Evidence



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AUDIT CHECKLIST (CONT.)

Question/topic	Ref	Response	Evidence
Overview of waste processing	-		
Review process	14001 8.1		
Method of receipt and storage			
Stored so as to prevent pollution, litter, spills?	14001 6.1.2		
Tour all waste storage areas and check			
Documentation –	14001 6.1.3		
Evidence of haz/non hazardous			
Detailed descriptions, SIC, EWC codes clear?			
Statutory and regulatory requirements			
Method of disposal clear/specified?	14001 6.2		
Any evidence of recycling in line with obj?			
Identification of waste	14001 6.1.2		
Communication to other departments			
Identified – who and how?			
Communication			
Who? How? Evidence?	14001 7.4		
Handling, storage, identification of waste	14001 8.1		
Competence and training of staff	14001 7.2		
Competence of contractor	14001 7.3		
Waste carrier and disposal permit	14001 6.1.3		
Process in event of loss of control of waste?			



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AUDIT CHECKLIST (CONT.)

Area/processes audited: Waste Management

Auditor: C.

Moore

Date: 17 July

Question/topic	Ref	Response	Evidence
Overview of waste processing	-	Toured the waste storage areas and discussed with Waste Manager.	Generally good housekeeping - Minor littering and oil spills.
Review process			Observed areas for wood, plastic, oil and chemicals, etc.
Method of receipt and storage	14001 8.1	Production deliver waste to relevant areas	See photos. Some minor spills of oil not cleaned up! Some uncovered skips, i.e., plastic!
Stored so as to prevent pollution, litter, spills?		Segregate to mixed general, haz, liquid, etc.	Chemical and oil waste separated
Tour all waste storage areas and check	14001 6.1.2	Some minor spills observed in oil storage!	General mixed recyclables skip
Documentation –			Wood skip
Evidence of haz/non hazardous	14001 6.1.3	Clear segregation in place in most areas	Plastic skips
Detailed descriptions, SIC, EWC codes clear?		Procedure makes these clear as does signage, i.e., for oil, wood, plastic, etc.	All segregated waste is recycled.
Statutory and regulatory requirements		Waste matrix provides waste routes	Monthly figures seen for 2015/16
Method of disposal clear/specified?		Ongoing segregation and recycling figures available for 2015/16.	
Any evidence of recycling in line with obj?	14001 6.2		
Identification of waste			
Communication to other departments	14001 6.1.2	Emails, posters, memos in place to production displayed to notice board.	Email seen re: oil spills from WM to Production Manager.
Identified – who and how?		Toolbox talk on waste delivered February	Topic segregation of waste - 7 pax Incl. D Wood, S Holmes, D Watson.
Communication			TBT talk register seen for spills
Who? How? Evidence?	14001 7.4		March - 8 personnel in attendance.
Handling, storage, identification of waste	14001 8.1	Training is given at induction, in regular toolbox talks and following incidents, such as spills.	Last collection April note number 15879 EWC and SIC clear - OK
Competence and training of staff			
Competence of contractor	14001 7.2	Reviewed waste Carriers Permit for Skipitrite Ltd - WCL CB/578543 expires 2018	
Waste carrier and disposal permit	14001 7.3		
Process in event of loss of control of waste?	14001 6.1.3		

‘Non-fulfilment of a requirement’

Ref: ISO 9000:2015

- The audit criteria are not being met e.g.
 - System does not comply with the standard
 - Practice does not comply with their own management system
 - A specific customer contractual requirement is not being complied with
 - Regulatory requirements not being met
-

CONTENTS OF A NON-CONFORMITY REPORT

Appendix 1: Nonconformity Report

Auditor(s): C Moore **Report No:** ABC17/8/1 **Sheet No** 1 of 2
Department: Stores **Auditee manager:** S
Keeper
Date of audit: 15 August **Standard ref:** ISO 14001
8.5.2
Category ~~MAJOR~~ MINOR (Delete one)

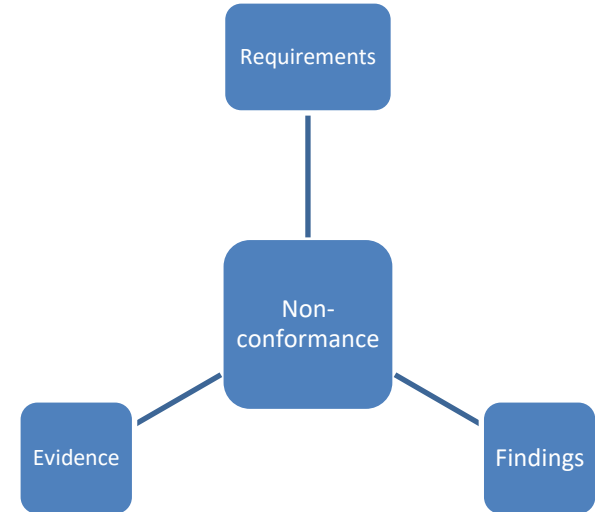
NONCONFORMITY/OFI (Delete one) – To be completed by the auditor

Not all waste held in stores is clearly identified

e.g. Oil waste in Area C
 Chemical Waste in Area B

Signed (For department): S Keeper

Signed (Auditor): C Moore




CORRECTIVE ACTION

Action taken to eliminate the cause of a nonconformity and
to prevent recurrence.

(ISO 9000:2015)



ROOT CAUSE ANALYSIS

- Eliminate the cause of the problem
- Prevent problems from recurring
- Address causes – not symptoms
 - e.g. Re-train workers  Mistake-proof the process



CORRECTIVE ACTION

CORRECTIVE ACTION (To be completed by auditee and to include root cause analysis where applicable)

Identify all waste as required.

Review waste labelling system to establish reason for errors and amend as required.

Signed (For department): S Keeper

Signed (Auditor): C Moore

To be completed by: (Date): end of August

Follow-up date: end of Sept

VERIFICATION OF CORRECTIVE ACTION

VERIFICATION (To be performed by auditor, giving details of checks made)

Bar code labelling now introduced and procedure amended to reflect new system.

Operators have been given a toolbox talk on the need for and regulatory requirements related to waste and the importance of storing correctly and clearly identifying such.

All waste checked and found OK, for example batches 1379, 1568 and 1782

Corrective action complete and satisfactory: C Moore

Date: 30 Sept

THE VALUE OF INTERNAL AUDITS

BENEFITS OF INTERNAL AUDITS

Health Check

- Effective means of conducting a 'health check' on your organisation
- If done correctly, they are an objective, evidence-based review of your organisation's adherence to the relevant ISO standard and the organisation's management system



BENEFITS OF INTERNAL AUDITS

Compliance

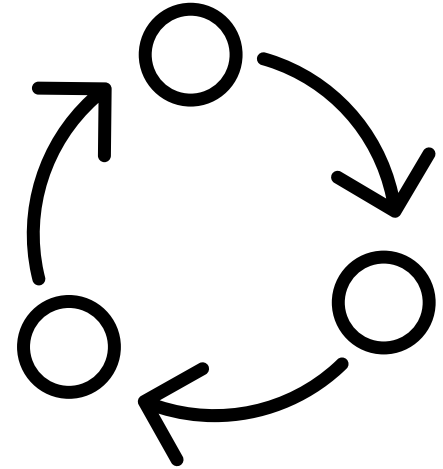
- Ensures that the system complies with both the requirements of the organisation, the ISO standard, and other relevant regulations
- If internal audits are not completed to the required standard, the organisation may lose its ISO standard certification which would be a significant risk to the organisation's model and aims



BENEFITS OF INTERNAL AUDITS

Continual Improvement

- Internal audits help organisations create a culture of continual improvement through reviewing processes, assessing nonconformance and suggesting improvements to the performance of the management system



BENEFITS OF INTERNAL AUDITS

Change Management

- Internal audits allow for positive, productive change to occur with an organisation, especially if it is needed to improve a process



BENEFITS OF INTERNAL AUDITS

Risk Management

- Internal audits ensure that organisations are recording, assessing, and sufficiently mitigating risks within an organisation, with effective risk management essential for the success of an organisation's management system



BENEFITS OF INTERNAL AUDITS

Process vs. Individuals

- ISO requirements focus on processes over individuals, with internal audits focusing on the establishment of robust processes which remove single points of failure within an organisation



BENEFITS OF INTERNAL AUDITS

Internal vs. External

- Internal audits are usually completed annually (dependent on the risk level), as opposed to once every two to three years for external audits
- Internal audits provide a more accurate account of an organisation's compliance to the standard and its own processes, delving in more deeply than an external audit
- Effective means of improving the management system, with the results of internal audits essential for pushing the business forward on a regular basis



THE VALUE OF INTERNAL AUDITORS

AUDITOR PERSONAL ATTRIBUTES

- Ethical
- Open minded
- Diplomatic
- Observant
- Perceptive
- Versatile
- Tenacious
- Decisive
- Self-reliant



Ref: ISO 19011:2018

BENEFITS OF INTERNAL AUDITORS

Organisational Gatekeepers

- Internal auditors can be considered the ‘glue’ of an organisation, bringing in all the teams together to achieve an organisation-wide adherence to relevant ISO standard
- This shared vision will help for the wider implementation of the organisation’s management system, while also ensuring it meets all requirements for certification to the standard



BENEFITS OF INTERNAL AUDITORS

Business Understanding

- Internal auditors will understand the organisation to a far greater extent than an external auditor, allowing them to know how to get the best out of the management system, while understanding the needs of the business
- It allows for more nuanced understanding of the inefficiencies and gaps in business-specific processes, allowing them to suggest and support with the implementation of improvements



BENEFITS OF INTERNAL AUDITORS

Collaboration with Top Management

- Internal auditors can work effectively with top management to create a culture of continual improvement



ORGANISATIONAL REQUIREMENTS FOR THE EFFECTIVE USE OF INTERNAL AUDITORS

- To ensure that internal auditors can bring the most value to an organisation, it is essential that the following steps are taken by organisation to ensure they have the most impact.

Formal training of
Internal Auditors

Experienced and
Knowledgeable
Internal Auditors

Supported by Top
Management

Collaboration with
all Employees of
an Organisation

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