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SOUTHERN AFRICAN ASSOCIATION OF CERTIFICATION BODIES NPC

Conference 2018

Auditing in Transition

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Introduction

Why do we conduct audits?

Whether auditing is to required to ensure conforming supply chain management

Whether auditing is required as part of a management system standard requirement for certification purposes,

Sometimes – to find out what went wrong!! - or

Whether auditing just makes good business sense.

What are the internationally acceptable requirements or internationally acceptance guidance on how to conduct a management system audit?

History of auditing

Auditing accompanied the development of accounting, and the first recorded auditors were the spies of King Darius of ancient Persia (522 to 486 BC.).

By the early 19th century auditors acting as independent outside experts were frequently called upon to investigate and report on business failures or to settle business disputes.

Independence is a key characteristic of the auditor. If the auditor showed any bias in his or her investigation, or even if there was merely the suspicion of bias, the effectiveness of the auditor's report would be greatly reduced.

What is auditing – in ISO terms?

Auditing is a verification activity, such as inspection or examination, of a process or a management system to ensure conformance to requirements. An audit can apply to an entire organization or could be specific to a function, process, or production step.

ISO defines an audit as:

“systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled”.

Introduction – ISO Standards

Definitive link between the ISO auditing standard and the ISO management system standards and certification of these management systems.

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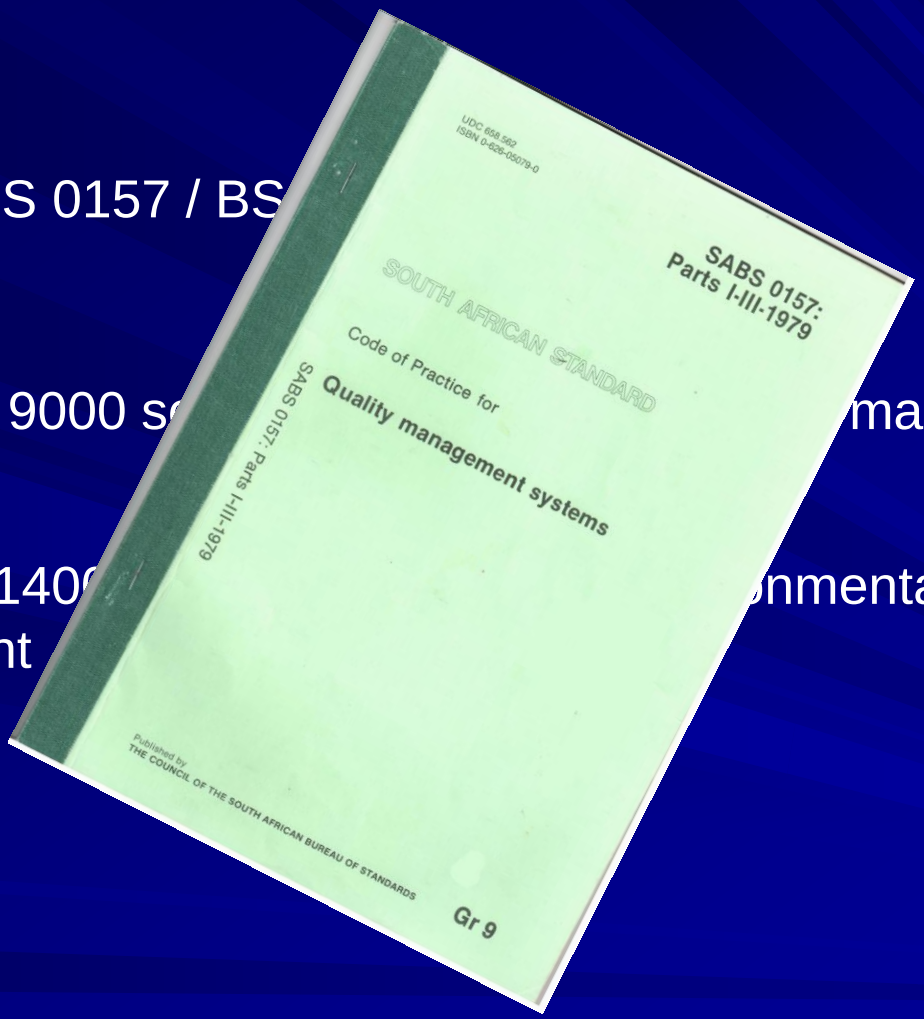
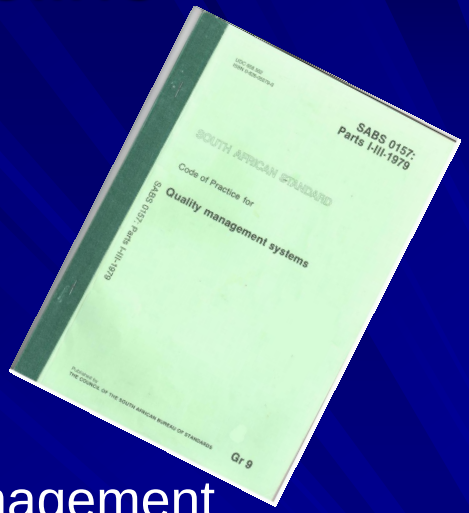
Management system standards timeline

1979 - SABS 0157 / BS

1987 – ISO 9000 s management

1996 - ISO 140 nmental management





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The Certification Explosion

Third party certification probably owes its existence to a 1982 British Government white paper No 8621 “Standards, Quality and International Competitiveness - using certification as a marketing tool.”

From the early eighties to today the management system certification business has grown – QMS certificates over 1.6 million!

Third party management system certification has grown into a multi million industry – whatever currency you wish to use.

Auditing standards timeline

First Party (Internal Audit) Guidance	Third Party Certification Audits Requirements
1991 ISO 10011-1 Auditing ISO 10011-2 Auditors; ISO 10011-3 Audit Programme	1996 ISO/IEC Guide 62
ISO 19011-2002 Auditing of Quality and Environmental Management Systems.	ISO/IEC 17021-2006 Third Party Certification Audits
ISO 19011 – 2011 Auditing Management Systems	ISO/IEC 17021 – 2011 Third Party Certification Audits

20 years later

All MSS standards currently published and being developed:
ISO 9001, ISO 10004:2012, ISO/TS 17582:2014, ISO 18091:2014, ISO/TR 14969:2004, ISO 13485:2003, ISO/AWI 19443, ISO/NP 21001, ISO/IEC 80079-34:2011, ISO 10377:2013, ISO 10393:2013, ISO/DIS 18788, ISO/WD 22000, ISO 2004:2014, ISO 22301:2012, ISO 22313:2012, ISO/DIS 24518, ISO/PAS 28007:2012, ISO/DIS 34001.3, ISO 39001:2012, ISO/CD 45001, ISO/CD 11000, ISO 19600:2014, ISO/CD 37001, ISO/CD 37101, ISO/DIS 30302, ISO 41000, ISO 55001:2014, ISO 55002:2014, ISO/TR 14969:2004, ISO/DIS 14001, ISO/DIS 14004, ISO 14005:2010, ISO 14006:2011, ISO/AWI 19443, ISO 50001:2011, ISO 50004:2014, ISO 50005, ISO 14298:2013, ISO 15378:2011, ISO 41000, ISO 20121:2012, ISO 21101:2014, ISO/DIS 24518, ISO 24526, ISO/IEC 27001:2013, ISO/IEC 27003:2010, ISO/IEC 27010:2012, ISO/IEC DIS 27013, ISO/IEC 90003:2014, ISO/IEC 19770-1:2012

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Recent influencers in auditing standards

Business emphasis on Risk

ISO Technical Management Board

High Level Structure for Management System Standards

Integrated management systems

Large auditing companies called to account for breaking the cardinal rule of mixing auditing and giving advice

All ISO management system standards include requirements for internal audit

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Current Standards

ISO 19011-2018

Guidelines for Auditing Management Systems

ISO/IEC 17021-1:2015

Conformity assessment –

Requirements for bodies providing audit and certification of management systems

Part 1: Requirements

ISO 19011-2018

Guidance standard

ISO/IEC 17021-1:2015

Requirements standard

Can be subject to accreditation

Current Requirements Standards

- ISO/IEC TS 17021-2 for environmental management systems
- ISO/IEC TS 17021-3 for quality management systems
- ISO/IEC TS 17021-4 for event sustainability management systems
- ISO/IEC TS 17021-5 for asset management systems
- ISO/IEC TS 17021-6 for business continuity management systems
- ISO/IEC TS 17021-7 for road traffic safety management systems.

Transition dates:

ISO/IEC 17021-2 – (EMS) transition by December 2018.

ISO/IEC 17021-3 (QMS) transition by March 2019.

Current Requirements Standards

- *ISO/IEC TS 17021-8 for sustainable development in communities*
- ISO/IEC TS 17021-9 for anti-bribery management systems
- ISO/IEC TS 17021-10 for occupational health and safety management systems
- ISO/IEC TS 17021-11 Competence requirements for auditing and certification of facility management systems
- *ISO/IEC TS 17021-12 – for the nuclear industry*

ISO 19011:2018 – Published 9 July 2018

Guidelines for auditing management systems

Third Edition

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ISO 19011:2018

ISO 19011:2018 concentrates on internal audits (first party) and audits conducted by organizations on their external providers and other external interested parties (second party).

ISO 19011:2018 can also be useful for external audits conducted for purposes other than third party management system certification.

ISO/IEC 17021-1 provides requirements for auditing management systems for third party certification. ISO 19011:2018 can provide useful additional guidance.

1st Party Audit	2nd Party Audit	3rd Party Audit
Internal audit	External provider audit	Certification and/or accreditation audit
	Other interested party audit	Statutory, regulatory and similar audit

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Main changes 2011 - 2018

- addition of the risk-based approach to the principles of auditing;
- expansion of the guidance on managing an audit programme, including audit programme risk;
- expansion of the guidance on conducting an audit, particularly the section on audit planning;
- expansion of the generic competence requirements for auditors;

Main changes ISO 19011 2011 - 2018

- adjustment of terminology to reflect the process and not the object ;
- removal of the annex containing competence requirements for auditing specific management system disciplines;
- expansion of Annex A to provide guidance on auditing (new) concepts such as organization context, leadership and commitment, virtual audits, compliance and supply chain.

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Principles of auditing

Principles of auditing

Auditing is characterized by reliance on a number of principles.

- Adherence to these principles is a prerequisite for providing audit conclusions that are relevant and sufficient.
- Enabling auditors, working independently from one another, to reach similar conclusions in similar circumstances.

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ISO 19011:2018

Introduces a new principle:

Risk-based approach: an audit approach that considers risks and opportunities

“The risk-based approach should substantively influence the planning, conducting and reporting of audits in order to ensure that audits are focused on matters that are significant for the audit client, and for achieving the audit programme objectives”.

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ISO 19011:2018 - structure

- Clause 3 - the key terms and definitions used in the standard.
- Clause 4 - describes the principles on which auditing is based.
- Clause 5 provides guidance on establishing and managing an audit programme, establishing the audit programme objectives, and coordinating auditing activities.
- Clause 6 provides guidance on planning and conducting an audit of a management system.
- Clause 7 provides guidance relating to the competence and evaluation of management system auditors and audit teams.
- Annex A provides additional guidance for auditors on planning and conducting audits and has been extensively revised.

ISO 19011:2018 - updates

Clause 5.1 Managing an audit programme

"The extent of an audit programme should be based on the size and nature of the audit, as well as on the nature, functionality, complexity, the type of risks and opportunities, and the level of maturity of the management system(s) to be audited.

The functionality of the management system can be even more complex when many of the important functions are outsourced and managed under the leadership of other organizations.

Particular attention needs to be paid to where the most important decisions are made and what constitutes the top management of the management system".

ISO 19011:2018 - updates

Clause 5.1 Managing an audit programme

"In order to understand the context of the auditee, the audit programme should take into account the auditee's:

- organizational objectives;
- relevant external and internal issues;
- the needs and expectations of relevant interested parties;
- information security and confidentiality requirements".

ISO 19011:2018 - updates

5.3 Determining and evaluating audit programme risks and opportunities

There are risks and opportunities related to the context of the auditee that can be associated with an audit programme and can affect the achievement of its objectives.

- planning, e.g. failure to set relevant audit objectives and determine the extent, number, duration, locations and schedule of the audits;
- resources, e.g. allowing insufficient time, equipment and/or training for developing the audit programme or conducting an audit;
- selection of the audit team, e.g. insufficient overall competence to conduct audits effectively;
- communication, e.g. ineffective external/internal communication processes/channels;

ISO 19011:2018 - updates

5.3 Determining and evaluating audit programme risks and opportunities

- implementation, e.g. ineffective coordination of the audits within the audit programme, or not considering information security and confidentiality;
- control of documented information, e.g. ineffective determination of the necessary documented information required by auditors and relevant interested parties, failure to adequately protect audit records to demonstrate audit programme effectiveness;

ISO 19011:2018 - updates

5.3 Determining and evaluating audit programme risks and opportunities

Opportunities for improving the audit programme can include:

- allowing multiple audits to be conducted in a single visit;
- minimizing time and distances travelling to site;
- matching the level of competence of the audit team to the level of competence needed to achieve the audit objectives;
- aligning audit dates with the availability of auditee's key staff.

ISO 19011:2018

Annex A (informative)
Additional guidance for auditors for planning and conducting Audits

Applying audit methods

A.2 Process approach to auditing

The use of a “process approach” is a requirement for all ISO management system standards. Auditors should understand that auditing a management system is auditing an organization’s processes and their interactions in relation to one or more management system standard(s).

ISO 19011:2018

Applying audit methods

A.3 Professional judgement

Auditors should apply professional judgement during the audit process and avoid concentrating on the specific requirements of each clause of the standard at the expense of achieving the intended outcome of the management system.

Some ISO management system standard clauses do not readily lend themselves to audit in terms of comparison between a set of criteria and the content of a procedure or work instruction.

In these situations, auditors should use their professional judgement to determine whether the intent of the clause has been met.

ISO 19011:2018

Applying audit methods

A.9 Auditing leadership and commitment

Many management systems standards have increased requirements for top management demonstration of commitment and leadership and allocation of responsibilities.

Auditors should obtain objective evidence of the degree to which top management is involved in decision-making related to the management system and how it demonstrates commitment to ensuring its effectiveness.

This can be achieved by reviewing the results from relevant processes (for example policies, objectives, available resources, communications from top management) and by interviewing staff to determine the degree of top management engagement.

ISO 19011:2018

Applying audit methods

A.11 Life cycle

Some discipline-specific management systems require the application of a life cycle perspective to their products and services. Auditors should not consider this as a requirement to adopt a life cycle approach.

A life cycle perspective involves consideration of the control and influence the organization has over the stages of its product and service life cycle.

The auditor should use their professional judgement as to how the organization has applied a life cycle perspective in terms of its strategy.

Message by chair of PC 302

"The latest version of ISO 19011 has recently been released. This is the culmination of 2 years efforts that resulted in a 100% approval of the document – a rare occurrence for such a high profile international standard.

The overwhelming success of this project is due in no small part to the diligence of all who contributed to the work where we have been able to bring to market a product that continues to be the recognized authority on the subject of auditing.

Auditors around the world will now have access to improved guidance due to the participation of so many dedicated individuals. ISO 19011:2018 continues to provide the guidance auditors have come to rely on. It facilitates the deployment of an internal audit program that reflects multiple management system requirements".

Denise Robitaille

ISO 19011:2018 is the go-to document for anyone needing guidance on auditing!

Thank you for your attention

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