

# Review of Risk Management Plan Audits



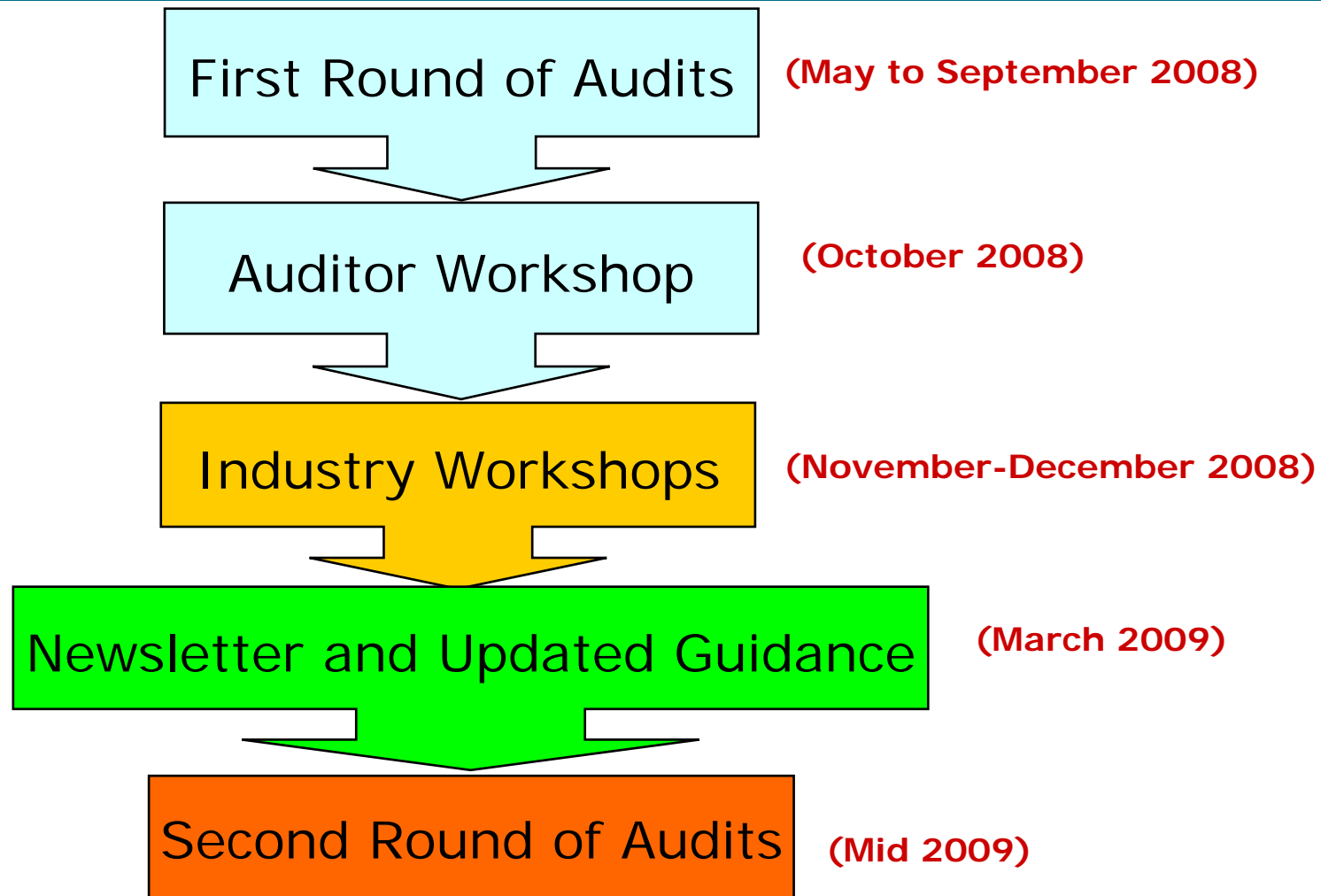
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Public Health Branch

November-December 2008

# Before we get started.....

- Turn mobile phones off or to silent
- Location of Toilets
- Emergency Exits
- Lunch at conclusion of workshop

# Where we are in the process



# Outline of Presentation

- Overview of Audit Results
- Overview of Audit Findings
- DHS Response to audit findings
- Review of Audit Process
- Where to from here
- Open Forum to discuss process

# Industry Workshops

## Section 1

## Overview of Audit Results

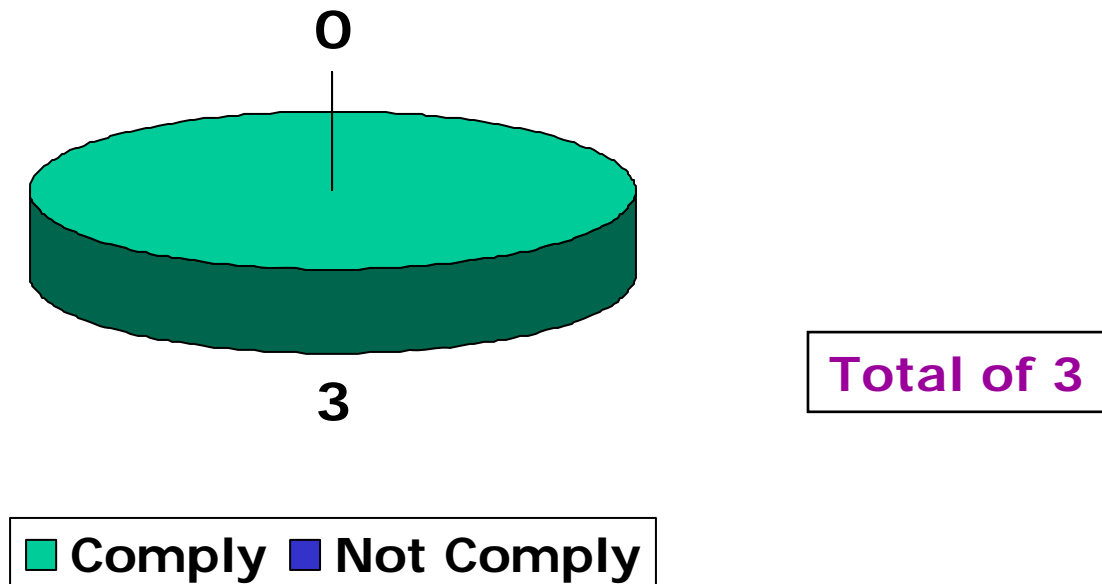
Drinking water regulatory audit  
Guidance Note  
November 2007

# Overview of Audit Results

- **25** audits conducted
- **15** water businesses were found to be **compliant** with the requirements of the Act
- **10** water businesses were found to be **non-compliant**

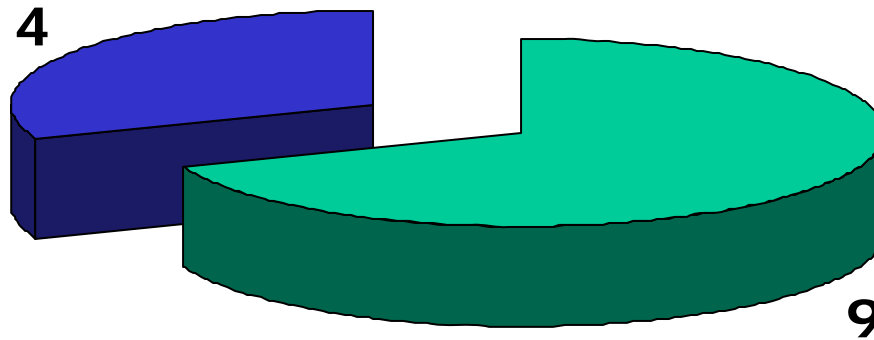
# Overview of Audit Results

## Audit results for metropolitan water suppliers



# Overview of Audit Results

## Audit results for regional water suppliers



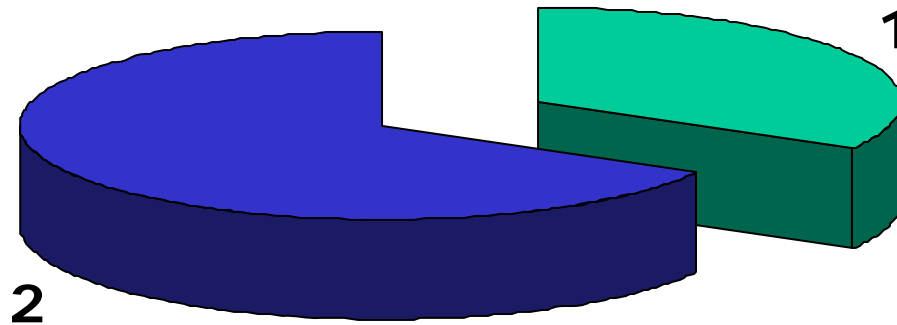
No critical non-compliances identified in non-compliant audits

■ Comply ■ Not Comply

Total of 13

# Overview of Audit Results

## Audit results for water storage managers



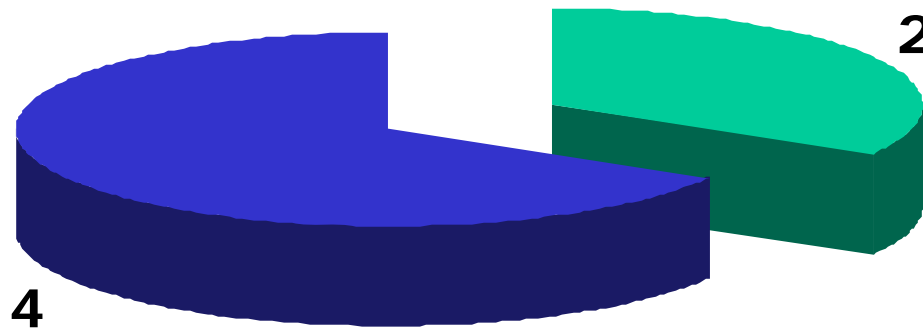
Total of 3

No critical non-compliances identified in non-compliant audits

Comply Not Comply

# Overview of Audit Results

## Audit results for Alpine Resorts and Parks Victoria



Total of 6

No critical non-compliances identified in non-compliant audits

Comply Not Comply

# Overview of Audit Results



## In summary:

- Large, well-resourced water suppliers were generally found to be compliant
- Small water suppliers, or businesses whose core activity has not traditionally been the supply of drinking water, were generally non-compliant

# Overview of Audit Results



## In summary:

- There was a some association between non-compliance with the water quality standards and non-compliance with the risk management plan audit
  - More a case that water quality issues took focus off risk management, rather than poor risk management causing water quality issues

# Industry Workshops

## Section 2

## Overview of Audit Results

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# Summary of regulatory obligations



## **Section 7 (water suppliers) or Section 8 (water storage managers) of Act**

- Prepare risk management plan**
- Implement risk management plan**
- Review update risk management plan**
- Update plan based on review**

# Summary of regulatory obligations



## **Section 9 of Act (what is a risk management plan)**

- contains a detailed description of the system of supply**
- identifies the risks to the quality of the water and the risks that may be posed by the quality of the water**

# Summary of regulatory obligations



## Section 9 of Act (what is a risk management plan)

- assesses those risks
- sets out the steps to be taken to manage those risks (including the development and implementation of preventative strategies)
- contains any other matters required by the regulations

# Summary of regulatory obligations

## Regulation 6 (other matters)

- For the purposes of section 9(2) of the Act, a risk management plan must address the following risks - the risk to human health that arises from the presence in water of:
  - pathogenic micro-organisms
  - inorganic chemicals, including inorganic disinfection by-products
  - organic chemicals, including pesticides, pesticide residues and organic disinfection by-products
  - radiological parameters
  - algal toxins



# Summary of regulatory obligations



**The obligations imposed by the Act and the Regulations are legal obligations**

# Overview of Audit Findings



- **In all audits, auditors found that risk management plans had been prepared (although some were still in a draft form)**
- **No critical non-compliances were found**
- **Most findings related to how closely those plans reflected the requirements of the legislation**

# Overview of Audit Findings



- **Other findings related to aspects of the implementation of the plans**
- **All compliant audits returned some minor non-compliances or continuous improvement opportunities**

# Overview of Audit Findings



- **Specific audit findings**
  - **Risk management plan did not address particular risks**
  - **Barriers not sufficient to manage identified risks**
  - **Non-implementation of risk management plans**
  - **Risk management plan did not contain the names and positions of staff responsible for managing hazards and risks under the plan**
  - **Non-integration of water storage manager RMP with water supplier RMP**

# Overview of Audit Findings



## **(1) Risk management plan did not address particular risks**

- Pathogens (Cryptosporidium and Giardia)
- Herbicides and pesticides
- Radiological

# Overview of Audit Findings



## **(1) Risk management plan did not address particular risks**

- Issue was equally related to a lack of evidence that the risk was being addressed, as to the risk not being addressed at all
- That is, in some cases the risks appeared to have been addressed, but there was no evidence to demonstrate this

# Overview of Audit Findings



## **(1) Risk management plan did not address particular risks**

- **Auditors are looking for more than just monitoring programs and results as evidence that a particular risk is being addressed**
- If a particular risk is not relevant, monitoring may not be required, but the reasons or justification for this decision must be included in the plan

# Overview of Audit Findings



## **(2) Barriers not sufficient to manage identified risks**

- Was not a common audit finding
- Indicated that treatment barriers were generally appropriate for the assessed risks
- **Water businesses must keep the appropriateness of their barriers under continuous review**

# Overview of Audit Findings



## **(3) Non-implementation of risk management plans**

- Was a finding in several audits
- Appeared to be related to the capacity and geographic spread of the water business
- **Implementation of the plan is as important, if not more important, as the plan itself**

# Overview of Audit Findings



## **(3) Non-implementation of risk management plans**

- **Auditors are looking for evidence that the plan is being implemented in the field, and that work practices reflect what is in the plan**
- If the plan needs to be modified to meet current work practices, that is acceptable, as long as those practices have a solid risk management foundation.

# Overview of Audit Findings



**(4) Risk management plan did not contain the names and positions and contact details of staff managing hazards and risks under the plan**

- This was a finding in several audits
- Is a finding that is easy to rectify

# Overview of Audit Findings



**(4) Risk management plan did not contain the names and positions and contact details of staff managing hazards and risks under the plan**

- **The reasons it was considered a non-compliance issue:**
  - Requirement is specifically detailed in the Regulations
  - It is important that the risk management plan clearly articulates who is responsible for the plan, as this is important information in the event of an emergency

# Overview of Audit Findings



## **(5) Non-integration of water storage manager RMP with water supplier RMP**

- This was a finding in several audits
- Indicates that some water storage managers are still not clear about their role and obligations under the Act

# Overview of Audit Findings



## **(5) Non-integration of water storage manager RMP with water supplier RMP**

- **Auditors are looking for evidence that the water storage manager RMP makes reference to, or is framed in the context of, the water suppliers RMP**
- Does not necessarily mean more testing for the water storage manager, but a greater sharing of information between both parties

# Overview of Audit Findings



## Other findings

- **Poor use of data to inform decision making processes**
- **Lack of critical control limits for treatment processes**
- **Equipment not being calibrated or maintained, or lack of records to demonstrate calibration or maintenance**

# Overview of Audit Findings



## Other findings

- Use of wrong forms
- Lack of clarity around responsibilities
- Lack of procedures for checking quality of water treatment chemicals
- Procedures in risk management plan not being followed
- Lack of documentation to justify decision-making processes

# Overview of Audit Findings



## General comments from auditors

- **In several audits the ownership of the risk management plan was perceived to be vested in only one or two staff members**
  - It is recommended, as part of any internal audit review process, that businesses review the number of staff that are involved with the plan to ensure that the business has sufficient ownership of the plan

# Overview of Audit Findings



## General comments from auditors

- Undertaking risk management activities in open catchment areas, where land is privately owned was noted as an issue.
- As a minimum, water businesses must work towards establishing networks and relationships that promote water quality improvement within the catchment

# Overview of Audit Findings



## General comments from auditors

- **Current audit guidance material does not address the supply of regulated water in sufficient detail**
  - Regulated water was not looked at in great detail in 2008 round of audits, but, where appropriate, auditors will be asked to look at this issue in the next round

# Overview of Audit Findings

## Review of Plans

- Is a regulatory obligation, and an important part of risk management
- There were few comments on review of plans in this round of audits
- Auditors will be asked to look at this issue more closely in the next round



# Industry Workshops

## Section 3

## DHS Response to Audit Findings

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# DHS Response to Audit Findings



- **In the case of a non-compliant audit result**
  - DHS has met with each water business to discuss audit findings
  - Agreed on corrective actions to address findings
  - Formalised corrective actions into undertakings under section 30 of Act

# DHS Response to Audit Findings



- **In the case of a compliant audit result**
  - DHS wrote to each water business to request information on how they intend to address any identified minor non-compliances/continuous improvement opportunities, including proposed actions and timeframes

# DHS Response to Audit Findings



- **Reporting of audit results**

- If originally-requested audit date was on or before 30 June 2008, water business needed to discuss audit result in 2007-08 water quality report to DHS
- These audit results will be discussed DHS' 2007-08 annual report, due to be tabled in parliament in March-April 2009
- May generate media interest

# DHS Response to Audit Findings

## **Audit results to be discussed in DHS' 2007-08 Annual Report of Drinking Water Quality**

- Gippsland Water
- Goulburn-Murray Water
- Goulburn Valley Water
- GWMWater
- Parks Victoria
- South East Water
- Southern Rural Water
- Wannon Water
- Western Water
- Westernport Water
- Yarra Valley Water

# DHS Response to Audit Findings



- **Reporting of audit results**

- If originally-requested audit date after 30 June 2008, water business needs to discuss audit in 2008-09 water quality report to DHS, and these results will be discussed DHS' 2008-09 annual report
- If water business wished to discuss audit result in 2007-08 annual report, that was acceptable, but not necessary

# DHS Response to Audit Findings

- **Undertakings**

- Undertakings detail how water businesses will address issues of non-compliance
- Whilst the undertaking provides an agreed pathway to addressing issues of non-compliance, there is still an underlying obligation to comply with the requirements of the Act



# DHS Response to Audit Findings



- **Undertakings**

- It is recognised that some actions may require some time to implement or complete
- Progress towards addressing the issues of non-compliance (eg meeting milestones) must be documented
- At next audit, auditors will still need to be convinced that the obligations imposed by the Act are being met

# DHS Response to Audit Findings

- **Next Round of Audits**

- All businesses should expect a second audit in 2009
- Exact timing has yet to be determined
- Process will be similar to this year, and businesses will be given plenty of time to find an auditor and complete audit



# DHS Response to Audit Findings

- **Next Round of Audits**

- As per usual audit practice, auditors will be looking specifically at how previous findings have been addressed, in addition to auditing risk management plan generally



# Industry Workshops

## Section 4

## Review of Audit Process

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# Review of Audit Process



- **RABQSA Auditor Certification Scheme**
- **Review of auditor application process**
- **Conduct of audit**
- **Audit Terminology & Audit Reports**

# Review of Audit Process



## **RABQSA auditor certification scheme**

- **Recognise that there is currently a limited pool of RABQSA-certified auditors**
- **There are currently 11 auditors attached to scheme**
- **DHS, and rest of scheme committee, working with RABQSA to increase number of auditors**

# Review of Audit Process



## **RABQSA auditor certification scheme**

- **For those who are interested in becoming auditors, the next ADWG exam is being held at RMIT on Thursday 26 February 2009**
- **More general information on the scheme can be obtained from RABQSA**

# Review of Audit Process



## Application process for previously-approved auditors

- If previously approved by DHS, simplify information requested as part of any subsequent application for approval
- Still need to sign conflict-of-interest declaration
- DHS will verify currency of auditor certification with RABQSA

# Review of Audit Process



## Conduct of Audit (1)

- **Recognised that the audit period for the first round of audits was problematic**
- **For second round of audits, audit period will likely be 1 January 2008 to date of audit**
- **Removes issue of auditing plans that may have already been updated**

# Review of Audit Process



## Conduct of Audit (2)

- **Review of the need to specify a minimum number of days for an audit**
- **Likely to be difficult to specify, given the variety of water businesses under audit**
- **Will review, to determine if some general guidance would be beneficial**

# Review of Audit Process



## Conduct of Audit (3)

- **Review of the need to have a more detailed template for the audit**
- **Likely to be difficult to specify, given the variety of water businesses under audit**
- **More detailed template may also remove some discretion from auditors**
- **Will review, to determine if some improved general guidance would be beneficial**

# Review of Audit Process



## Conduct of Audit (4)

- Issue of whether to use the same or a different auditor for future audits
- Benefits in each approach
- General guidance may be that after 3-4 audits with the same auditor, the use of a different auditor would be advisable

# Review of Audit Process

## Audit Terminology & Audit Reports

- Review the use of the phrase “minor non-compliance”, especially in relation to compliant audits
- This terminology seen as potentially confusing
- Substitute with “Continuous Improvement Opportunity” or “Area of Concern” (to be associated with compliant audit)
- Have three non-compliance grades:
  - Non-compliance
  - Major non-compliance
  - Critical non-compliance



# Review of Audit Process



- **Format of audit reports**
  - **Include table that clearly identifies non-compliances, continuous improvement opportunities and other recommendations**
  - **Avoid having continuous improvement opportunities and other recommendations embedded only in the text.**

# Review of Audit Process



- **Update guidance note**
  - Include more case studies/examples
  - Provide more detail on regulated water
  - Provide more detail on water storage manager responsibilities
  - Include feedback from workshops, as appropriate

# Industry Workshops

## Section 5

Where to from  
here

Drinking water regulatory audit  
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# Where to from here



- **Revise guidance note**
- **Produce newsletter on audit findings/audit process**
- **Annual report tabled**
- **Run second round of audits during 2009**

# Industry Workshops

## Section 6

## Open Forum

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# Open Forum



- **What aspects of the audit process worked well?**
- **What aspects of the audit process could be improved?**
- **If there is an aspect of the audit process that could be improved, how could it be improved?**

# Open Forum



- **Was the guidance note on the audit useful to the audit process?**
- **Could the guidance note be improved, and if so, how?**

# Open Forum



- **Any other comments on the audit process?**

