



ISO 19011-2018 MANAGEMENT SYSTEM AUDITING: WHAT'S NEW AND WHAT'S WORTH KNOWING?

Understanding changes to the 2018 edition of the ISO Guidelines for Auditing Management Systems

The ISO 19011 Guidelines for auditing management systems has become the widely accepted standard for auditing not only management systems, but operational auditing in general. The newest edition of the standard, released in July 2018, has some important changes based on the experience gained from implementation of past editions. SPAN explores a few of those changes and highlights some important considerations that have not changed from previous editions of the standard.

What's new

The main differences compared to the previous edition of ISO 19011 are:

- Addition of the **risk-based approach** to the principles of auditing;
- expansion of the guidance on **managing an audit program**;
- expansion of requirements for **auditor competence and evaluation**;
- expansion of Annex A to provide additional guidance on **auditing new concepts** such as organization context, leadership and commitment, virtual audits, compliance and supply chain,
- removal of the annex containing competence requirements for auditing specific management system disciplines as it is not practical to provide for every management system standard and discipline, and
- other minor changes to terminology and structure to support the new guidance document and processes.

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Risk Based Approach for Audit Program Management

In this era of heightened awareness of risks and risk management around all activities, it should be no surprise that an organization's audit program should be focused on operational risks, but also risks associated with the audit program itself.

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 program objectives.

The updated ISO 19011 doesn't spend as much time explaining how to accomplish a risk-based approach, but it is a central theme and expectation. However, a lot of the risk-based auditing discussion is focused more on risks of the audit to the organization, which we might not consider when developing an audit program.

Key Changes to ISO 19011	Important aspects to consider
<p>Section 5.3 -Audit program risks and opportunities</p> <ul style="list-style-type: none"> a) Planning -failure to set relevant audit objectives and determine the extent, number, duration, locations and schedule. b) Resources -allowing insufficient time, equipment and/or training for developing the audit program or conducting an audit. c) Audit team-insufficient overall competence to conduct audits effectively. d) Implementation-ineffective coordination of the audits within the audit program, or not considering information security and confidentiality. e) Monitoring, reviewing and improving the audit program-ineffective monitoring of audit program outcomes. <p>Section 6.3.2.1 -Risk-based approach to planning... consider the risks of the audit activities on the auditee's processes and provide the basis for the agreement among the audit client, audit team and the auditee regarding the conduct of the audit.</p> <ul style="list-style-type: none"> a) the composition of the audit team and its overall competence; b) the appropriate sampling techniques; c) the risks to achieving the audit objectives created by ineffective audit planning; d) the risks to the auditee created by performing the audit 	<p><i>These are the sub-sections of particular interest in the new guideline.</i></p> <p><i>Plan well, make sure you have the right resources to carry out the plan, check how well you are doing, make corrections.</i></p> <p><i>What are the potential risks of the audit program to the audit client or auditee?</i></p> <p><i>How is the audit to be conducted to minimize those risks? Is there agreement?</i></p> <p><i>How does your organization consider operational risks when deciding where and how to conduct audits?</i></p>

Risk Focus in Audit Execution

Now we've considered the risks to address in audit planning and program management, how do we adequately audit risks related to the management system and organizational processes?

Key Changes to ISO 19011	Important aspects to consider
<p>Appendix Section A.10 -Auditing risks and opportunities</p> <p>As part of the assignment of an individual audit the determination and management of the organization's risk and opportunities can be included. The core objectives for such an audit assignment are to:</p> <ul style="list-style-type: none"> —give assurance on the credibility of the risk and opportunity identification process(es); —give assurance that risks and opportunities are correctly determined and managed; —review how the organization addresses its determined risks and opportunities. <p>An audit of an organization's approach to the determination of risks and opportunities should not be performed as a stand-alone activity. It should be implicit during the entire audit of a management system, including when interviewing top management.</p>	<p><i>This is a new section that focuses on evaluating how an organization uses risk management generally for its management system, regardless of whether risk management is a specific element of the management system.</i></p> <p><i>This is a critical component of both the management system and the audit of the management system, but not always an easy one to include in the audit scope. It is worthwhile spending time during audit planning to consider this in the audit scope and how it can be accomplished.</i></p>

Managing an Audit Program

Companies often relegate audit program management to a sidebar responsibility of another group, such as safety or environment, without assigning proper authority for the audit program within the governance structure of the organization.

Audit, and assurance programs overall, needs to be given the proper authority to carry out their mandate and provide value to the organization. A well-designed audit program also has an annual (and often longer) audit plan, that is implemented and reviewed regularly.



Key Changes to ISO 19011	Important aspects to consider
<p>Section 5.4 -Establishing the audit program</p>	<p><i>This whole section of the standard is a good checklist to run through when designing an audit program. Key considerations at the top are the responsibilities and the competence of the audit program manager. This takes some thought in an organization. Audit knowledge and skills are important to have in a program manager.</i></p>
<p>Section 5.4.4 Determining audit program resources –consider: a)the financial and time resources necessary to develop, implement, manage and improve audit activities; g) the availability of information and communication technologies (e.g. technical resources required to set up a remote audit using technologies that support remote collaboration); h) the availability of any tools, technology and equipment required;</p>	<p><i>Is the audit program still rooted in spreadsheets and word documents, or does it take advantage of auditing technologies that enable much better use of audit information, development of effective action plans, and integration with other company functions? Whose tools, ie computers, to use? Are they secure to use in the company environment? Coordination when audit results need to be merged (practical and often problematic topics). Also see "Spotlight on Virtual Auditing" below.</i></p>
<p>S 5.6 Monitoring audit program ensure the evaluation of: a) whether schedules are being met and audit program objectives are being achieved; b) the performance of the audit team members including the audit team leader and the technical experts; d) feedback from audit clients, auditees, auditors, technical experts and other relevant parties;</p>	<p><i>It is important to establish measures for the audit program and consider carefully how you are going to evaluate against those measures; qualitatively and quantitatively. Does your audit program have a formal feedback mechanism?</i></p>

Auditor Competence and Evaluation

The evaluation of auditor competence should be planned, implemented and documented to provide an outcome that is objective, consistent, fair and reliable.

Section 7 of the standard provides a good list of the qualities and professional behaviours that are desirable in an auditor, such as open-minded, diplomatic, tenacious, decisive, self-reliant, collaborative, and the abilities to act with fortitude and prioritize and focus on matters of significance.

- Technical competence is great, but these are soft skills that are often hard to come by in a person. How to balance decisiveness with open-mindedness? Fortitude with diplomatic? How do you test for these attributes in an auditor before-hand, and how do you evaluate after the fact?



- Can your auditors prioritize? It is very easy to get lost in the weeds of detail, or to focus on those topics we know best and are comfortable with. As an auditor you must constantly prioritize and evaluate your progress on meeting your own objectives as an auditor. What is significant to the auditee, the client and the success of the audit?

Auditing New Concepts

Additional guidance has been provided on the following three concepts to further aid and enhance the completeness and quality of auditing.

Key Changes to ISO 19011	Important aspects to consider
<p>Appendix Section A.9 -Auditing Leadership and Commitment</p>	<p><i>Many management systems standards have increased requirements for top management. These requirements include demonstrating commitment and leadership by taking accountability for the effectiveness of the management system and fulfilling a number of responsibilities. These include tasks that top management should undertake itself and others that can be delegated.</i></p> <p><i>Auditors should obtain objective evidence of:</i></p> <ul style="list-style-type: none"> • <i>the degree to which top management is involved in decision-making related to the management system, and</i> • <i>how it demonstrates commitment to ensuring its effectiveness</i> • <i>The audit team needs access to management at all levels of the organization to properly fulfill its mandate.</i>
<p>Appendix Section A.10 –Virtual Auditing</p>	<p><i>Virtual auditing is to some extent already fairly common in things like document review, but is likely to be considered for greater application, considering the need for audit efficiency and cost management. There is nothing wrong with this, but the effectiveness and practicality of expanding virtual auditing practices must be carefully considered. The following items need to be reviewed for virtual auditing.</i></p> <ul style="list-style-type: none"> • <i>Audits are performed using remote access technology</i> • <i>Standard audit processes still apply</i> • <i>Technical checks of equipment capabilities and security clearances may be needed in advance</i> • <i>Ensure confidentiality and privacy during audit breaks e.g. by muting microphones, pausing cameras.</i> • <i>What are the remote access protocols?</i> • <i>Are there contingencies in the event of interrupted access?</i>

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Key Changes to ISO 19011

Appendix Section A.12 –Audit of Supply Chain

Important aspects to consider

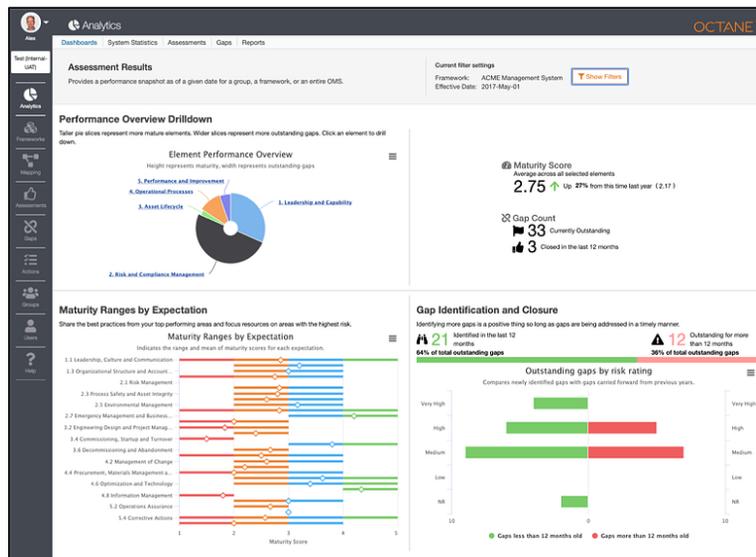
The audit of the supply chain to specific requirements can be required. The supplier audit program should be developed with applicable audit criteria for the type of suppliers and external providers. This is a new section that doesn't provide much detail, but at least gets supply chain audits into the conversation. Supply chain audits often result in recovered costs well in excess of the cost of the audit and improve overall contract management.

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Octane is our software tool for managing the data generated from audits and self-assessments of management systems and programs. SPAN partnered the development of this product with our clients to create a robust tool suitable for complex organizations.

A proper data management tool that supports audits, assessments and the management of gaps and implementation of actions is necessary to maintain the security and integrity of your operations and management system information. Email and spreadsheets are unsecure.

For more information about Octane and how our we and our clients use it to manage audit and assessment information, please visit www.spanexperts.com/octane





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ABOUT SPAN

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Our Assurance Program services include assurance current state assessments, assurance program design and implementation, and regulatory and management system audits.

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