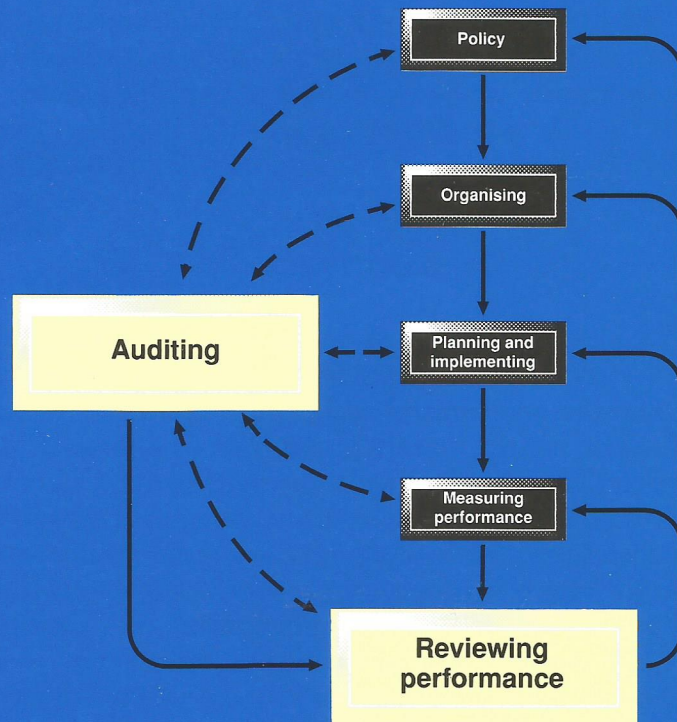


6

AUDITING AND REVIEWING PERFORMANCE



Synopsis

Learning from experience through the use of audits and performance reviews enables organisations achieving high standards of health and safety to maintain and develop their ability to manage risks to the fullest possible extent. This chapter:

- defines the nature and purpose of the health and safety auditing process;
- examines how health and safety performance can be reviewed and what supporting systems are necessary.

AUDITING AND REVIEWING PERFORMANCE

In organisations achieving success in health and safety, auditing and performance review is the final step in the health and safety management control cycle. They constitute the 'feedback loop' needed to enable the organisation to maintain and develop its ability to manage risks to the fullest possible extent. As with other aspects of an effective health and safety management system, performance standards for the audit and review process should be established and monitored.

AUDITING

All control systems tend to deteriorate over time or to become obsolete as a result of change. This calls for systems to be regularly audited. Health and safety auditing complements the planning and control cycle and is similar in concept to financial auditing or third-party quality auditing. It aims to provide an independent assessment of the validity and reliability of the management planning and control systems. Auditing supports monitoring by providing managers with information on the implementation and effectiveness of plans and performance standards. It also provides a check on the reliability, efficiency and effectiveness of the arrangements for policy making, organising, planning, implementing, measuring and reviewing performance. Auditing needs to be comprehensive and to examine over time all the components of the health and safety management systems which have been outlined in earlier chapters.

There are various methods of achieving this objective but these can be divided into two different but complementary approaches.

An examination of a 'vertical slice' of activities can be undertaken. This involves examining one specific aspect in each of the elements identified. For example, an audit could be made of the policy on eye protection, fire safety or emergency arrangements. This would involve assessing its adequacy relative to the risks and how effectively the organisation, planning, measuring and reviewing processes secure its implementation.

A 'horizontal slice' approach can also be adopted. In this case one particular element of the safety management system is examined in detail. For example, an in-depth examination could be made of the whole process of planning. Plans could be examined to assess their relevance, how they were formulated and whether they were sufficiently specific and realistic to allow for ready implementation and measurement. In the same way a 'horizontal slice' approach could also be taken in respect of performance standards, examining how they were devised, their relevance to the needs of the organisation and their adequacy (for example, whether those relating to risk control incorporate the correct and up-to-date legal or technical standards; in this case the audit of the system may require a specific technical input).

In practice a combination of vertical and horizontal slice auditing is needed to provide a comprehensive picture of how effectively the health and safety system is controlling risks. This may be undertaken either as a single event or as a rolling programme with different aspects, sections or departments examined in turn. It may involve one or a number of persons. A team approach, involving managers, safety representatives and employees, may be adopted to widen the nature of involvement and co-operation.

In order to maximise the benefit from the auditing process, audits should be conducted by competent people independent of the area or activities being audited. This can be achieved either by using external consultants or by using staff from different sections, departments or sites to audit their colleagues. Organisations may use either their own self-developed auditing system or those marketed as proprietary systems or a combination of both.

HSE supports the use of proprietary systems but does not endorse particular systems. Organisations should decide what system, in-house or proprietary, would best meet its needs taking into account the costs and the potential benefits. In assessing the suitability of proprietary schemes it should be borne in mind that, because of the variability of organisations, it is unlikely that any one system will suit an organisation perfectly. It will generally be necessary to tailor a system to the particular needs of the organisation. Further general advice on the characteristics of effective auditing systems is given in Inset 16.

Audits generate both qualitative and quantitative data on health and safety performance. Many organisations have tried to provide numerical measures to

EFFECTIVE HEALTH AND SAFETY AUDIT SYSTEMS

Effective auditing systems tend to display the following characteristics.

Audits are carried out by competent people who are independent of the area or section being audited. This may involve one person, a team of managers, specialists and non-management employees or external consultants. Those with auditing responsibilities will generally require specific training in this task to secure competence.

Audit systems are designed to assess the following key elements of health and safety management:

- policy - its intent, scope and adequacy;
- the organisation, including:
 - the acceptance of health and safety responsibilities by line managers and the adequacy of arrangements to secure control;
 - the adequacy of the arrangements to secure the involvement of all employees in the health and safety effort;
 - the adequacy of arrangements to secure the communication of policy and relevant information;
 - the adequacy of arrangements to secure the competence of all employees;
- planning and policy implementation including:
 - overall control and direction of the health and safety programme;
 - standard setting - its adequacy and relevance;
 - the allocation of resources to implement standards;
 - the extent of compliance with standards and their effectiveness in risk control;
 - the long-term improvement in the accident and incident performance;
- measuring systems - their adequacy and relevance;
- reviewing systems and the ability of the organisation to learn from experience and improve performance.

quantify audit data so that improvements in performance can be readily measured from year to year. This is a valuable exercise but needs to be supported by sound auditing methodologies which ensure consistency in scoring so that the numerical outputs can be relied upon. Other organisations do not use numerical systems and rely on a purely qualitative approach.

An audit programme should be prepared to complement other health and safety management activities. Performance standards should be devised for planning and implementing the audit programme and these standards should themselves be monitored. Some organisations have allocated responsibility for health and safety auditing to their existing internal auditing sections in an attempt to fully integrate health and safety management into their existing structures. All audit programmes are only as good as the staff operating them and depend on the imaginative examination and use of the results. Unless they are operated with integrity it is always possible to misuse the system, and checks and balances need to be built in at various levels to prevent this. Such checks and balances are particularly important at the interpretative review stage.

REVIEWING PERFORMANCE

Reviewing is the process concerned with making judgements about the adequacy of performance and taking decisions about the nature and timing of the actions necessary to remedy deficiencies. In common with all health and safety management activities, suitable performance standards should be established to identify the responsibilities, timing and systems of reviewing. Supporting performance standards and systems are also necessary to track the implementation of those decisions arising from the review process.

The speed and nature of the response to any situation should be determined by the degree of risk involved and the availability of resources. The application of risk assessment principles outlined in chapter 4 contributes to decision making by assisting the identification of risk priorities. The effectiveness of review systems is in part determined by the competence of those involved and people responsible for making review decisions should receive specific training in making this type of judgement.

The general aims of the review process reflect the objectives of the planning process, and are to secure:

- the maintenance and development of health and safety policy;
- the maintenance and development of an effective organisation with a positive health and safety culture; and
- the maintenance and development of performance standards and reporting systems for controlling both the health and safety systems and specific risks.

The effectiveness of review activities is enhanced by:

- clearly establishing who is responsible for implementing the remedial action identified in the review process;
- setting deadlines for the completion of remedial action.

Reviewing performance is based on information from measuring activities (including both active and reactive monitoring) and from auditing activities in which an independent assessment is made of the whole safety management system.

Reviewing the results of internal measuring activities is a continuous process which is undertaken at various levels within an organisation. It includes, for example:

- responses by first line supervisors to remedy failures to implement performance standards which they observe in the course of routine activities;
- responses to remedy specific examples of substandard performance which are identified by reactive monitoring;
- responses to remedy examples of substandard performance identified as a result of active monitoring; and
- responses to the assessment of plans and objectives either at individual, departmental, site, group or organisational level.

The reviews undertaken in the first two cases occur randomly and cannot be planned. It is, however, important that review procedures are consistently applied in these cases. The reviews in the last two cases should arise from planned monitoring activities and should be controlled by appropriate performance standards. They may, for example, include:

- monthly reviews of individual supervisors or sections;
- three monthly reviews of departments;
- annual reviews of sites or of the organisation as a whole.

Organisations must decide on the frequency of reviews at each level and the design of review activities should be tailored to the measuring activities discussed in the last chapter. Similarly, decisions need to be made on how to review the audit data and integrate it into the general review procedures.

Successful organisations use a number of key performance indicators relating to overall performance and the management of improvements as the basis for reviews at the highest level. While each organisation needs to develop its own indicators, it is suggested that at least the following four indicators should be involved:

- assessment of the degree of compliance with performance standards;
- identification of areas where performance standards are absent or inadequate (those areas where further action is necessary to develop the total health and safety management system);
- assessment of the achievement of specific objectives; and
- accident, ill health and incident data, accompanied by analyses of both the immediate and underlying causes, trends and common features.

The process of feeding information on success and failure back into the system is an essential element in motivating employees to improve performance. Successful organisations emphasise positive reinforcement and concentrate on encouraging progress on those indicators which demonstrate improvements in risk control.

In addition to making internal assessments of their achievements, organisations may 'bench-mark' their performance against other organisations. This generally takes two forms:

- comparing accident rates with those of organisations in the same industry who use similar production processes and experience similar risks (Appendix 4 provides further information on the calculation and use of accident incidence and frequency rates); and
- comparing management practices and techniques with those of organisations in any industry, so as to provide a wide perspective and gain new insights on the management of similar problems.

As part of a demonstration of corporate responsibilities some organisations are also now accounting for their health and safety performance in their published annual reports. Increasingly organisations are prepared and able to identify not only the efforts put into health and safety but also the result of this in terms of improved health and safety performance and reductions in avoidable costs.

SUMMARY

Organisations achieving success in health and safety aim to evaluate performance, in order to:

- maximise learning and to ensure that appropriate action is taken to improve the control of specific risks; and
- to improve overall health and safety performance and further develop their health and safety policies.

This leads them to establish, operate and maintain audit and review systems which ensure that:

- information is obtained by the use of in-house auditing systems or external auditors on the validity and reliability of the whole health and safety management planning and control system, and the ability of the organisation to develop its health and safety policies and improve the control of risks;
- appropriate remedial action is taken to deal with specific issues arising from measurement activities and to ensure that progress in implementing remedial action is followed through according to plan;
- the overall effectiveness of policy implementation is assessed internally with particular reference to the following four key performance indicators:
 - assessments of the degree of compliance with health and safety performance standards;
 - identification of areas where standards are absent or inadequate;
 - assessment of the achievement of specific objectives;
 - accident, ill health and incident data together with analyses of immediate and underlying causes, trends and common features;
- health and safety performance is assessed externally by comparison with other organisations.

FURTHER READING

- 1 *Bench marking: the search for industry best practices that lead to superior performance* Camp RC Quality Press 1989 ISBN 0 87389 058 2.
- 2 *Safety auditing: a management tool* Kase DW and Wiese KJ Van Nostrand Reinhold 1990 ISBN 0 44 223746 4.