Compliance Audits:
Ensuring the Viability of a Living Program

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While it's likely he did not originate the phrase, Louis Gerstner Jr., retired CEO of IBM who notably saved the company from obsolescence in the mid-nineties, was quoted to say, "People don't do what you expect but what you inspect." Gerstner describes in his memoirs, "Who Says Elephants Can't Dance?" (2002), how he rebuilt the company's leadership team and gave the workforce a new sense of purpose by, among other things, setting expectations and checking progress. This statement is cliché in the business world and often comes with a negative connotation; sometimes inferring employees are unwilling to work productively except under fear of consequence. Indeed, in the world of regulatory compliance, industry is often motivated to adhere to regulations to avoid heavy fines. However, for those who manage facility safety programs, this need not be the case. For the purpose of this paper, I would like to offer the following perspective. In order for any safety professional to *expect* to maintain a program that is both relevant to facility personnel and up to date, it is imperative to conduct regular *inspections* to verify intended safety practices reflect current operations and that documentation of evolving protocols is maintained.

The United States Environmental Protection Agency (US EPA) Risk Management Plan (RMP) and Occupational Safety and Health Association (OSHA) Process Safety Management (PSM) regulations require facilities utilizing highly hazardous chemicals to conduct a triennial audit of their RMP/PSM programs to ensure compliance (40 CFR 68 & 29 CFR 1910.119, RMP and PSM regulations respectively). Although these audits are intended to assist in maintaining compliance, safety professionals can utilize these audits to obtain a "snapshot" of what is happening on the ground and to ensure the plan is a living document conforming to changes in the process.

As a program administrator, one of the easiest ways to verify your plan is a living document is through change. Frequently, I have heard PSM coordinators argue their original program from the late 90's is sufficient as their process hasn't changed in as much time. However, it is unlikely that in the last quarter of a decade, no equipment has been repaired or replaced, that there has been no turnover in personnel, or that operating procedures haven't been altered. These are simple examples of change that impact the PSM program. During the audit process, a lack of revisions could indicate that your plan has not been maintained and

may not indicate how operations are being maintained. Again, this doesn't have to be viewed as a failing of the safety culture, but rather an opportunity to reach out to operations staff to review current practices and update the PSM Program.

A benefit of the audit process is the platform it creates to establish an open dialogue with operations staff. This dialogue can lead to improved safety practices and enhanced awareness of facility hazards. For example, an operator may alter their normal procedure to minimize the result of a perceived hazard. Reviewing standard operating procedures allows the PSM coordinator to recognize the change, document it, and potentially include the improved practice in future training activities thereby increasing overall safety culture. Furthermore, observed practices that might lead to a hazardous event can be catalysts for new training and review of safety information.

Reviewing Process Hazard Analysis recommendations for completion is a basic step in any Compliance Audit. However, these recommendations can be a tool to verify the Risk Management Plan is being utilizing correctly. An example might be a recommendation which requires a Management of Change (MOC). If the MOC includes changes in equipment there should be new Process Safety Information (PSI), possibly in the form of a revised P&ID. If these steps have taken place, has the recommendation been closed out? Is there documentation of a Pre-Startup Safety Review (PSSR)? Has training been conducted for any changes to Standard Operating Procedures? If any of these steps has not been implemented for this single recommendation, then the auditor knows additional training and oversight is required. Conversely, if all these pieces are accounted for, then the auditor knows the PSM Program is being implemented properly.

The Auditing Process

The auditing process takes time and money. Critical employees are taken from the operations floor and this may present staffing challenges. So, it's important to maximize the value of the auditing process and to be thorough. The auditor should examine the process with the same level of scrutiny they would expect from a regulator. The following sections will provide tips for audit preparation, implementation, and finalization.

Audit Preparation

The first step in preparing for a Compliance Audit is identifying the required audit due date and establishing an audit timeline. Regulations 40 CFR 68.79(a) and 29CFR 1910.119 (o)(1) establishes a three-year cycle for evaluating compliance with RMP/PSM Regulations. Therefore, the audit must be completed within three years of the previous audit, or, in the case of a new facility, within three years of the first RMP submission. The time needed to prepare for an audit will vary depending on the scope, but a general suggestion would be to begin the preparation process at least three to four weeks prior to the audit date. This provides time for critical personnel to make scheduling arrangements in order to attend, time to gather the documentation needed to conduct the audit, and provides a window for the auditor to develop a comprehensive audit plan.

An audit plan should, at least, include the following:

- A methodology to establish the size and scope for the audit. For smaller facilities, as mentioned above, it may be acceptable to audit the entire system. However, for larger facilities, it may be necessary to develop a sampling plan based on the allotted time for the audit to allow for P&ID verification (likely through a site walkdown), procedure observations, personnel interviews, etc. To provide some context, in a facility with 20 distinct units, the auditor may elect to analyze 75%, or 15, of the units. This percentage can vary, but it is important to communicate this sampling strategy ahead of time. It may be advisable to focus on those units with the most potential for hazards, but the audit should consider that the sample should be “representative” of the entire facility. This same sampling strategy can be continued to other aspects of the audit. For example, the audit may elect to sample 25% of the Standard Operating Procedures (SOPs). As stated above, this sampling method need only be applied for larger facilities. For smaller operations, sampling may not be necessary or accepted by a regulatory agency.
- A list of personnel to be included in the audit. 40CFR 68.79(b) and 29CFR 1910.119(o)(2) require that at least one person who is knowledgeable in the process

should be included in the audit process. This statement is often misinterpreted that the auditor must be the representative knowledgeable in the process, but this is not the case. The representative who is knowledgeable in the process need only assist the auditor in reviewing the process. Furthermore, when considering multiple systems, the audit may require multiple personnel who are knowledgeable in specific area of the process or separate units. However, one auditor may preside over the entire audit. That said, the auditor should consider which personnel will be required prior to the start of the audit and provide ample time for critical personnel to arranging for scheduling.

- An outline of the required information which must be gathered to complete the audit should be assembled prior to the beginning of the audit. This list might include information for any regulated chemicals, a facility-specific audit checklist, safety-related polices (e.g. PHA, MOC, Incident Investigation, etc.), plot plans, P&IDs, process flow diagrams, previous incident reports, safe work practices, PSI, Personal Protective Equipment (PPE) requirements, a list of units undergoing turnarounds or which might be inaccessible during the proposed audit timeline, and copies of previous audits. For documentation, any review which can be completed leading up to the audit date will only streamline the audit process. Prior review may highlight issues to discuss during personnel interviews or raise questions which may be answered during the audit process.

During the preparation phase, the auditor can begin to check the documentation for compliance. Although this paper focuses on implementation and plan viability, true compliance is a balance between compliant documentation and correct implementation.

Compliance Audit Implementation

Although not a requirement, a “kick-off” meeting is an excellent way to begin the audit process. The meeting can be utilized to communicate audit procedures and projected timelines, communicate any sampling methodologies, and generally let personnel

know what to expect. Even if participants were involved in previous audits, a refresher on the audit procedures can be helpful.

One of the best points to discuss during the kick-off meeting could be the difference between a recommendation and a finding. A recommendation is a statement which recommends that personnel make improvements to the system when deficiencies are found. However, a finding is simply a statement about what was observed during the audit. As mentioned earlier in this paper, audits are often perceived as a mechanism for identifying deficiencies in staff performance. Personnel may be hesitant to be forthcoming if they feel they are being scrutinized. For this reason, it is important to clarify that a finding is simply a statement of the current situation. If, through a review of the finding, a deficiency is identified, it may result in a recommendation. This distinction may help to divert the pressure and allow the representative to be more open about how the system is running.

Once all participants have been informed, the auditor may begin the P&ID verification (likely with a system walkdown), as the methodology dictates. Referencing back to the information gathered during the preparation process, the auditor can begin to take a thorough look at the process. The audit should verify the accuracy of the P&IDs, observe adherences and deviances to any applicable operating procedures, discuss the overall RMP/PSM program, and ask how maintenance issues are disseminated and addressed on the operations floor. The walkdown is only meant to address the accuracy of the system drawings and, an in tandem discussion may produce insights into multiple RMP/PSM program elements leading to the next step which is to conduct individual interviews.

Conducting interviews is critical to understanding how operations are truly being carried out. Utilizing a standardized questionnaire with open-ended questions can assist in encouraging responses and help with evaluating responses later. The intent is to obtain a true picture of how the facility implements its RMP/PSM program, ensuring multiple points of view on the same sections will help provide a more well-rounded

impression of daily operations. As with the preparation, the auditor should consider personnel sampling when conducting audits; making sure interview participants are representative of all aspects of operations.

When conducting the audit, it may be helpful to utilize worksheets which outline regulatory language and requirements to which the facility is being assessed. Although there is no requirement to utilize a worksheet, it will likely be invaluable to the auditor by ensuring all required elements of the RMP/PSM Program are assessed during the audit process.

Audit Finalization and Documentation

It is required for the auditor to prepare a report of the audit findings (40CFR 68379(b) and 29CFR 1910.119 (o)(2)). As part of the documentation process, a review of the audit finding should be conducted. This may be done in a close-out meeting with the audit stakeholders from the initial kick-off meeting. For each of the findings, the reviewers should consider whether it warrants a recommendation for improvement (40CFR 68.79(d) and 29CFR 1910.119 (o)(4)). Recommendations should be clear and concise; written so it is obvious when a recommendation is met so it can be closed-out or marked complete in the audit report. Each recommendation needs to be assigned to an individual who is responsible for follow-up on the recommendation and given an estimated timeline for completion. Some states, such as California, have established timelines for recommendations to be completed and should be considered when developing recommendations.

The report should include information about the scope of the audit, any implemented sampling methodologies, the names and titles of any personnel involved in the audit, a list of documentation reviewed, and a list of findings and recommendations.

Conclusion

Here is where all of the preparation, implementation, and finalization comes together to paint a picture of how well the RMP/PSM Program is implemented at the facility. The process of conducting a Compliance Audit satisfies the regulator and maintains compliance for the facility, but the effort illuminates how well the RMP/PSM Program is being implemented in reality. Based on the findings of the audit a PSM coordinator can identify the strengths and weaknesses of an RMP/PSM Program. Using the list of recommendations, a path is established for amending unsafe practices. With the finalized Compliance Audit report in-hand, the PSM coordinator has plotted a course to improve safety culture and ensure the viability of an ever-evolving, living safety program.