Insight aims to provide useful information, links and tips in the areas of Risk Management, Occupational Health and Safety, Business Continuity Management, and other areas relating to management systems and corporate governance.

This issue:

- Safety Leadership
- Are your internal audits simply about compliance?
- Effective Risk Culture

Safety Leadership

To effectively manage the WHS challenges within modern-day industry it has become evident that relying solely on a Management System will only take an organisation so far. To make the step-change improvement in safety performance, organisations can implement Safety Leadership programs, espousing a clear and strong commitment to safety, through visible leadership and positive engagement with the workforce.

This principle of visible leadership is not new – its origins can to be traced back in history to Viking and Roman military campaigns. In an occupational sense, the modern day tracing of this principle dates well back to the 70s, when positive examples were recorded whereby Executive Managers for the major oil companies visited their rigs in the North Sea (which would not have been an easy task), then once on-site interacted with the workers to explore their concerns.

The 'Visible Leader' is the personification of the organisation's commitment to safety, setting a personal example of the expected behaviours, as well as providing the perfect opportunity to interact meaningfully with workers.

In terms of current WHS Legislation, Management obligations and duties have evolved, and getting Managers out of their offices and into the workplace to

undertake meaningful interactions can provide the key insights in relation to their due diligence requirements. However, there are still instances where Managers attempt to undertake their WHS duties 'in absentia', with minimal on-site leadership presence and no attendance at WHS Committee or Audit closing meetings.

While it is acknowledged that ensuring a Management presence across multiple sites and rotating shifts can be a challenge, it is vitally important in terms of the leadership message that it provides. Consideration should be given to establishing visual indicators that the Managers have been on-site, such as provision of updates on issues that they have resolved, a visible count of their interactions and the activities that they undertook, etc.

RISK MANAGEMENT   MANAGEMENT SYSTEMS   SAFETY MANAGEMENT   BUSINESS CONTINUITY MANAGEMENT

QRMC can assist with assessing safety culture and developing strategies to improve leadership. This topic will be further explored in QRMC's upcoming Safety Networking Group session, including discussion of WHSQ's work in relation to a safety culture and leadership toolkit.

The next Safety Networking Group session is scheduled for the morning of Friday 5th August in the Brisbane CBD – please contact QRMC if you would like more details.

Are your internal audits simply about compliance?

The very nature of the word 'audit' conjures up images of an inspector, policeman or even judge. No matter how much positive spin is placed on the audit process, the perception from the auditees' perspective is often that the auditor is focussed only on finding faults.

However, whilst remaining cognisant of the need to verify and ensure legislative compliance using the audit process, a well-managed audit can achieve so much more than simply a verification of activities.

The success of an audit program can often be traced back to the audit schedule itself. Most organisations with documented management systems have some form of audit schedule detailing which areas are to be audited and when audits are to take place. Audit schedules vary depending on the management system scope. A common misconception, however, is that audits only take place on an annual basis, and many organisations take a simplistic approach by requiring that all elements of the management system will be audited once a year. This often results in a single whole-of-system audit repeated annually, resulting in all aspects of the system receiving the same level of attention, and typically a 'tick and flick' approach develops which provides little true value to the organisation. Such a compliance-check approach results in each audit becoming simply an extension of the previous one, and rarely identifies the true effectiveness of the management system being audited, or indeed the opportunities for continual improvement.

With the implementation and standardisation of the Annex SL in the recent revisions of *ISO 9001:2015 Quality Management Systems* and *ISO 14001:2015 Environmental Management systems* (and in all probability, the upcoming *ISO 45001 Occupational Health and Safety Management Systems)* there is a degree of consistency regarding audit requirements.

Both ISO 9001:2015 and ISO 14001:2015 in clause 9.2.2 require that organisations establish, implement and maintain an internal audit programme, including the frequency, methods, responsibilities, planning requirements and reporting of its internal audits; together with consideration of the importance of the processes concerned, changes affecting the organisation, and results of previous audits.

This implies that it is not sufficient to simply state that audits will take place on an annual basis, but rather that consideration needs to be given to the areas to be audited, as well as the status of the organisation as a whole, together with results of previous audits. Consideration of the importance of process should include risk to the organisation in its broadest context relating to health and safety, environment and quality, dependant on the scope of the system. (The addition of risk to ISO 9001 means that organisations need to address risks to the quality of their products or services and also include this within the audit process.)

This approach should result in areas of higher risk being audited more frequently, whilst lower risk areas are audited less frequently. In health and safety systems this may result in high risk activities such as working at height being audited every six months, whilst consultation and communication may only be audited every two years. Within the ISO 9001 space, higher risk 'quality' activities to be audited more frequently could include procurement, customer facing processes or non conformity of product or services. With these higher risk activities being audited on a more frequent basis, there is opportunity for the audit to become a real learning process.

Utilising a specialist independent auditor with a full understanding of the relevant subject areas will also add value to the audit process by bring objectivity; rather than simply focussing on what was raised 12 months prior to each audit and treating it largely as a compliance checking exercise.

Please contact QRMC for more information.

Effective Risk Culture

A part of the aftermath of the Global Financial Crisis was an examination of why there were unasked questions, ignored warnings, and systemic mismanagement of risk in many of the financial institutions involved. One of the outcomes of this examination was the realisation that many had corporate cultures in which effective risk management was secondary to profit goals and other business priorities.

Organisations outside the financial sector have also become aware of the important role an effective risk culture can play, with greater recognition that a robust risk culture supporting organisational decision-making can provide both competitive and financial advantages.

An effective risk culture is not about simply developing formal policies and procedures around risk management.

To be successful, those policies and procedures need to be founded within an organisational culture in which people from Executive management to at-risk personnel are motivated and supported to integrate risk management into all decision-making processes undertaken as part of their roles.

In summary, an effective risk culture informs and empowers individuals and groups within the organisation to take the right risks for the right reasons.

Factors which can promote a poor risk culture include:

- A lack of understanding of what risk really means.
- Poor risk reporting and communication lines.
- Unclear responsibility and accountability for managing risk.
- Bonuses, KPIs or reward systems that place too great a focus on the bottom line or on achieving short-term gain.
- Poor intra-organisational cooperation and communication (i.e. a 'silo' approach).
- Failure to challenge or sanction inappropriate risk-taking.

Factors which can foster an effective risk culture include:

- Management personnel that "walk the walk" and confirm the importance of risk management through their own example.
- Regular provision of training in risk management to those personnel who have the authority to make decisions which have the capacity to create risk for the organisation.
- Systems and management behaviours that demonstrate to employees that they can escalate problems and report risky or unethical actions without suffering negative consequences.
- An accepted and regularly used process for actively learning from mistakes or near misses.

Assessing your organisation against both these sets of factors, and acting on your findings to reduce the first and develop the second, will help to maximise the benefits of risk management and the longevity and success of the organisation.

Please contact QRMC if you would like to have your corporate governance and due diligence process evaluated.