

Classification of Audit Findings

Gas and Pipeline Infrastructure Safety
Guidelines

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This document is also available online at www.esv.vic.gov.au

Who we are

We are Victoria's safety regulator for electricity, gas and pipelines.

Our role is to ensure that Victorian gas and electricity industries are safe and meet community expectations. We are also responsible for licensing and registering electricians, and educating the community about energy safety.

More information is available on the Energy Safe Victoria website: www.esv.vic.gov.au

Background

Management system audits and field inspections are carried out by ESV to gain assurance that risk controls as identified in SC/SMP documentation have been effectively implemented, monitored and reviewed by the regulated entities to meet specified requirements.

Specified requirements include but are not limited to legislation, standards, internal procedures and other related documents that make up or support the Safety Case / Safety Management Plan.

Entities regulated by ESV that fall under the Gas and Pipeline Infrastructure Safety Division are subjected to office-based management system / process audits and field-based inspections.

Management System Audits

Management system/ process based audits are carried out to review and verify if the management systems and supporting processes are adequately defined in the SC/ SMP and implemented to comply with the specified requirements.

Field Inspections

Field inspections occur typically at the asset location or at work sites to ensure that processes and procedures as described in the management systems are followed during construction, routine operations and maintenance activities. Inspections are carried out to gain assurance that work activities are compliant with the specified requirement.

Risk Based Classification of Findings

Audit evidence would be evaluated against the specified requirements and the level of risk relating to any identified noncompliance will be determined by the auditor.

The level of risk determines the action(s) required to be undertaken by the regulated entity to address the identified noncompliance within the specified time frame. Generally, a finding that has an outcome that is of a higher risk will be rated as a 'Major' noncompliance and require more immediate action to remedy, whereas outcomes of a lower risk will be rated as a 'Minor' noncompliance that can be remedied in a longer timeframe.

A common classification system is applicable to system / process audits and field-based inspections. A summary of the classification of audit findings is outlined below.

Rating	Description	Action Required	Illustrative Example/s
Compliance (C)	To meet or comply with specified requirements ¹ .	No action is required.	
Major Noncompliance (MaNC)	Failure to comply with specified requirements ¹ that could lead to an adverse impact relating to safety and / or reliability of operation.	<p>Where the outcome of noncompliance is considered serious, actions to address the finding should be taken immediately.</p> <p>All other action(s) to address the finding(s) should be undertaken within three months from receipt of the audit report.</p> <p>A plan to address the noncompliance(s) should be provided within 20 business days from receipt of the audit report.</p> <p>Field Inspections: Acknowledgment and action to address the finding should be undertaken within 15 business days from receipt of the audit report.</p> <p>Action requiring a shorter timeframe will be notified by ESV after completion of the audit.</p> <p>Action warranting a longer timeframe shall be by agreement with ESV.</p>	<p>Failure(s) where a procedure or process was not followed that could have an adverse safety outcome related to design, construction, maintenance, commissioning, decommissioning and reliability of operation.</p> <p>The outcome of the noncompliance is considered to be of a higher risk.</p> <p>Indicative examples:</p> <ul style="list-style-type: none"> • Failure to provide evidence of pressure test prior to tie-in. • Excavation work within 3m of the pipeline without permits. • Failure to conduct landowner visit at approved intervals as per AS 2885 requirements.
Minor Noncompliance (MiNC)	Isolated failure(s) to comply with specified requirements ¹ that could lead to an adverse impact relating to safety and/ or reliability of operation.	<p>Action(s) to address the finding(s) should be undertaken within six months from receipt of the audit report.</p> <p>A plan to address the noncompliance(s) should be provided within 20 business days from receipt of the audit report.</p> <p>Field Inspections: Acknowledgment and action to address the finding should be undertaken within 15 business days from receipt of the audit report.</p> <p>Action requiring a shorter timeframe will be notified by ESV after completion of the audit.</p> <p>Action warranting a longer timeframe shall be by agreement with ESV.</p>	<p>Isolated failure(s) where a procedure or process was not followed that could have an adverse safety outcome related to design, construction, maintenance, commissioning, decommissioning and reliability of operation.</p> <p>The outcome of the noncompliance is considered to be of a lower risk.</p> <p>Indicative examples:</p> <ul style="list-style-type: none"> • Few documents are past their review date • JSA not signed correctly • Expired training certificate.

Rating	Description	Action Required	Illustrative Example/s
Opportunity for improvement (OFI)	These findings do not indicate non-compliance. They are offered as potential beneficial feedback and an opportunity to improve the management system.	Opportunity for improvement is for the regulated entity's consideration.	Improvements to existing processes and procedures. Indicative examples: <ul style="list-style-type: none"> • The company relies heavily on hard copy based document approvals and records storage system • Introduction of new IT systems, equipment, etc.
Not Able To Be Assessed (Follow Up)	A situation where an audit/inspection of (or part of) an asset / facility is not able to be carried out because of a constraint such as an OHS issue, time constraint, etc.	The company and ESV shall agree to resume or restart the audit on a mutually agreed date and time.	Indicative examples: <ul style="list-style-type: none"> • ESV auditor or inspector unable to obtain site induction prior to entry. • ESV vehicle was not suitable for the work site.
Not Applicable (NA)	The requirements ¹ and/or scope (or part of) of the audit are not relevant because of the nature of operation of the organisation.	No action is required.	
Note 1	Specified requirements include but are not limited to legislation, standards, internal procedures and other related documents that make up or support the Safety Case / Safety Management Plan.		