Industry Services
Quality Management System

Canadian Grain Commission
Audit & Evaluation Services
Final report

March, 2012

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1.0 Executive summary

Authority for audit

1.1 The mission of the Internal Audit function of Audit and Evaluation Services is to provide independent and objective assurance services. These services are designed to add value and improve the Canadian Grain Commission's operations. Internal Audit helps the Canadian Grain Commission accomplish its objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness of risk management, control and governance processes.

1.2 The audit of the Industry Services Quality Management System was included in the 2011-2012 Audit and Evaluation Services risk-based Audit Plan. The Commission approved the audit plan following a recommendation by the Departmental Audit Committee in May 2011.

1.3 The audit was conducted from August to September, 2011. It consisted of interviews with various Canadian Grain Commission staff and management, as well as examination of Industry Services Quality Management System documents, internal and external audit summaries, and financial data.

Background

1.4 The Industry Services Quality Management System was created in accordance with the requirements of the ISO (International Organization for Standardization) 9001:2008 Standard. It includes a quality policy, quality manual, documented procedures and work instructions, and associated forms and documents. Both internal and external audits are conducted on ISO procedures to ensure they are being applied consistently and to maintain ISO certification.

1.5 The National Monitoring Program is a separate quality assurance function focusing exclusively on grain inspection processes. The National Monitoring Unit, who administers the program, performs its own inspection of a selection of samples, compares results to the original inspection and refers issues to the National Training Unit for follow-up as required. The National Monitoring Unit also performs an annual on-site audit of regional inspection activities.

1.6 This audit was planned to allow Audit and Evaluation Services to evaluate Industry Services Quality Management System internal audit and National Monitoring Unit audit functions to determine if there are areas where overlap could occur, and determine if duplication can be avoided in such cases.

Audit objective

The objectives of this audit were:

1.7 To assess the quality of controls over the internal audit process of the Industry Services Quality Management System.

1.8   To assess whether there would be qualitative and quantitative benefits in having the National Monitoring Unit perform internal Industry Services Quality Management System audits.

1.9   To assess the current Industry Services Quality Management System against the ISO 9001:2008 Standard to determine whether there are any areas where efficiency can be improved.

Conclusion

1.10   Industry Services management and staff overwhelmingly attested to an improvement in quality and consistency of operations since the Industry Services Quality Management System was implemented over 10 years ago. The Industry Services Quality Management System contributes to a good control environment by ensuring:

- Procedures are documented, updated and available to staff

- Standardized forms and record-keeping methods are used

- There are regular internal and external reviews of adherence to the program

1.11   A number of administrative improvements have been recommended to Industry Services management in order to improve the Industry Services Quality Management System, particularly with regard to the audit process. By improving the audit process, Industry Services has an opportunity to take the current Industry Services Quality Management System beyond a basic ISO program and add value to both the Industry Services division and the Canadian Grain Commission as an organization. To assist with this, the following report contains opportunities for improvement that were identified during our audit, the most notable of which are:

- Implementation of standard audit programs containing a risk assessment, audit criteria, and defined audit steps for each procedure to improve consistency in approach and results (ref 3.36)

- Review of the selection of Industry Services Quality Management System auditors and assignment of auditors to individual audits (ref 3.32, 3.23)

- Coordination and integration of the Industry Services Quality Management System audit process with the activities of the National Monitoring Unit (ref 3.47)

- Improvement of Industry Services Quality Management System audit reporting methods including management accountability, follow-up, and communication of results (ref 3.41, 3.58, 3.40, 3.42, 3.63, 3.59)

Management has established appropriate action plans for each recommendation. Additional details on the audit's results are contained in this report.

Statement of assurance

In the professional judgment of the Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The opinion is based on a comparison of the conditions as they existed at the time, as described in the Audit Scope, against pre-established audit criteri. The opinion is applicable only to the entity examined. This audit engagement was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada.

Summary of recommendations and management action plans

1.12   The following is a summary of recommendations contained in this report with management action plans to address the topics identified. Recommendations have been categorized depending on their potential impact to Industry Services based on the criteria outlined in Appendix B.

Reference	Recommendations	Management action plans
High Impact		
3.32	We recommend that: • The standard audit team continues to be comprised of 2 Industry Services Quality Management System auditors to provide more than one perspective, with consideration given to when an audit may just as effectively be performed by one employee. • A minimum of one team member be trained as a lead auditor. • Only one of the team members be from outside the region to save on travel costs and maintain independence. When there is no local Industry Services Quality Management System auditor available for a specific regional office, an audit may be conducted on an individual basis by an experienced lead auditor. This will maintain the quality of the audit as well as reduce travel costs. • Management perform an analysis to determine which Industry Services Quality Management System procedures could be effectively audited via video conference in order to reduce the overall cost of the audit process from both a cost and time perspective (e.g. management procedures). • Industry Services increase the number of procedures assigned to each lead auditor or audit team where increased efficiencies can be gained from doing so.	• Industry Services will continue to use 2 auditors for all Industry Services Quality Management System audits. • Currently all working group members have taken the Lead Auditor Course. When audits are being planned, the goal is to have one auditor with Lead Auditor training. • Industry Services will look at only having one team member travel for an audit as long as those participating in the audit are not pulled back into operations. • The National Manager of Administration will review procedures and determine which ones could be effectively audited by video conference and in what regions this could be done. The National Manager of Administration will put the findings into place for the next internal audit in the spring of 2012. • Industry Services will look at having the audit team(s) audit more procedures, cutting down on the number of teams and making audits more efficient.

Reference	Recommendations	Management action plans
3.36	We recommend that Industry Services management and the Industry Services Quality Management System working group implement audit programs for each procedure in order to achieve consistency in audit methodology and results. The audit programs should include: • Identification of the potential risks related to the procedure. • Audit criteria against which to assess the objectives of the audit and the risks identified (e.g. those processes and controls that are expected to be in place within the procedure to address those risks). • Step-by-step procedures to test against the criteria as defined.	The National Manager of Administration is to research what would be involved to have an audit program for each procedure. This process would help with consistency and comparability; however, it could require a significant resource commitment to implement. The National Manager of Administration will have a pilot procedure ready on one audit program for the Industry Services Quality Management System audits in spring of 2012.
3.41	We recommend that when management responds to internal audit summary reports, they are held accountable for addressing each observation and non-conformance with a specific action plan or an explanation for why the item will not be acted upon. The audit summary reports should not be published until appropriate responses have been received.	Regional management teams and regional working group members will receive an update on how they are to respond to internal audit summary reports. In their action plan they need to detail how they will deal with observations and non-conformance. They will need to include action plans or provide an explanation if they will not be acting on an observation. The Regional Manager of Administration in headquarters and the ISO Communication Assistant will provide a more thorough follow-up on the observations. A process will be put into place by the end of February 2012, as per the action plans from the external audit of September, 2011. The National Manager, Administration will work with Regional Manager of Administration in headquarters and ISO Communication Assistant on this process.
3.47	We recommend that Industry Services Quality Management integrate with the National Monitoring Unit audits as much as possible. In the short term this could involve coordinating audit schedules. Management should assess the overall long-term organizational value of combining the Industry Services Quality Management System and National Monitoring Unit audit functions as described in 3.45.	The National Manager of Administration to set up a meeting with the Chief Grain Inspector and the Program Manager of National Monitoring to see which audits could be done by the National Monitoring Unit (Inspection) and the Weighing Program Specialists (once they start doing audits like the National Monitoring Unit). The meeting will take place by the end of January, 2012. Where operationally feasible, National Monitoring Unit and Weigh Program monitoring will be incorporated into Industry Services Quality Management

Reference	Recommendations	Management action plans
		System auditing.
		Long-term integration strategies will be developed in conjunction with potential future modernization of the Canada Grain Act.
3.58	We recommend that if management continues to alternate auditing procedures from region to region, action be taken to develop and implement a formal process. This will ensure findings and observations identified in one region are followed up on with other regions in order to verify that the same issues do not exist in other regions.	Industry Services will continue to alternate which procedures are audited and it will follow-up on findings from one region to another. A process will be put in place to ensure that findings and observations identified in one region are followed up on with other regions when the audits are rotated. This will ensure that the same issues do not exist in other regions. This process will become part of the training package given to the auditors. The National Manager of Administration will be working on this process and will have it in place in spring 2012 Industry Services Quality Management System audits.
3.67	We recommend that Industry Services management periodically assess the monetary, operational, and reputational value of maintaining ISO certification. If, at any time, management chooses to discontinue the certification program, an internal Industry Services Quality Management System should be maintained.	Industry Services management agrees to review the value of maintaining ISO certification. It will do so every time the external audit contract comes up for renewal as part of a 3-year cycle, The external audit contract is up for renewal in 2012. This was reviewed and taken into consideration in the fall of 2011.

Starting April 1, 2012, the Industry Services Quality Management System expenses will be tracked by what is incurred. These expenses will now be budgeted and coded under 4310-1862, project code 1050). All expenses for training, travel, meetings, internal and external audits will be tracked through 1862 (project code 1050) and reviewed on a yearly basis. |
| **Medium Impact** | | |
| **3.8** | We recommend that:

- All Industry Services Quality Management System-related expenses, including auditor travel expenses, use project code 1050 - ISO Certification. Since some of the auditors are from divisions other than Industry Services, they will require specific instructions to accurately code their audit travel expenses. Industry Services management should then request financial reports by project code periodically (for | All the expenses will be coded through 4310-1862 (project code 1050) starting April 1, 2012.

Because all travel claims will be approved by the National Manager of Administration, project code 1050 will be applied for tracking purposes. All working group meetings, any audit training and all audit expenses will be |

Reference	Recommendations	Management action plans
	example, quarterly). Management should review these reports to ensure the total organizational costs of the Industry Services Quality Management System program continue to remain within a range acceptable to Canadian Grain Commission management when assessed in relation to the value achieved though the implementation of the program. • Industry Services Quality Management System auditors keep track of their hours spent on the auditing process and submit these to Industry Services Quality Management System managers. This would allow the time spent (for example, employee costs) on the audit process to be assessed in relation to the value achieved by implementing the Industry Services Quality Management System program.	coded to 4310-1862 so that all expenses can be compiled and reviewed. Industry Services Quality Management System related hours will be tracked by the working group using a tracking form created by the ISO Communication Assistant. This form will be created and put into use no later than April 1, 2012.
3.9	We recommend that internal resources (within Industry Services, or possibly involving Information Technology or Client Services) be made available to complete the implementation of the new software, to transition from the old database program and to develop a training and roll-out plan. Deadlines should be set to ensure these steps are completed in a timely manner.	A contract is being drafted for work for our current software consultant to help get the database up and running. This contract will provide technical support for the database. Two clerks (CR-04s) will be trained to run the database. Currently there is no support from Information Technology. The Director of Industry Services will talk to the Director of Corporate Services about having an internal representative from Information Technology provide support for the database. Director to do this by the end of March, 2012.
3.18	We recommend that training requirements be monitored and training be provided to all Industry Services Quality Management System auditors at a minimum of every 2 years. This would ensure that auditors continue to maintain and develop their auditing skills.	A training package is being prepared and will be presented to the working group team at their spring meeting in 2012. The package will include updates in processes and changes to how we assess audits. The majority of auditors are part of the working group. They will receive this package before the 2012 audits. The list of trained auditors will be reviewed. During the 2012-2013 budgeting process, the Director and National Manager of Administration will determine if money will be available for any refresher training if needed. The Director will consider if it is possible to

Reference	Recommendations	Management action plans
		have an outside consultant provide refresher training or if can it be done in-house.
3.19	We recommend that the training include an educational session on how to: • Select a sample for review and how selection should be controlled by the Industry Services Quality Management System auditor and not the auditee. • Select appropriate, objective samples based on the complexity, volume and risk related to the procedures and work instructions being audited. • Review a procedure or work instructions to determine what questions should be asked and what the auditor should be observing. • Use appropriate interview techniques in order to ask relevant questions in determining whether the procedure or work instruction is operating as intended.	The training package that will be drafted would describe how an audit should be structured and carried out. The package would use the existing Auditor Checklist for asking questions about the procedures, work instructions and forms being used in the system. The training package will include instructions on how to use ISO 19011 – Guidelines for quality and/or environmental management systems auditing document with auditors. This will be a good reference document to use when completing audits. The training package will be ready to roll out to the working group at the spring 2012 meeting.
3.23	We recommend that management reassess the current number of Industry Services Quality Management System auditors required to conduct the audits to increase application of auditor skills, retain well-trained auditors and reduce the overall cost of training by considering: • Whether the number of auditors could be limited to those individuals who are currently on the Industry Services Quality Management System working group (or fewer). • Whether it is possible to reduce reliance on a volunteer system for selecting and assigning auditors by updating job descriptions for a selected number of employees to include Industry Services Quality Management System audit roles and responsibilities.	Industry Services will review the current list of trained auditors to determine the number it should have to perform audits and how many should attend a refresher training course, if offered. Industry services is planning to use a smaller group of more experienced auditors as much as possible. To accomplish this, management has given direction to operations to ensure assigned auditors are available unless very urgent operational situations arise. The idea of including the audit function in current job descriptions was discussed by the management team. This will not be implemented at this time, as the volunteer system is considered the most appropriate option for the division.
3.33	We recommend that management consider increasing the time that is allocated to planning the audits (e.g. half day or full day) as the planning component is an important aspect of ensuring the audit is effectively and efficiently executed.	Regional management teams and individual managers will be contacted before audit planning to get a commitment for the staff to work on the planning of the audit for the time required (1/2 to 1 full day) and to ensure time commitment to the regional management teams and individual managers.

Reference	Recommendations	Management action plans
		Time allocation will be addressed at the Monday morning conference calls one month before audit planning. The National Manager of Administration will bring the issue forward in the spring of 2012.
3.40	We recommend that a clear reference document that outlines the difference between cosmetic changes, observations and non-conformances be created for auditors. This guide should include examples of well-written observations and non-conformances. It should also give instructions for dealing with spelling, grammar and formatting. Auditors should be instructed on how to provide sufficient evidence to support observations and non-conformances.	The training package define cosmetic changes, observations and non-conformances. Examples will be part of this package. It will also include a section on how auditors should provide sufficient evidence to support any findings they report during their audit. Currently, cosmetic changes are not acted on through an improvement request. The ISO Communication Assistant collects and retains cosmetic changes. When there is a change to any documents for which cosmetic changes have been identified, the ISO Communication Assistant includes these in the changes to be made. These definitions will be completed and included in the training package by the spring of 2012.
3.42	To assist with the above recommendations, we recommend that: • The procedure summary or M-6 form be redesigned to give management an area for their response to each item in the report. • The non-conformance section be re-visited to determine why it is not being completed properly and, if necessary, redesign this section to encourage auditors to provide sufficient evidence to support their findings. • The improvement request reference number(s), once assigned, are documented in the procedure summary. Industry Services Quality Management System users would then be able to refer to an improvement request form to understand management's rationale, or planned course of action, in either rejecting or accepting the audit's findings.	The M-6 Internal Audit Summary form,will be revised to incorporate a space for response for each item in the report. The National Manager of Administration will ask the ISO Communication Assistant to redesign the form by the end of February 2012. The training package will include a section on how auditors should provide sufficient evidence to support any findings they report during their audit. Industry Services will review putting the improvement request reference number in the procedure summary and decide if this is beneficial. Industry Services will look at alternative places to store the improvement request numbers in relation to the audits. This will be reviewed and we will decide if we will do it by the end of March 2012. The Industry Services Quality Management System audit report and action plans will be posted on the Industry Services Quality Management System drive. This will allow staff to see what has been accepted or rejected in the audit findings.

Reference	Recommendations	Management action plans
3.52	We recommend that procedures referring to the same work instructions be combined where possible.	This idea has been reviewed and discussed over many years. It has not been put into effect because of the time that it would take to review, combine and edit the procedures and the staff hours that would be required for this project. The National Manager of Administration will put together an outline that will show which procedures could be combined. The outline will help determine the resource commitment required to complete the project. The National Manager of Administration will have this outline drafted by April 1, 2012.
3.63	We recommend that management identify employees who will be responsible for conducting timely follow-ups to significant audit findings and improvement requests.	As Industry Services Quality Management System audit reports come into headquarters after each audit, the Regional Manager of Administration in headquarters and the ISO Communication Assistant will be responsible for following up on audit findings and improvement requests. This new process will be discussed and shared with employees at headquarters and be included in the audit process training package. The National Manager of Administration will work with the Regional Manager of Administration in headquarters and the ISO Communication Assistant to identify work required.
Low Impact		
3.17	We recommend that Industry Services management obtain a licensed copy of the ISO 19011 Standard and distribute it to all Industry Services Quality Management System auditors.	Industry Services has now obtained a copy of the ISO 19011 standard. It will be included in the training package given to auditors at the spring 2012 meeting.
3.24	We recommend regular use of the auditee survey. The survey encourages the audit interviewee and regional management, where appropriate, to indicate whether the Industry Services Quality Management System audits are conducted in an effective and efficient manner and if an open level of communication is encouraged throughout the audit.	A survey has already been created and will be reviewed to ensure that it is up-to-date. It will be used after each internal audit in each location. The survey will become part of the training package.
3.25	We also recommend that basic performance measures be developed to monitor the Industry Services Quality Management System auditors' performance. These measures should address: • The quality of the auditor's work (e.g. number of non-conformances and observations identified for which	The National Manager of Administration to develop a plan for implementing performance measures for the Industry Services Quality Management System auditors, by April 1, 2012.

Reference	Recommendations	Management action plans
	management has agreed to take action). • The timeliness of audit completion (e.g. all assigned procedures completed in budgeted time frame, monitoring of time spent on the audit process and timely completion of reporting to management)	
3.55	We recommend that all existing improvement requests be processed before the start of a scheduled internal audit period. New improvement requests should not be accepted for a specified period prior to the audits.	One month before the Industry Services Quality Management System audits, a hold will be place on submissions of new improvement requests. The hold will be in place until the audit schedule is complete. This process will be communicated to all Industry Services staff by the end of February 2012.
3.59	We recommend that a notification process be implemented when audit summaries or completed improvement requests are posted on the network drive. This will ensure all Industry Services Quality Management System users have an opportunity to review these documents.	The National Manager of Administration to put a notification process in place to let Industry Services staff know when audit summaries and action plans are completed and posted on the netsoft drive. This will be done by the end of March, 2012.

2.0 Audit report

Background

2.1   The Industry Services Quality Management System was designed to include a monitoring function to ensure consistency in applying procedures and to meet requirements for ISO certification. An annual Industry Services Quality Management System internal audit program is in place to evaluate implementation of each of the procedures on a rotational basis. Industry Services Quality Management System internal auditors are employees from various areas of the Canadian Grain Commission who have volunteered and have been trained to carry out audits. External audits, currently contracted to global certification body BSI, are regularly performed in order to maintain ISO certification. The cost of maintaining the Industry Services Quality Management System in the 2010-2011 fiscal year was approximately $150,000. This includes an estimate of the cost of employees performing audit work instead of their regular duties. In addition to this cost, there is one full-time administrative employee largely dedicated to maintaining the Industry Services Quality Management System.

2.2   An additional monitoring function, specifically for inspection activities, is carried out by the National Monitoring Unit. The National Monitoring Unit has 7 full-time employees and works on an annual budget of $630,000. Although the National Monitoring Unit does not specifically focus on Industry Services Quality Management System procedures, a large part of the activities being evaluated are documented in these procedures and related work instructions.

Audit objectives

The specific objectives of this audit were:

2.3   To assess the quality of controls over the internal audit process of the Industry Services Quality Management System.

2.4   To assess whether there would be qualitative and quantitative benefits in having the National Monitoring Unit perform internal Industry Services Quality Management System audits.

2.5   To assess the current Industry Services Quality Management System against the ISO 9001:2008 Standard to determine whether there are any areas where efficiency can be improved.

The criteria related to specific objectives and sub-objectives of the audit are contained in Appendix A – Audit Criteria.

Audit scope

The audit included:

2.6   Review of selected Industry Services Quality Management System procedures, work instructions, and other forms.

2.7   Review of Industry Services Quality Management System training materials for auditor certification.

2.8   Review of internal and external Industry Services Quality Management System and ISO audit reports.

2.9   Interviews with Industry Services Quality Management System and National Monitoring Unit employees and managers.

2.10   Interviews with Industry Services Quality Management System auditors and auditees.

Approach and methodology

2.11   The audit examination phase was executed in August 2011 and focused mainly on the Industry Services Quality Management System internal audit process and results of audits. The activities of the National Monitoring Unit were also considered during the audit. Procedures performed during the examination phase included:

- Review of recent internal audit summary reports and external assessment reports.

- Discussions with Industry Services national and regional management teams about Industry Services Quality Management System audits and the Industry Services Quality Management System in general.

- Interviews with randomly selected auditors and auditees about preparation, training, completion, and results of Industry Services Quality Management System audits.

- Discussions with National Monitoring Unit managers about their activities and how those activities relate to the Industry Services Quality Management System.

2.12   At the conclusion of the examination phase, recommendations for management were developed in areas where opportunities for control improvements were identified. Recommendations in this report have been categorized to reflect their potential impact on Industry Services. The criteria established for determining impact are outlined in Appendix B. Impact is indicated after each recommendation.

3.0 Findings and recommendations

Objective 1: To assess the quality of controls over the internal audit process of the Industry Services Quality Management System.

3.1   The Industry Services Quality Management System audits are conducted annually in each region: Western, Central, Eastern, and headquarters (which includes the National Monitoring Unit). The Industry Services Quality Management System audit process is documented in Industry Services Quality Management System procedure #24. These audits are required in order to comply with the ISO Standard.

<u>Administration</u>

Findings

3.2   Coordination of the Industry Services Quality Management System program takes place through the Industry Services national management team at headquarters in Winnipeg. An Industry Services Quality Management System working group and regional representatives support the coordination of the program. Nationally, the 16-member working group helps plan the annual Industry Services Quality Management System audit process. Regionally, the working group coordinates the Industry Services Quality Management System audits and other tasks. The overall administration is done in Winnipeg and includes responsibilities such as scheduling of external and internal audits, budgeting and monitoring, document control and maintenance of the Industry Services Quality Management System network drive, arranging for document translation, and coordinating the implementation and follow up of improvement requests.

3.3   Industry Services Quality Management System expenses initiated by Industry Services headquarters and, in some cases, regional locations use the project code 1050 - ISO Certification. This provides a convenient way to monitor costs associated with the project. However, the majority of Industry Services Quality Management System auditors' travel expenses, which were estimated to make up a quarter of total Industry Services Quality Management System expenses (in 2010-2011 fiscal), are not identified by the 1050 project code. Therefore, these expenses are not tracked or monitored by Industry Services, making the true organization-wide cost of the program is difficult to determine.

3.4   Furthermore, Industry Services Quality Management System auditors are not required to record the hours they spend on auditing activities. These hourly costs were estimated to add an additional 50% to the cost of the Industry Services Quality Management System program in 2010-2011. While staff and travel costs may well be worth the expense, without comprehensive tracking of these expenses, management may not have enough information to make optimal decisions about the Industry Services Quality Management System program.

3.5   The electronic Industry Services Quality Management System documents are managed using Microsoft Word and Excel. They are posted in read-only format on a shared network drive. An older database program is used to maintain a record of the status of improvement requests. Only minimal functionality of this existing database is currently being used and improvement request activity continues to be largely manual.

3.6   As the existing database program has become unsupported, new web-based software has been purchased at a cost of approximately $23,000. The new software will be used to manage both the Industry Services Quality Management System and training programs within Industry Services. It has the potential to be used for all documentation management (e.g. version control, archive, revision notifications) and, consequently, it can replace the Industry Services Quality Management System network drive once a sufficient number of user licenses have been purchased.

3.7   In Industry Services, an administrative assistant has been assigned as the system administrator, but this individual has limited training and experience with the program and has many other responsibilities. Once the software is fully implemented, there will be a significant number of Industry Services staff and management who will require training in order for the Canadian Grain Commission to take full advantage of the software's capabilities. Currently, it is not clear who will carry out the training and how it will be managed.

Recommendations

3.8   We recommend that:

- All Industry Services Quality Management System-related expenses, including auditor travel expenses, use project code 1050 - ISO Certification. Since some of the auditors are from divisions other than Industry Services, they will require specific instructions to accurately code their audit travel expenses. Industry Services management should then request financial reports by project code periodically (for example, quarterly). Management should review these reports to ensure the total organizational costs of the program continue to remain within a range acceptable to Canadian Grain Commission management when assessed in relation to the value achieved though the implementation of the program.

- Auditors keep track of their hours spent on the auditing process and submit these to Industry Services Quality Management System managers. This would allow the time spent (for example, employee costs) on the audit process to be assessed in relation to the value achieved by implementing the Industry Services Quality Management System program.

(Impact: medium)

3.9   We recommend that internal resources (within Industry Services or, possibly, Information Technology or Client Services) be made available to complete the implementation of the new software, to transition from the old database program and to develop a training and roll-out plan. Deadlines should be set to ensure these steps are completed in a timely manner.

(Impact: medium)

Industry Services Quality Management System auditor training

Findings

3.10 ISO 9001:2008 clause 8.2.2 requires that organizations conduct internal audits at planned intervals to ensure that the quality management system is being effectively maintained (for example, procedures are being updated; obsolete forms are not being used, etc.). As such, managers are required to ensure that employees participating in Industry Services Quality Management System audits understand their roles and responsibilities and receive appropriate training on how to conduct an audit.

3.11 Two types of training have been provided: 1) auditor training and 2) lead auditor training (see 3.14). The auditor training is a 2-day course focusing on auditing techniques. This course places less emphasis on understanding the purpose behind the ISO Standard. Some of the employees interviewed indicated that the training gave them the required skills for performing an audit. Others felt the training did not provide them with the required skills. However, a consistent message was noted: the training did not provide enough detail on understanding the ISO Standard itself.

3.12 ISO 19011: *Guidelines for quality and/or environmental management systems auditing* is an International Standard that provides guidance to organizations that need to perform internal or external audits of quality management systems. The lead auditor training materials incorporated several aspects of ISO 19011. However, when asked, neither the Industry Services Quality Management System auditors nor Industry Services managers were aware of the guideline. Although adherence to ISO 19011 is not required, it is a useful tool for the lead auditors. It should be provided to those who have received only the standard audit training. This would provide all Industry Services Quality Management System auditors with access to the same reference materials related to planning, conducting, and reporting on an audit.

3.13 Training records maintained by Industry Services indicated that 18 out of 72 Industry Services Quality Management System auditors have volunteered for, and received, lead auditor training. Lead auditor training was consistently described as an in-depth 2-week course that had been condensed into a 5-day training session. Participants were provided information on auditing tools and techniques. The course placed a strong focus on the ISO Standard itself. While some auditors felt the course did not improve their auditing skills, others indicated they found the training to be very in-depth, well-focused and practical.

3.14 Although the training log received from Industry Services indicates that refresher training exists, a refresher course has yet to be offered to Industry Services Quality Management System auditors. All those interviewed consistently said that they would welcome refresher courses, especially since some of the auditors only have the opportunity to audit once every 2 to 3 years.

3.15 Auditors also suggested that additional training is required to improve their interview skills. They also suggested they needed further education on how to review procedures, what questions to ask and what to look for before conducting the audit. This training would include how to use work instructions to help ensure the Industry Services Quality Management System procedures are operating effectively and as designed.

3.16   In reviewing the lead auditor training materials it was noted that the materials gave little detail about how to select samples when conducting audits. Industry Services Quality Management System auditors do not necessarily use a sampling methodology when conducting an audit. While samples will vary depending on the complexity, volume, risk and past errors associated with a procedure or work instruction, it is necessary that the auditors understand how to randomly select an objective sample as part of the audit process (for example, an auditor must select a sample, not an auditee). If auditors fail to select their own samples, it could lead to biases in the work being reviewed.

Recommendations

3.17   We recommend that Industry Services management obtain a licensed copy of the ISO 19011 Standard and distribute it to all Industry Services Quality Management System auditors.

(Impact: low)

3.18   We recommend that training requirements be monitored and training be provided to all Industry Services Quality Management System auditors at a minimum of every 2 years. This would ensure that auditors continue to maintain and develop their auditing skills.

(Impact: medium)

3.19   We recommend that the training include an education session on how to:

- Select a sample for review and how selection should be controlled by the Industry Services Quality Management System auditor and not the auditee.

- Select appropriate, objective samples based on the complexity, volume and risk related to the procedures and work instructions being audited.

- Review a procedure or work instructions to determine what questions should be asked and what the auditor should be observing.

- Use appropriate interview techniques in order to ask relevant questions in determining whether the procedure or work instruction is operating as intended.

(Impact: medium)

Selection of auditors

Findings

3.20　As noted above, a total of 72 employees have received some form of Industry Services Quality Management System audit training. However, some auditors have not received any training since 2004 and they are performing audits on an infrequent basis. Management indicated that it needs a large number of auditors because operational duties interfere with the audit schedule, making it difficult to commit employees to audits. As a result, time and resources are invested in retaining a large surplus of auditors; however, it would be more efficient to train only a small number of employees who would be responsible for performing the audits on a more frequent basis.

3.21　For a smaller number of auditors to be effective, both the Industry Services Quality Management System auditors and their supervisors would need to commit to making employees available as required in exchange for increased training and audit experience. Moving from a strictly volunteer system to one that includes assignments or nominations and includes audit responsibilities in the employees' job descriptions would increase the auditor pool's reliability.

3.22　No formal evaluation mechanism (or quality assurance process) is in place to determine whether all auditors are performing audits in accordance with management's expectations. Although an auditee survey has been used on an inconsistent basis, this continues to be a concern for the Industry Services Quality Management System working group. A plan to evaluate auditor performance has yet to be addressed.

Recommendations

3.23　We recommend that management reassess the current number of auditors required to conduct the audits to increase application of auditor skills, retain well-trained auditors and reduce the overall cost of training by considering:

- Whether the number of auditors could be limited to those individuals who are currently on the Industry Services Quality Management System working group (or fewer).

- Whether it is possible to reduce reliance on a volunteer system for selecting and assigning auditors by updating job descriptions for a selected number of employees to include audit roles and responsibilities.

(Impact: medium)

3.24　We recommend regular use of the auditee survey. The survey encourages the audit interviewee and regional management, where appropriate, to indicate whether audits are conducted in an effective and efficient manner and if an open level of communication is encouraged throughout the audit.

(Impact: low)

3.25   We also recommend that basic performance measures be developed to monitor the
       auditors' performance. These measures should address:

- The quality of the auditor's work (e.g. number of non-
  conformances and observations identified for which
  management has agreed to take action).

- The timeliness of audit completion (e.g. all assigned
  procedures completed in budgeted time frame, monitoring of
  time spent on the audit process and timely completion of
  reporting to management)

(Impact: low)

Industry Services Quality Management System audit planning

Findings

3.26   The planning process for the annual Industry Services Quality Management System
       audits involves several steps. The Industry Services Quality Management System
       working group and the National Manager of Administration make decisions about
       themes, areas of focus, procedures to audit and locations for the upcoming audits. In
       one of the final steps, the National Manager of Administration and the ISO
       Communications Assistant assign auditors to selected procedures and locations. They
       indicated they need to consider both the ability (skills and knowledge) and availability of
       auditors when they schedule audits.

3.27   The current practice is to have, whenever possible, auditors from outside the auditee
       region conducting Industry Services Quality Management System audits to increase
       independence of the auditors and to remove the pressure of potentially auditing co-
       workers. When Industry Services Quality Management System auditors travel from
       region to region, they can offer a fresh perspective when reviewing the way work should
       be done. Auditors auditing their own region may overlook potential improvements for
       performing processes and procedures. This was especially important in the early years
       of the Industry Services Quality Management System program; however, now that the
       regions are performing their roles and responsibilities more consistently, the increased
       travel costs are no longer warranted. Some individuals interviewed were concerned
       about maintaining independence when auditing their own region, but many also
       indicated that as long as the Industry Services Quality Management System auditor is
       not auditing his or her own work, independence can still be effectively achieved in this
       scenario.

3.28   Each audit team is made up of 2 or 3 employees, regardless of the complexity of the
       assigned procedures. For some audits, this can result in inefficiency from a cost and
       resource allocation perspective. For example, it was noted that the 2011 audit of
       Thunder Bay had 2 audit teams, each consisting of 3 auditors. Of the 6 auditors, 4
       travelled from other offices and 2 were from Thunder Bay. Each of the audit teams
       looked at 3 procedures. Both teams covered procedure No. 10 - Weigh-overs (inspection
       and weighing perspectives). It is feasible that all 5 procedures could have been assigned
       to only one team of auditors consisting of 2 employees: one from outside the region to
       achieve independence and one from Thunder Bay. Although such an arrangement may

require an additional day for one team to complete the audit, it would reduce both the travel and personnel costs of sending 4 auditors from other regions.

3.29   Depending on the procedure, some Industry Services Quality Management System audits could also be performed on an individual basis rather than in teams. Video conferencing could be used for certain procedures in order to improve the efficiency of audits.

3.30   As outlined in the ISO 9001:2008 Lead Auditor Training Manual, regardless of whether an audit is carried out by a team or an individual, a lead auditor should be in charge of an audit. However, when comparing the audit training log to the most recent audit teams, it was noted that in some of the 2-person audit teams neither of the individuals had received lead auditor training. In other instances we noted that both team members were trained as lead auditors.

3.31   Several of the Industry Services Quality Management System auditors interviewed commented that the time given for planning the Industry Services Quality Management System audits once on site is not sufficient. Audit teams have about an hour on the morning of the scheduled audit to prepare. This does not provide sufficient planning time, especially since audit teams are usually made up of individuals from different regional offices.

Recommendations

3.32   We recommend that:

- The standard audit team continues to be comprised of 2 Industry Services Quality Management System auditors to provide more than one perspective, with consideration given to when an audit may just as effectively be performed by one employee.

- A minimum of one team member be trained as a lead auditor.

- Only one of the team members be from outside the region to save on travel costs and maintain independence. When there is no local Industry Services Quality Management System auditor available for a specific regional office, an audit may be conducted on an individual basis by an experienced lead auditor to maintain the quality of the audit as well as reduce travel costs.

- Management perform an analysis to determine which Industry Services Quality Management System procedures could be effectively audited via video conference in order to reduce the overall cost of the audit process from both a cost and time perspective (e.g. management procedures).

- Industry Services increase the number of procedures assigned to each lead auditor or audit team where increased efficiencies can be gained from doing so.

(Impact: high)

3.33　We recommend that management consider increasing the time allocated to planning audits (e.g. half day or full day) as planning is an important aspect of ensuring an audit is effectively and efficiently executed.

(Impact: medium)

Audit programs

Findings

3.34　 Industry Services Quality Management System auditor interviews indicated that while a checklist of questions has been used in the past to guide auditors in conducting audits, there is no standard practice for using the checklist to conduct an audit. In fact, the checklist was neither updated nor distributed to auditors in 2011 due to lack of use by auditors. While auditors will differ in their approach and style, there should be consistency in the audit methodology being applied.

3.35　The checklists, which are actually detailed audit programs, were developed to ensure that procedures are being audited consistently from region to region or year to year; however, auditors showed significant resistance to following a set program. As a result, the audit covering procedure X in one year may be very detailed and in-depth, but in the following year, the audit of procedure X may be very superficial. Some level of consistency is required. This will ensure that the auditors are conducting audits appropriately and in accordance with management's expectations. It will also ensure that consistent and reliable results are achieved. The lead auditor training material provides well-rounded information on the need for, and development of, audit programs. Yet, it appears that the use of audit programs has yet to be implemented to achieve a truly effective Industry Services Quality Management System internal audit process.

Recommendations

3.36　We recommend that Industry Services management and the Industry Services Quality Management System working group implement audit programs for each procedure in order to achieve consistency in audit methodology and results. The audit programs should include:

- Identification of the potential risks related to the procedure.
- Audit criteria against which to assess the objectives of the audit and the risks identified (e.g. those processes and controls that are expected to be in place within the procedure to address those risks).
- Step-by-step procedures to test against the criteria as defined.

(Impact: high)

Reporting

Findings

3.37   At the conclusion of each audit, an Internal Audit Summary report is compiled for the region. This report contains the Procedure Summaries (M-6 forms) that the auditors prepare for each procedure audited. Audit findings are designated as either observations or non-conformances. An observation can be any general comment about the procedure or suggestions from auditors or auditees. A non-conformance is a deviation from an ISO Standard. At the end of the report, regional management is to complete a section for planned corrective actions.

3.38   Internal Audit reviewed all 8 of the Industry Services Quality Management System Internal Audit Summary reports for 2010 and 2011. There was a general lack of consistency in the way the form was being completed by both auditors and management. We noted the following:

- The observation section contained a range of comments from auditors including:
    - Detailed lists of required cosmetic changes to a procedure (i.e. spelling, add or delete words)
    - Questions for clarifications about procedures
    - Recommendations to change procedures
    - Suggestions for improvement that do not specifically impact conformance to the ISO Standards.
- There was often a lack of context around an observation or non-conformance. It was not clear why an observation or non-conformance was being reported, what effect it might have in Industry Services, and what evidence was available to support it.
- The non-conformance section contains 3 sub-sections outlining how to provide required details about a non-conformance. While the first part (description) was consistently completed, the second part (ISO clause) was often only partially completed, and the third part (findings) was completed only twice throughout all 4 2011 audit summary reports.
- In 3 of the 8 reports, management's planned corrective actions addressed all observations and non-conformances individually. In the other reports, management only responded to non-conformances. Thus, it was unclear whether any action would be taken on the observations noted. There were also instances where management's response did not clearly address the observations or non-conformances and the actual course of action could not be determined.

3.39   The summary reports are the basis for improvement requests. Improvement requests must be submitted to correct the non-conformances identified. The submitted improvement requests that result from an internal audit are not referenced by number on the final summary report posted to the Industry Services Quality Management System network drive. Therefore, a reader cannot use the report to learn which changes were implemented. Several auditors identified this as a concern, as they had no feedback on the results of their audit work.

Recommendations

3.40   We recommend that a clear reference document that outlines the difference between cosmetic changes, observations and non-conformances be created for auditors. This guide should include examples of well-written observations and non-conformances. It should also give instructions for dealing with spelling, grammar and formatting. Auditors should be instructed on how to provide sufficient evidence to support observations and non-conformances.

(Impact: medium)

3.41   We recommend that when management responds to internal audit summary reports, they are held accountable for addressing each observation and non-conformance with a specific action plan or an explanation for why the item will not be acted upon. The audit summary reports should not be published until appropriate responses have been received.

(Impact: high)

3.42   To assist with the above recommendations, we recommend that:

- The procedure summary or M-6 form be redesigned to give management an area for their response to each item in the report.

- The non-conformance section be re-visited to determine to determine why it is not being completed properly and, if necessary, redesign this section to encourage auditors to provide sufficient evidence to support their findings.

- The improvement request reference number(s), once assigned, are documented in the procedure summary. Industry Services Quality Management System users would then be able to refer to an improvement request form to understand management's rational, or planned course of action, in either rejecting or accepting the audit's findings.

(Impact: medium)

Objective 2: To assess whether there would be qualitative and quantitative benefits in having the National Monitoring Unit perform the internal Industry Services Quality Management System audits.

Findings

3.43   On a daily basis, the National Monitoring Unit monitors the quality of grading across the Canadian Grain Commission by reinspecting samples and comparing its results with original inspection results. The National Monitoring Unit also performs an audit function. Its employees visit regional offices and service centres to observe inspection processes. At the conclusion of each of these technical audits, a Technical Observation Summary report is prepared, containing recommendations for management. Management is expected to respond to these recommendations.

3.44   Although the Industry Services Quality Management System procedures are referred to in National Monitoring Unit technical audits, the National Monitoring Unit auditors focus on *how* the work is being done. They do not specifically look for conformance to Industry Services Quality Management System procedures (the main focus of the Industry Services Quality Management System audits). Instead, documents such as the Official Grain Grading Guide (OGGG) (considered a work instruction in Industry Services Quality Management System) form the main reference and criteria for performing the audits. While there is a general level of duplication of the Industry Services Quality Management System audits, the National Monitoring Unit audits are more in-depth and technical for specific inspection-related procedures.

3.45   Given the similarities and overlap of the National Monitoring Unit and Industry Services Quality Management System audits, overall efficiency of the Industry Services Quality Management System audit process could be improved by combining the 2 audits and having them performed by National Monitoring Unit employees. Benefits of this strategy would include:

- National Monitoring Unit employees are already travelling to regional and service centre offices on an annual basis. Overall travel costs would be reduced.

- Fewer employees to train, increasing the ability to provide more frequent and comprehensive training (see 3.20).

- Reduced audit strain, or repetition, for operational staff (auditees).

- Increased auditor independence as National Monitoring Unit employees do not have operational duties within any region.

- More consistent audit approach and the ability to identify best practices due to increased exposure to all regions.

- Provision of resources to follow-up on the status of past audit recommendations (see 3.62)

3.46   For this strategy to be implemented, management would need to address the following
        items:

- Because National Monitoring Unit employees are mainly trained as inspectors,
  these auditors would need to become familiar with weighing and management
  procedures in order to provide the same level of review as found in technical
  inspection audits.

- Although the overall workload in the Industry Services division would not change,
  the increased time spent on Industry Services Quality Management System
  activities may impact the National Monitoring Unit's ability to complete it's day-to-
  day monitoring work. Consequently, Industry Services would need to reassess (and
  possibly re-assign) resources and workload.

Recommendations

3.47   We recommend that Industry Services Quality Management integrate with the National
        Monitoring Unit audits as much as possible. In the short term this could involve
        coordinating audit schedules, while management should assess the overall long-term
        organizational value of combining the Industry Services Quality Management System
        and National Monitoring Unit audit functions as described above.

        (Impact: high)

Objective 3: To assess the current Industry Services Quality Management System against the ISO 9001:2008 Standard to determine whether there are any areas where efficiency can be improved.

Findings

3.48   Both external and internal Industry Services Quality Management System audit
        processes are designed to assess the Industry Services Quality Management System
        program against the ISO Standard on a continual basis. Internal Audit's intention was
        not to duplicate previous audit work or to interpret the Standards. However, we did
        review some aspects that were identified by Industry Services Management. In
        particular, the changes between the 2002 and 2008 versions of the Standard were
        reviewed to ensure there were no major areas of non-compliance resulting from the
        update.

3.49   While there were no discrepancies noted with respect to the 2008 changes to the
        Standard, there are several areas that relate to the overall Industry Services Quality
        Management System program (in addition to the internal audit-specific items outlined in
        Objective 1) that will be discussed in this section.

Procedures

Findings

3.50   The Industry Services Quality Management System procedures are broken down into small sections which do not necessarily reflect the interrelationships between them. For instance, procedures 1 to 4 all document inspection activities. There is a substantial amount of duplication within these 4 procedures (including reference to the same work instructions), with some variation depending on the specific type of inspection being described. Throughout the Industry Services Quality Management System, there are several instances where the procedures appear to be a stand-alone activity, when in reality several of the procedures may be performed concurrently to accomplish a particular task and often refer to the same work instructions.

3.51   The 2008 ISO Standard clarifies that each procedure does not have to be documented individually. By combining closely related procedures, administration can be streamlined (for example when applying updates, improvement requests, etc. to the procedures). In addition, combining procedures can reduce duplication in the audit process and can place more focus on work instructions rather than the more general procedures documents.

Recommendation

3.52   We recommend that procedures that refer to the same work instructions be combined where possible.

(Impact: medium)

Improvement requests

Findings

3.53   The improvement request process is used to communicate required changes to Industry Services Quality Management System documents. These changes can be designated as: corrective action, preventative action, issue document, or revise documents. Improvement requests can be initiated by anyone in Industry Services and are addressed by the procedure owners: the Director of Industry Services, or the Chiefs of Inspection and Weighing.

3.54   Improvement requests are often the result of an audit. However, they may be submitted or in progress at any time. There is no formal cut-off date for the submission of improvement requests before a scheduled internal audit. Although new improvement requests are not processed during the audit period, this can still result in unresolved issues with procedures that are being audited. Consequently, issues may be identified within audits of which management is already aware, resulting in inefficiencies in the process.

Recommendation

3.55 We recommend that all existing improvement requests be processed before the start of a scheduled internal audit period. New improvement requests should not be accepted for a specified period prior to the audits.

(Impact: low)

Communication

Findings

3.56 Two methods have been used to assign internal audits each year. Typically, the same procedures are audited across all regions, making it easier to compare results and ensure uniformity in different offices. This method could also be used as a way to evaluate auditors based on the quality of their findings. On the other hand, since similar recommendations may be made simultaneously throughout all regions, this can result in regional management teams responding independently without a formal procedure in place to coordinate with other regions first.

3.57 In 2011, different processes were audited in different regions, avoiding the potential duplication of work described above. However, since audits are focused on only one type of procedure, regional management may not take an interest in results from other regions and miss opportunities to recognize issues within their own regions. While procedure owners take a national view when approving or implementing improvement requests, this does not ensure that formal communication of audit results and improvement requests takes place. All information is posted on the shared Industry Services Quality Management System network drive, but users must actively choose to access this information as there is no notification process when items are posted or changes are made to documents.

Recommendations

3.58 We recommend that if management continues to alternate auditing procedures from region to region, action be taken to develop and implement a formal process. This will ensure findings and observations identified in one region are followed up on with other regions in order to verify that the same issues do no exist in other regions.

(Impact: high)

3.59 We recommend that a notification process be implemented when audit summaries or completed improvement requests are posted on the network drive. This will ensure all Industry Services Quality Management System users have an opportunity to review these documents.

(Impact: low)

Follow-up

Findings

3.60 The ISO Standard (clause 8.2.2), as well as good audit practice, require that Industry Services Quality Management System audit findings be followed up on to ensure management has implemented the action plan it identified in the audit summary report. Industry Services has been working to improve its follow-up process, which now includes 2 basic phases. Before closing an improvement request, the Industry Services Quality Management System Communication Assistant contacts the responsible manager or employees to determine if an action has been implemented. Procedure owners also follow-up after a pre-determined time frame to assess if an action is working and having the desired effect on operations.

3.61 In some cases, follow up is relatively simple. For instance, if the result of an improvement request was a change in the wording of a procedures document, the Communication Assistant can easily determine when a change has been completed and the document has been translated and posted to the Industry Services Quality Management System network drive. However, determining whether an action has had an effect and is being used in the operating environment may require more elaborate follow-up and testing (depending on the relative risk). The current follow-up process involves only a superficial assessment of the success of implementation of audit findings and improvement requests.

3.62 Although it would seem apparent that Industry Services Quality Management System auditors should be responsible for conducting follow-ups on their findings, Industry Services management does not feel this would be appropriate because most auditors do not have any ongoing involvement with, or vested interest in, the results of audits. However, if the selection of auditors changes through any of the recommendations contained in this report, the use of Industry Services Quality Management System auditors for follow-up would become a more viable option. For the current situation, regional Industry Services Quality Management System representatives, and possibly working group members, may be better positioned to conduct more detailed or evidence-based follow-ups on recommendations or improvement requests deemed to be higher risk by procedure owners.

Recommendations

3.63 We recommend that management identify employees who will be responsible for conducting timely follow-ups to significant audit findings and improvement requests.

(Impact: medium)

Maintaining ISO certification

Findings

3.64   At the time of implementation, the structured ISO certification program was an integral part of the Industry Services Quality Management System and has allowed Industry Services to reach a point of maturity in its Industry Services Quality Management System process. In fact, the overwhelming consensus from all Industry Services employees and managers interviewed was that the ISO program greatly contributed to improved procedures and controls throughout the regions. Many also acknowledged the value of ISO certification in international markets as a benefit of the program.

3.65   Now that the Industry Services Quality Management System has reached this point, however, some managers and employees question the value of having ISO certification, as opposed to continuing with a completely internal Industry Services Quality Management System. There is a cost associated with maintaining ISO certification and certification may not be required to create an effective Industry Services Quality Management System program going forward.

3.66   It is possible to calculate the value of monetary value of savings if the ISO certification program is discontinued. However, if an internationally-recognized quality certification is no longer demonstrated, non-measurable reputational risks could result.

Recommendation

3.67   We recommend that Industry Services management periodically assess the monetary, operational, and reputational value of maintaining ISO certification. If, at any time, management chooses to discontinue the certification program, an internal Industry Services Quality Management System should be maintained.

(Impact: high)

We express our appreciation to Industry Services employees and managers for their assistance during the course of this audit.

This audit has been reviewed with:
J. Stuart, Director, Industry Services

Audit & Evaluation Services Contact
Brian Brown, Chief Audit Executive

Appendix A – Audit Criteria

Audit Objective #1: To assess the quality of controls over the internal audit process of the Industry Services Quality Management System.	**Audit Criteria #1:** Audits are properly planned and executed, with a scope and audit criteria consistent with the objectives of the Industry Services Quality Management System audits.
	Audit Criteria #2: The Industry Services Quality Management System audits have an appropriate sampling methodology (e.g. selection of samples by auditor not auditee) and evidence to support findings is obtained via inspection, observation, corroboration, etc.
	Audit Criteria #3: Audit reports are complete, concise and provide meaningful findings and recommendations to the auditee.
	Audit Criteria #4: Follow-up on Industry Services Quality Management System audit findings with the auditee is completed in a timely and effective manner.
	Audit Criteria #5: Initial and ongoing training is provided to all Industry Services Quality Management System auditors in order to maintain ISO auditor certification.
	Audit Criteria #6: The Industry Services Quality Management System auditor training is effective in educating the Industry Services Quality Management System auditors on carrying out the necessary steps to conduct an audit.
	Audit Criteria #7: Auditors have a sound understanding of the difference between a non-conformance and observation and the reporting requirements for such findings (e.g. when to provide recommendation).
	Audit Criteria #8: Management is committed to ensuring that a sound Industry Services Quality Management System continues to remain in place.
Audit Objective #2: To assess whether there would be qualitative and quantitative benefits in having the National Monitoring Unit perform the internal Industry Services Quality Management System audits.	**Audit Criteria #9:** The work performed by the National Monitoring Unit overlaps with the Industry Services Quality Management System internal audit procedures.
	Audit Criteria #10: Sufficient resources exist which would allow for National Monitoring Unit to conduct the Industry Services Quality Management System audits. The cost of using National Monitoring Unit to perform the Industry Services Quality Management System audits would result in a cost savings to the organization.
	Audit Criteria #11: National Monitoring Unit employees have the knowledge and expertise to effectively carry out the Industry Services Quality Management System internal audits.
Audit Objective #3: To assess the current Industry Services Quality Management System against the ISO 9001:2008 Standard to determine whether there	**Audit Criteria #12:** The current Industry Services Quality Management System is consistent with the most recent ISO 9001 standard.
	Audit Criteria #13: The current number of documented Industry Services Quality Management System procedures is reasonable based on the standard and procedures are reflective of Industry Services day-to-day operations.

are any areas where efficiency can be improved.	**Audit Criteria #14:** The current Industry Services Quality Management System captures all processes and procedures necessary for employees to conduct their day-to-day responsibilities.

Appendix B – Impact of recommendations

The following categories have been applied to each recommendation within this report. Categories are defined as follows:

High

Recommendation:
- Will improve management controls or control environment for the overall program/process/ area/division/etc.
- May take considerable effort to implement within the operational environment or May involve a significant change
- May have a significant financial impact
- Likely results in assumption of a substantial risk if *not* implemented (ex. decreased efficiency, higher risk of errors, lost cost savings opportunities)

Medium

Recommendation:
- Will improve management controls in that area
- Will improve efficiency and/or effectiveness of operations in that area
- Is not likely to require a significant effort to implement
- May have some financial impact; could be a less significant item that could accumulate over time to create a larger impact

Low

Recommendation:
- Promotes a good management practice
- Likely improves day-to-day work experience
- Likely requires minimal effort to implement
- Will have limited financial or operational impact