

**internal audit**

**2003 gHSEr Audits – Summary of Findings**

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## Introduction

This report outlines key issues found across 35 gHSEr audits conducted in E&P, R&M, PC and one Function in 2003.<sup>1,2</sup> The purpose is to highlight common and systemic findings<sup>3</sup> from these audits, especially those where elements of the root cause may warrant focus at Segment and/or Group level so that the HSE management system can be improved. Therefore this report does not attempt to summarise the many good practices found during these audits.

## Summary Opinion

Overall, most entities had a significant number of processes in place to manage their HSE performance based on an understanding of their risks. Despite this wide process coverage, there were a number of common themes, largely related to behaviours, implementation, and follow through which have already impacted HSE delivery and will continue to impact future performance until improvement is well-established. The most significant of these are:

- Widespread tolerance of non-compliance with basic HSE rules
- Poor implementation of HSE Management Systems, reducing the effectiveness and efficiency of activities to manage HSE risks and deliver sustainable performance
- Lack of leadership competence and understanding to effectively manage all aspects of HSE
- Insufficient monitoring of key HSE processes to provide management visibility and confidence in their ability to deliver as required and any intervention needed

The non-compliance and monitoring issues outlined above destabilised a number of Golden Rules processes – most significantly around control of work, in particular, Permit to Work (PtW), Energy Isolation, and Management of Change. Lack of leadership competency and understanding were key factors underpinning many findings in Element 6 around Operations & Maintenance.

**The findings around Leadership, Operations and Maintenance, Management of Change, and Assurance have been common in gHSEr audits for some time now and points to systemic underlying issues.** Key issues in 2003 varied little between Segments with variations mainly due to different risk profiles (eg integrity management generated more issues in large manufacturing and production operations than in customer facing BUs). Whilst gHSEr audit reports contain actions agreed by the entity, independent follow-up to ensure that they have been closed in a timely manner is incomplete.

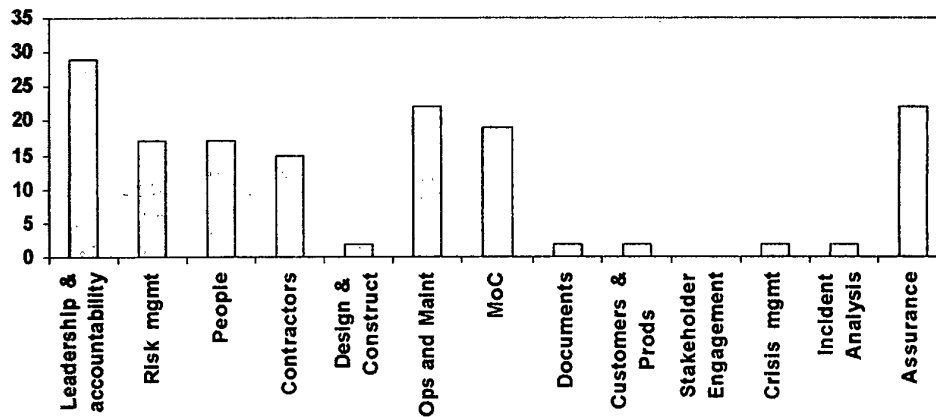
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<sup>1</sup> IA participated in, but did not lead these audits. To obtain this summary, these audit reports have been used without any validation of their conclusions

<sup>2</sup> E&P(13) – mix of BUs and PUs; R&M(13) – BUs; PC(8) – Manufacturing Sites; GP&R – no audits

<sup>3</sup> Findings listed here were not universal, but were common themes. Local recommendations were made and actions should be in place to address these at an entity level.

## Summary of Findings by Element<sup>4,5</sup>



### Actions which could address these gaps

- *Sustained and concerted effort is required to reduce behavioural non-compliance issues. Senior managers need to assess how their own actions (or lack of action) can create a culture that condones this and agree actions to change this. Activities to reduce non-compliance should cover*
  - *Clear articulation of the 'rules' are and how compliance will be monitored*
  - *Incentivisation of staff (and contractors)*
  - *Leadership – through engagement, personal behaviours and challenges*
  - *Clear policies on how non-compliances will be dealt with throughout the line, not just at operator level*

**Potential owner: Implementation through the line from SCEs**

- *As gHSEr is revised to align with BPMF principles (and potentially replaced) there is need for greater clarity on what constitutes an HSSE management system and a BUL/WGM's accountability for implementation.*

**Potential owner :HSE Function**

- *There is a need to look at how to improve competency in all areas of HSE management – either through improving executive knowledge and/or greater expertise in decentralised deployed HSE staff to enable them to coach effectively*

**Potential owner: HSE Function**

- *There is a need for greater clarity on HSE monitoring (as part of an HSE management system), specifically:-*
  - *An entity's responsibility to monitor and audit its own processes to ensure that they are robust and operating as intended (rather than rely on external audits)*
  - *More advice/coaching on how to develop a robust HSE monitoring system*
  - *Greater focus and Management visibility around auditing PtW and other work control system*

**Potential owners: Guidance by HSE Function, Implemented by Line**

<sup>4</sup> The number of reports where any finding in this Element was included in the Management Summary.

<sup>5</sup> Audits didn't cover every Element (typically covered 5 – 8 Elements). Therefore this data is impacted by how frequently an Element is audited.

## **gHSEr Audit Process**

Each Segment adopted a slightly different approach to these audits. All Segments covered the management system, but whereas E&P elected also to cover detailed process compliance on a risk basis, PC and R&M opted to assess whether entities did their own monitoring. Although these differences affected the level of detailed findings at sites they did not affect the quality of systemic findings. Irrespective of the approach used gHSEr audits (or any other management system audit) cannot be used as a substitute for an Entity's own monitoring processes because they lack the depth, coverage, and frequency needed to provide appropriate warning of problems. This needs to be clearly landed and understood in the future to align with BPMF principles.

## **Detailed Findings**

The following detailed findings and commentary by element are a distillation of the key findings from the 2003 GHSER audits across the Group.

### **1 – Leadership and Accountability**

- **Lack of clearly articulated HSE strategy/plan/Management System to set priorities**
  - This was the most fundamental and widespread issue in these reports. It resulted in lack of clear expectations and too many initiatives, creating inefficient use of resources and/or failure to manage performance and risks.
  - **Need for improved leadership competencies in managing HSE**
    - **Especially Leadership Team competencies in understanding how to develop and operate an HSE Management system**
    - **Where greater line accountability for HSE is needed (see below), further competency development will be required to achieve this**
- **Tolerance of non-compliance**
  - This was another repeated finding covering a broad range of activities, many of which were critical (eg PtW). It was often underpinned by failures in self-verification /monitoring processes, leadership behaviours (see below), and uncertainty over how to deal with people issues around non-compliance.
- **Lack of clarity on accountabilities**
  - This included the need for clear delegations and authorisations within the line, clarity of accountabilities between the embedded HSE function and the line, and accountabilities at interfaces with partners
- **Need for better communication to create clarity on HSE expectations, engage workforce and improve morale**
- **Leadership not reinforcing expectation through their own behaviours.**
  - This included their personal behaviours, visibility in operational environments, and willingness to challenge eg through ASAs

## **2 - Risk Management**

Although all entities had some form of risk assessment and management processes, these were often incomplete in the subjects they covered, the level of the organisation at which they were applied, or the way they were used to drive actions. Specifically

- Not always embedded throughout the whole organisation and all its processes
  - Eg no formal task risk assessment, not applied to contractor operations
- Not understanding and/or dealing with major hazards
- Not used to drive priorities and allocate resources
- No BU/PU level risk assessment to drive HSE action plans and resource allocation
- Processes not well understood
- Poor competency in risk and hazard assessment

## **3 – People, Training and Behaviours**

- Processes for ensuring staff have appropriate competencies (skills and training) are not robust
  - Some specific competency areas not identified (eg MoC, PtW, Risk Assessment)
  - Line management competencies on technical and non-technical management of HSE is not given sufficient focus
- Failure of people to follow procedures
  - Linked to Leadership's tolerance of non-compliance (above)
- Acquired expertise of long term staff with implicit knowledge creates a risk around maintaining skills level going forward
  - Some entities were heavily reliant on experience of long-term staff; as these staff move on, these entities will need robust processes for succession planning, skills development, and MoC in order to make this transition

## **4 - Management of Contractors**

- Contractor Management System not rigorously applied
  - Standards not applied to all contractors eg short-term, project, speciality, or sub-contractors
  - Tolerance of non-compliance
- Lack of robust processes to manage contractors' performance
  - Weak monitoring or verification around this
- Need better processes to engage contractors and their staff
  - Eg in risk assessment, golden rules implementation

## 6 - Operations and Maintenance<sup>6</sup>

- Failure to follow work control processes properly (PtW, MoC, JSAs)
  - Linked to tolerance of non-compliance
- PtW implementation not robust
  - People failing to follow procedures (see above)
  - Approvers not adding robust challenge
  - Staff competency – both those submitting and those approving
  - Weak processes to monitor implementation (eg self-audits) - in some areas poor documentation would make this difficult
- Backlog of maintenance actions (only noted in E&P)
  - Failure to control and prioritise maintenance backlogs and SCE overdues or provide overview at the appropriate level
- Limited inspection processes and failure to prioritise
- *Specific findings from E&P PSM assessment<sup>7</sup>*
  - There is a lack of ownership across the elements of the PS/IM standard
  - Major hazard awareness is limited
  - ER plans do not address major hazards as identified in MAHID/ MAHMS /QRA studies
  - 3 year plans are too reactive, budget based and not living documents [GG: This is one of the points Randy kept making regarding lack of relationship between strategy, planning, and budgeting]
  - PSIM Performance Management, eg KPIs, is not effective
  - Competency of Technical Authorities has not been formally assessed.
  - Condition of plant and structure in some locations is in poor condition
- *Specific findings from E&P Golden Rules assessment*
  - Key areas of concern are PtW and Energy Isolation
  - Energy Isolation issues often relate to people failing to follow PtW related processes (eg locking/immobilising) and failure of leadership to assure compliance with these
  - Although significant improvements have been made, some gaps remain in lifting operations, specifically on JSAs not being undertaken

## 7 – Management of Change

- Processes fragmented / not integrated leading to lack of consistent application and poor management visibility
- Poorly defined processes for some applications
  - Particularly lack of clarity on what constitutes a change (eg temporary modifications, organisational change, product quality change)
- Insufficient competency of staff
  - To know when to activate an MoC process
  - To provide appropriate risk assessment / technical challenge in the approval process
- Processes not applied rigorously enough
- Weak monitoring of the effectiveness of processes
  - In some cases poor documentation and document retention makes this difficult

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<sup>6</sup> In some cases processes under this gHSEr element were covered in a separate (PSM/PSIM) audits or were reported separately

<sup>7</sup> From analysis done by Gillian Johnson, UTG HSE

### **13 – Assessment, Assurance and Improvement**

- **Poor monitoring processes**
  - **Inadequate process to allow leadership to derive confidence that the processes on which they rely operate effectively – limited monitoring of basic processes (for compliance and robustness), poor MI**
  - **Processes not sufficiently integrated to ensure visibility and complete coverage**
- **Processes for closing actions generated from audits and other activities not robust**
  - **Poor prioritisation of actions**
  - **Accountabilities for actions not assigned**
  - **Monitoring of progress and good MI not available (linked to issues around use of Tr@ction)**
  - **Lack of Leadership focus on this issue**
  - **An output of this is the backlog of maintenance actions (above)**
- **Poor processes for lessons learnt**
  - **Information on incidents is circulated from Group HSE. Some entities do not have robust processes for assessing the implications of these and initiating actions to manage their risks of a similar occurrence**