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| Process Safety Management Program |
| **Title:** Compliance Guidelines for Compliance Audits  **Document #:** PSM-SY-UN-006 **Issued:** 06/25/2014 |
| **Responsible Dept.:** EHS **Version:** New  **Approved By:** PSM Focus Group **Page:** 1 of 2 |

**1.0 Purpose:** This document summarizes the method The Pennsylvania State University uses to comply with the requirements relating to the Compliance Audit Element of the Process Safety Management (PSM) Program.

**2.0 Scope:** The intent of this element is to verify that the procedures and practices within the PSM program are being followed, effective and that they remain relevant. The assessment is to cover all elements of the Penn State PSM program and will be conducted at least every three (3) years.

**3.0 Guideline:** For the Penn State PSM program to remain effective and relevant, periodically an assessment of program compliance is required. Continual improvement is necessary for any sustainable activity and the Compliance Audit Element is vital to evaluate how well the PSM program is meeting its objectives. The focus of conducting the PSM Compliance Audit is to:

1. Evaluate the level of worker safety and process equipment protection that is being maintained within the University compared to the modifications being introduced
2. Verify to senior leadership that the PSM program, practices and procedures are effective, being followed and relevant
3. Identify opportunities for improving or strengthening the management systems, internal control measures and procedures implemented to comply with the PSM program requirements

The audit should be conducted by an independent 3rd party with at least one person or combination of people that are knowledgeable in the various covered process areas (e.g. chemical hazards, process technology/hazards, etc.). A written report of the findings of the audit shall be developed and issued to the Process Safety Program Manager (PSPM) for appropriate distribution within the University.

A defined method will be developed to manage findings and/or recommendations generated from the audit which is essential for program continuous improvement (see Management System to Address Findings, PSM Element #04). This system will include a response to each finding, listing the corrective actions to address the deficiency. As appropriate, a root cause analysis should be conducted and documented relating to the finding to identify and address the fundamental failure within the PSM program.

The PSM Compliance Audit may be conducted more frequently if senior leadership deems appropriate if:

1. Numerous deficiencies are discovered during the previous audit
2. There is a high degree of risk associated with a specific covered process area
3. A high rate of process safety related incidents are recorded within a specific covered process area
4. Significant or numerous process changes have occurred since the last audit
5. Through on-going operations and observations, adherence to program elements appear inadequate

Through this process specific elements of PSM can be audited as long as all elements are audited at least every three years.

The PSPM will maintain the documentation associated with the compliance audit, including retaining at a minimum the two (2) most recent reports.

**4.0 Definitions:** The following definitions provide guidance regarding common issues surrounding the Compliance Audit Element.

*Audit –* systematic, independent and documented process for assessing and evaluating objectively performance to established criteria

*Continual Improvement* – recurring process of enhancing a program/area in order to achieve improvements in overall performance consistent with the organization’s objectives

*Procedure* – specified way to carry out an activity or a process

*Record* – stating results achieved or providing evidence of activities performed

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| Process Safety Management Program |
| **Title:** Compliance Audit Procedure  **Document #:** PSM-SOP-UN-006 **Issued:** 01/20/2016 |
| **Responsible Dept.:** EHS **Version:** 1  **Approved By:** PSM Focus Group **Page:** 1 of 5 |

**1.0 Purpose:** This document is intended to outline the requirements associated with the Compliance Audit procedure that The Pennsylvania State University (Penn State) will adhere to regarding Process Safety Management (PSM) program assessments.

**2.0 Scope:** The Compliance Audit shall include an assessment of all the program elements within the PSM program. The audit is intended to verify that the procedures and practices within the PSM program are being followed, effective and that they remain relevant. The assessment is to cover all elements of the Penn State PSM program and will be conducted at least every three (3) years.

**3.0 Responsibility:** The following list of employees has specific responsibilities assigned to them in accordance with the requirements of the Compliance Audit. Specific Budget Executives and Budget Administrators may assign these responsibilities to a Department or individual other than the one identified in this procedure as appropriate.

Budget Executives and Budget Administrators:

1. Primary responsibility to maintain a safe work environment within their jurisdiction, by monitoring and exercising control over their assigned areas.
2. Assign a representative from each academic and administrative unit to address any findings and/or recommendations generated during an audit.

Director Environmental Health & Safety:

1. Ensure compliance audits are conducted on the established 3 year cycle.

Building Operations Engineers:

1. Provide support during the on-site assessment as required by audit schedule and auditor.
2. Address any assigned findings and/or recommendations generated during the audit process.

Supervisor, Area Services:

1. Provide support during the on-site assessment, including making available appropriate resources and supporting documentation/records for review.
2. Address any assigned findings and/or recommendations generated during the audit process.

Operations/Facility Manager:

1. Provide support during the on-site assessment, including making available appropriate resources and supporting documentation/records.
2. Address any assigned findings and/or recommendations generated during the audit process.

Safety Officer:

1. Coordinate audit activities within the work unit during the on-site assessment.
2. Work within the work unit to address any findings and/or recommendations generated during the audit process.

Process Safety Program Manager – EHS Department:

1. Oversee all aspects of the University’s Compliance Audit program.
2. Periodically conduct internal program compliance assessments based on observations, incidents/near misses, risk level, or other extenuating circumstances.
3. Maintain appropriate records associated with Compliance Audit reports including appropriate root cause determinations.
4. Track and report metrics established for this element to affected groups and senior leadership as appropriate.

Process Safety Management Steering Committee

1. Conduct assessments utilizing the PSM Risk Ranking Matrix methodology to determine if newly identified processes should be included within the PSM program.

2. Monitor progress of PSM program against established metrics and assist in enhancing and/or developing new metrics

3. Serve as one of the key groups to periodically review the continuing suitability, adequacy and effectiveness of the PSM program.

Employees:

1. Participate in Compliance Audit
2. Report any deviations from established program requirements to supervisor or Process Safety Program Manager

**4.0 Definitions:**

*Audit –* systematic, independent and documented process for assessing and evaluating objectively performance to established criteria

*Continual Improvement* – recurring process of enhancing a program/area in order to achieve improvements in overall performance consistent with the organization’s objectives

*Corrective Action* - a deficiency identified in the management system that has led to a non-compliance or incident (non-compliance issues has occurred).

*Preventive Action* – an opportunity identified in the management systems that if not modified could lead to a non-compliance or incident (non-compliance issue may occur if not addressed).

*Procedure* – specified way to carry out an activity or a process

*Record* – stating results achieved or providing evidence of activities performed

*Root Cause Analysis* – a formal investigative process that evaluates the initiating event or failing from which all other causes or failings originate; typically a management system failure such as facility design, inadequate training, etc., that contributed to the unsafe acts or conditions that resulted in an incident.

**5.0 Procedure:** Adherence to established element requirements, policies and procedures associated with the PSM program are critical to maintain an appropriate level of process safety within the University. The Compliance Audit is intended to periodically assess the compliance to the program requirements and the effectiveness of the management system.

1. Penn State acknowledged the benefits of developing a PSM program and began development of the initiative in early 2014. Since this is a new initiative the first PSM compliance audit must be conducted within two (2) years of program start-up.

Since the PSM program represents 17 elements and implementation of specific elements may take several years, the first compliance audit of the program should be within 2 years of substantial implementation. The point of substantial implementation will be determined by the PSM Focus Group.

1. The compliance audit will review all 17 elements identified within the PSM program and is to be structured to identify non-compliance or deficiencies within the established management system. The compliance assessment should consider the following factors during the evaluation:
   1. Element policies, procedures and practices are effective, being followed and relevant
   2. Knowledge of individuals affected by element of requirements and their responsibilities
   3. Appropriate level of evidence, including records available for element requirements
   4. Opportunities to improve or strengthen element compliance
2. Compliance audits will be conducted by an independent 3rd party with at least one person or combination of people that are knowledgeable in the various covered process areas (e.g. chemical hazards, process technology/hazards, etc.). An independent 3rd party may be a representative from Penn State. If the audit is conducted internally, the auditor(s) must have appropriate auditing credentials, familiar with program requirements and not biased toward the outcome. If an outside organization is selected to conduct the audit, they must have appropriate PSM auditing experience, auditing credentials and familiar with the University’s 17 element requirements.
3. During the compliance audit, the appropriate level of support in personnel and providing records (either hard copy or electronic) in a timely manner to the audit(s) is the responsibility of the covered process business unit. In addition, according to the Trade Secret provisions provided in Element #17, all requested documentation, records or data requested during the audit shall be supplied in a timely manner.
4. At the conclusion of the compliance audit, a written report will be issued to the EHS Department. A Draft Report will be initially provided to assess any technical issues prior to release of the Final Report.

At a minimum the final report will be distributed to the appropriate covered process area business unit managers, PSM Steering Committee, Safety Officers, Area Supervisors the EHS Director and the OPP Director, Buildings and Grounds. Other internal individuals may receive a copy of the final report as appropriate based on the specific findings and/or recommendations.

1. The report will outline the specific element requirement and the deficiency identified during the assessment. Where possible, evidence of the deficiency should be included or at a minimum referenced in the report.
2. All findings (corrective action) and recommendations (preventive action) identified during a compliance audit will be managed in accordance with the Management System to Address Action Items Element (#04). At a minimum, each finding generated from the audit will have the following items:
   1. A formal response to the finding, listing the corrective actions to address the deficiency.
   2. Name of responsible individual(s) or departments required to address the finding, including the due date.
   3. If the finding is significant or in the determination of the covered process area supervisor or EHS Department represents a systemic issue (e.g. similar finding between different covered process areas, failure to address in any fashion an element requirement, etc.), a root cause determination of the management system failure will be conducted. The results of that evaluation will become part of the response associated with the audit report.
3. The Process Safety Program Manager (PSPM) will maintain the documentation associated with the compliance audit and University response, including all supporting records. At a minimum the PSPM will retain the two (2) most recent compliance audit reports.
4. The compliance audit shall be conducted at least every three (3) years from the initial audit. However, it may be conducted more frequently if senior leadership deems appropriate based on the following factors:
   1. Numerous deficiencies are discovered during the previous audit
   2. There is a high degree of risk associated with a specific covered process area
   3. A high rate of process safety related incidents are recorded within a specific covered process area
   4. Significant or numerous process changes have occurred since the last audit
   5. Through on-going operations and observations, adherence to program elements appear inadequate

Through this process specific elements or potions of the PSM program can be audited as long as all elements are audited at least every three years. An abridged compliance audit will follow the established written report and response requirements outlined within this procedure.

1. The PSPM will periodically evaluate performance within the requirements of this element, track and report established metrics and evaluate corrective action effectiveness as appropriate.

**6.0 Attachments**

* 1. Not Applicable