



Department of Energy, Mines,
Industry Regulation and Safety



GUIDE

Audits, review and continual improvement

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Reference

WorkSafe Western Australia, 2024, Audits, review and continual improvement: Guide.
Department of Energy, Mines, Industry Regulation and Safety, Western Australia, 17 pp.

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2024

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Foreword

Western Australia's work health and safety (WHS) legislation came into force in March, 2022. This resulted in the amendment of the various petroleum Acts and the repeal of the associated regulations so that all onshore and offshore petroleum, pipeline and geothermal energy operations are now subject to the requirements of the:

- *Work Health and Safety Act 2020* (the WHS Act)
- Work Health and Safety (Petroleum and Geothermal Energy Operations) Regulations 2022 (WHS PAGEO Regulations).

A key responsibility for the WorkSafe Group (WorkSafe) of the Department of Energy, Mines, Industry Regulation and Safety (the Department) continues to be the ongoing risk management and safety requirements for the onshore and offshore petroleum, pipeline and geothermal energy operations. To support these requirements, the guides previously developed have been updated to provide support and assist operators to meet their commitments under the WHS Act and WHS PAGEO Regulations.

Application

This Guide is a non-statutory document provided by WorkSafe to assist persons subject to duties under the WHS Act and requirements to conduct audits of the safety management system as prescribed by the WHS PAGEO Regulations.

It has been developed to provide advice and guidance to operators to meet the WHS Act and the WHS PAGEO Regulations requirements administered by WorkSafe.

Who should use this Guide?

You should use this Guide if you are:

- the operator of onshore or offshore petroleum, pipeline or geothermal energy operations under the WHS Act
- responsible for managing audits, reviews and continual improvement systems as required in the safety case.

WHS legislation

Under the WHS Act, the WorkSafe Commissioner is responsible for performing the functions and exercising the powers of the regulator. Each safety document must be submitted for acceptance by the regulator.

WorkSafe assists the regulator in the administration of the WHS Act and the WHS PAGEO Regulations, including the provision of inspectors and other staff to oversee compliance with the legislation.

For facilities outside Western Australian waters, the WHS Act does not apply and guidance should be sought from National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). If a vessel does not fall under the definition of "facility" in the Act, operators should contact the Australian Maritime Safety Authority and Department of Transport.

No petroleum or geothermal operations can be conducted on any onshore or offshore petroleum, pipeline or geothermal energy operations unless the facility has an operator registered in accordance with the requirements of WHS PAGEO Regulations.

The WHS PAGEO Regulations provided for transitional provisions in relation to facility operators and safety cases in place or submitted before the commencement of the WHS legislation.

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1 Introduction

WHS PAGEO Regulations r. 33

Implementation and improvement of safety management system

This Guide provides operators with assistance to meet their obligations for continual and systematic improvement of their safety management system (SMS). Audits and review are important for effective risk assessment and management and have a role to play in continual and systematic improvement.

For the purpose of this Guide, the term “safety case” is used to cover all of the safety documents referred to in the WHS PAGEO Regulations.

The term “facility” covers offshore and onshore facilities and pipelines, including above ground structures.

The objective of the Guide is to provide clarity on areas of the legislation which may be ambiguous or open to interpretation.

2 Audits

WHS PAGEO Regulations r. 32(4)(l)

Auditing the effectiveness of the safety management system

An audit is a systematic, independent and documented process for obtaining evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. It should not be confused with normal site inspections conducted during routine inspection and maintenance of a facility.

An effective audit process and procedure are key elements in monitoring and measuring the implementation of the safety case, and in particular the safety management system, and providing a means of continual improvement to that system and the operations being undertaken.

This is a key element of the safety case and operators must have an audit system in place that is clear, objective and evidence-based to show that they conform to the safety management system (SMS). It is one of the main focus areas for WorkSafe Petroleum Safety inspectors.

A written audit report for a safety case must be kept for a period of five years after the date of receipt by the operator.

2.1 Audit planning and scheduling

Operators need to identify suitably qualified members of the workforce who can undertake the roles and responsibilities for auditing. If workers are not competent in conducting audits, then training should be arranged. This may include workers undertaking an appropriate course in auditing with a recognised training organisation and then participating as part of an audit team to gain practical experience.

An audit plan needs to be developed, taking into account the various systems and activities on a facility, as well as the types of audit to be conducted, such as, internal, external or third party. The plan should also include how the quality of an internal audit system will be checked and, where necessary, improved.

Once the audit plan has been completed, a schedule should be developed to identify when systems and activities will be audited and by whom. The audit schedule should be risk-based, taking into account the level of risk for each system, performance standard or activity and ensure that those areas with a higher risk level are audited more frequently than those areas with a low risk level. For example, a performance standard for the management of loss of containment of hydrocarbons might be audited more frequently than the document control system.

Audit schedules should be regularly reviewed (at least quarterly) and updated with the current status. Where scheduled audits are rescheduled, the reason for the rescheduling should be included. This is an important step in risk-based audit scheduling as it can be very easy for a high risk area audit to be rescheduled several times and consequently not meet the criteria for the periodic audits of that area.

Regular review and updating of the audit schedule will also allow for scheduling of follow up or interim audits where issues have been raised during a scheduled audit that need to verify the corrective actions have been put in place as required, and that those actions will prevent a recurrence of the previously identified issue.

The audit plan should be updated at least annually to reflect any changes to the facility or operational requirements and include any new facilities or systems that will also need to be audited.

Figure 1 provides a flow chart of the planning, scheduling and conducting audits process.

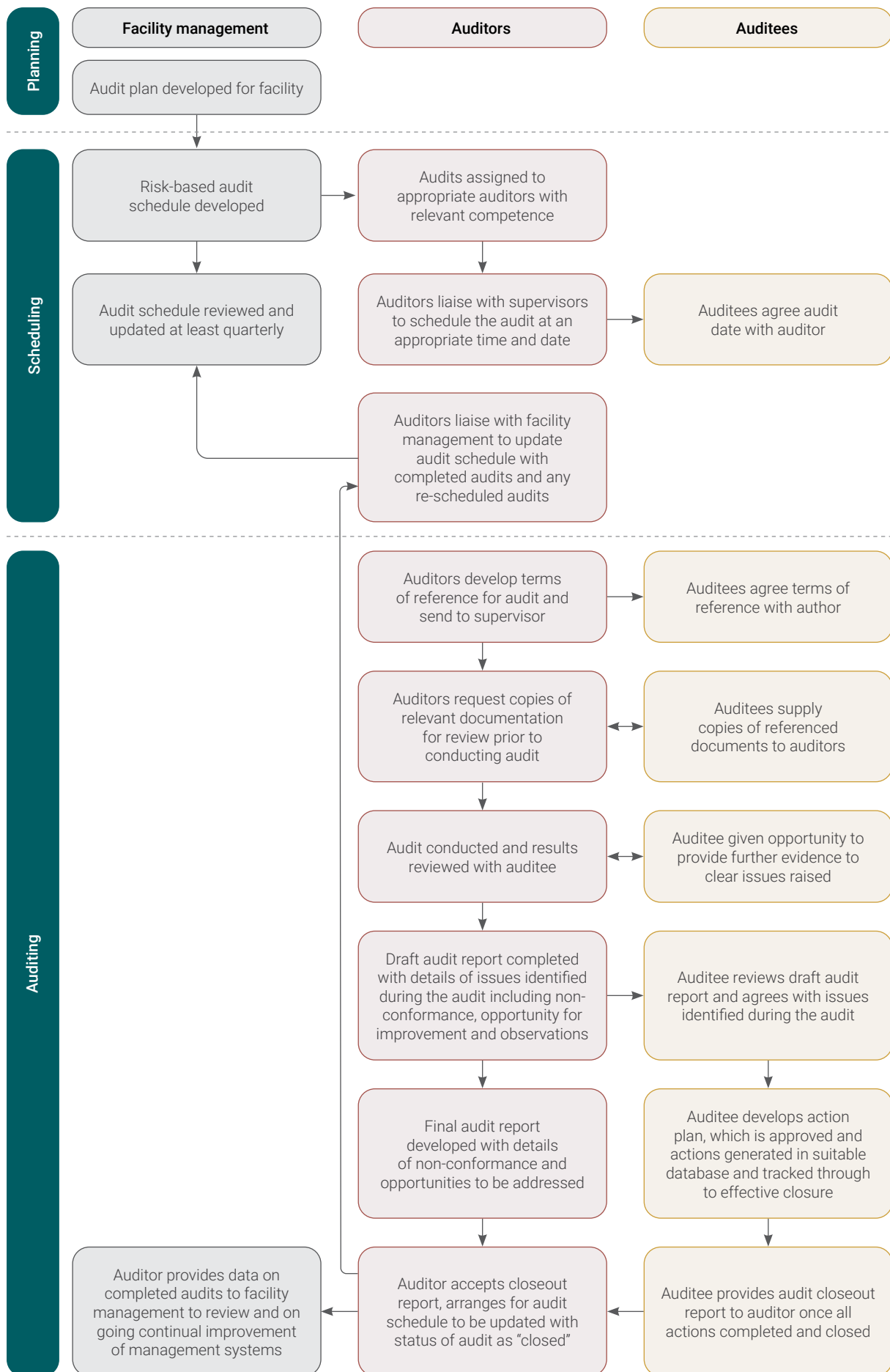


Figure 1 Planning, scheduling and conducting audits

2.2 Internal audits

Internal audits should be conducted by suitably qualified members of the workforce against specific systems or activities on a facility and should be process-based, not just procedural. These should also include audits against the various performance standards developed, identifying that safety critical elements for major accident events (MAEs) controls are effective and are reducing risks so far as is reasonably practicable (SFAIRP).

The operator should ensure that there are suitable audit protocols developed for each system, performance standard or activity that will be audited. This will provide the auditor with an understanding of the areas to be audited and allow for additional checks to be added as identified during the audit. It also means that where there are multiple sites to be audited, there will be consistency as the audit will be conducted against the same protocols across all areas assessed.

All completed audit protocol checklists must be legible and retained on file to support the audit findings and the audit report generated.

When conducting inspections, inspectors will include a review of internal audits conducted with the expectation that these are:

- factual and evidence-based and can withstand third party scrutiny
- aimed at verification and validation; that is, the audit not only checks compliance with the relevant safety case, it also checks that the safety case itself is correct
- not just procedural in scope, but also process and system based and at safety case level to verify compliance with the relevant regulations
- interpreted across the entire operation, rather than findings being reviewed just at the local level
- aimed at detecting system issues, not just low level compliance
- conducted taking into account the key focus points communicated by WorkSafe, for example:
 - leadership and accountability
 - compliance assurance with the accepted, in force safety documentation
 - asset management and change management, especially around ageing assets.

2.2.1 Conducting an internal audit

The lead auditor should liaise with the relevant supervisor to schedule the internal audit at a time that is suitable to all those involved and provide the terms of reference for the areas to be audited.

An opening meeting should be held with the auditor, supervisor and any other workers who will be involved in the audit to discuss the terms of reference and clarify any issues raised in relation to the proposed audit.

If possible, the auditor should arrange to preview key documentation prior to the commencement of the audit to become familiar with the subject matter under review.

At the end of the audit a closing meeting should be scheduled to review the findings of the audit and discuss them with the relevant supervisor prior to completion of the draft audit report. This closing meeting enables the supervisor to clarify any issues raised and also possibly provide additional information that will clear some of the findings of the audit.

A draft audit report and action plan should then be prepared within a reasonable time frame and submitted to the supervisor for review and comment before finalisation. Once finalised, the audit report should be signed off by the relevant supervisor and the auditor.

2.1.2 Action plan and closing out internal audits

An action plan should be generated as part of the final audit report and the identified actions entered into a database where they can be assigned to an appropriate worker with a close out date set for the work to be completed.

The relevant supervisor should monitor these actions to ensure that all are completed within the required time. A status report on the actions should be generated to show the progress of their completion. Once all actions have been completed and closed out, then an audit close out report can be generated by the supervisor to verify completion of the audit.

This audit close out report should be passed to the auditor who will be able to close out the audit if they are satisfied that all corrective or preventive actions will fix the issues identified during the audit.

2.3 WorkSafe inspections

Inspectors will conduct site inspections against various areas of the safety case or against specific performance standards.

The operator will receive notification from the inspector who will arrange a suitable time for the inspection to take place. The inspector will develop terms of reference detailing the areas to be covered by the inspection and, if necessary, request copies of relevant documentation to be reviewed prior to the commencement of the inspection.

On the day of the inspection an opening meeting will be held between the inspector and the relevant members of the operator's management and any workers involved in the inspection. This meeting will outline the processes and procedures to be covered by the inspection and the inspector can answer questions raised by the operator.

Following completion of the inspection, a closing meeting will be scheduled for the inspector to present initial findings to the operator and the perceived level of those findings; for example, a non-conformance will be raised against any significant issues identified during the inspection, whereas more minor issues will be identified as opportunities for improvement.

The final inspection report, including details of the findings, will be developed by the inspector. This will be sent to the operator who will be required to prepare a suitable action plan to address any non-conformances or opportunities for improvement which will need to be sent to the inspector within a specified timeframe for their acceptance.

2.3.1 Improvement notices

WHS Act s. 191

Issue of improvement notices

WHS Act s. 192

Contents of improvement notices

WHS Act s. 193

Compliance with improvement notices

WHS Act s. 194

Extension of time for compliance with improvement notices

WHS Act s. 209

Issue and giving of notice

WHS Act s. 204

Directions in notice

WHS Act s. 205

Recommendations in notice

WHS Act s. 210

Display of notice

WHS Act s. 223

Which decisions are reviewable

Inspectors may issue improvement notices if they reasonably believe that a person:

- is contravening a provision of the WHS Act
- has contravened a provision of the WHS Act in circumstances that make it likely that the contravention will continue or be repeated.

The improvement notice may include directions or recommendations.

The improvement notice will be in writing and issued to the person, or with a person who is or appears to be the person with management or control of the workplace.

Operators or their representatives must display a copy of the notice in a prominent area at or near each workplace where the identified activity is performed.

Improvement notices issued by an inspector must not be intentionally removed, destroyed, damaged or defaced until such time as the contravention has been rectified and the inspector is satisfied that the action taken will close out the notice.

The person to whom the improvement notice has been issued must as soon as is reasonably practicable after complying with the notice, notify the regulator of that compliance.

If the time specified for compliance has not expired, the person to whom the improvement notice was issued may request a review and the regulator may extend the time for compliance.

An eligible person may apply for a review of the decision to issue the improvement notice.

2.3.2 Prohibition notices

WHS Act s. 195

Power to issue prohibition notice

WHS Act s. 196

Contents of prohibition notice

WHS Act s. 197

Compliance with prohibition notice

WHS Act s. 205

Recommendations in notice

WHS Act s. 210

Display of notice

WHS Act s. 223

Which decisions are reviewable

Inspectors have the power to issue prohibition notices during inspections if they reasonably believe that an activity:

- is occurring, or may occur, that involves a serious risk to the health and safety of any person from exposure to a hazard; or
- may occur, that, if it occurs, will involve a serious risk to the health or safety of a person emanating from an immediate or imminent exposure to a hazard.

The prohibition notice may include directions or recommendations.

An inspector may give a verbal direction to prohibit the carrying on of the activity, or the carrying on of the activity in a specified way, to a person they reasonably believe has control over the activity. The verbal direction must be confirmed by a written prohibition notice issued to the person as soon as practicable.

The issue of a prohibition notice may result in the immediate cessation of a particular activity or the closure of the facility, or part of the facility, until such time as the notice is closed out by the inspector following satisfactory rectification of the risk.

The notice will specify the activity identified as a risk and direct the operator to ensure that the activity is not engaged in or that the activity is not undertaken in a specified manner. It may also specify action that the inspector considers to be adequate to remove the risk.

Operators or their representatives must display a copy of the notice in prominent areas at or near each workplace where the identified activity is performed. Prohibition notices issued by an inspector must not be tampered with or removed until such time as the risk to health and safety has been rectified and the inspector is satisfied that the action taken will close out the notice.

Operators must comply with the prohibition notice issued against any activity and this notice will only be removed once the inspector is satisfied that appropriate action has been taken to remove the risk to health and safety.

2.3.3 Action plan and closing out site inspections

Inspectors will require a detailed action plan covering any non-compliances that have been identified in their inspection report.

Operators should have a system in place where the relevant action requirements can be generated, and providing details of who the action has been assigned to and the required closure date for the action. Sufficient detail should be included to provide the regulator with a clear understanding of the work to be done to correct the issues raised, and reference any action number, work order or other identifying number covering each requirement. This inclusion will serve as an easy tracking mechanism providing an audit path for the individual actions raised.

Once the action plan has been completed, it must be sent to the inspector for acceptance and to verify that the proposed actions will address the issues raised.

The accepted actions are then tracked through to effective closure by the operator. The work completed and status of each action should be submitted to the inspector on a monthly basis until all actions have been completed and closed out.

At this stage, a close out report for the action plan is sent to the inspector showing details of all completed actions. The inspector will then acknowledge receipt of the close out report and confirm that the inspection report is closed out, provided all actions have addressed the issues raised and have been satisfactorily completed.

In some instances, where the findings have been significant, a follow up inspection may be scheduled to verify satisfactory close out and monitor that the actions taken are effective.

2.4 External audits

Examples of when external or third party audits may be required are when:

- there is a certified management system in place that needs to be audited by a certifying body
- the organisation has been contracted by a third party to operate the facility on their behalf and they are required to confirm that work is being completed, and procedures and processes adhered to as contracted
- the regulator may request that operators engage an independent third party to perform an audit of their facility.

Any external or third party audits that may be required on a facility should be managed in a similar way to the site inspections with the relevant supervisor, or other person responsible for the area to be audited, managing this requirement through to completion.

3 Reviews

Operators should have a process in place for management reviews to be conducted. These reviews should be scheduled at regular intervals to enable senior management to receive information regarding various key aspects of the facility, which are critical to the safe levels of operation, reducing risks SFAIRP and meeting the objectives set by management.

The reviews should be conducted in a meeting environment with a prepared agenda and minutes documenting the areas covered, any actions generated and any new objectives set by management for continual improvement of the management systems.

The agenda for the meeting should include:

- review of the previous minutes and any actions generated to verify that these have been completed and closed out
- review of key performance leading and lagging indicators and whether or not these have met the objectives and targets previously set
- review of any significant incidents, accidents or dangerous occurrences that have occurred during the period under review and whether they have been effectively closed out
- any lessons learnt or safety alerts which could be relevant to the operations of the facility and had been issued during the period under review
- any external issues that may impact the operations of the facility; for example, changes to legislative requirements, or standards with which the organisation is required to comply
- any internal issues that may impact operations of the facility; for example, roll out of new systems or processes
- identification of any new objectives for improvement of the management systems.

A copy of the minutes from the meeting should be retained through records management and any actions raised against any of these items should be generated within a suitable database and monitored through to effective closure. These completed actions should then be listed for verification of effectiveness at the next review meeting.

4 Continual improvement

WHS PAGEO Regulations r. 33

Implementation and improvement of safety management system

An operation must be able to provide evidence that there is an effective means of ensuring continual improvement of the safety management system.

Operators should therefore have suitable procedures and processes in place to be able to track and document all areas and actions that will result in an improvement to their safety management system. This should encompass the results from audits and reviews as well as corrective or preventative actions arising from root cause analysis of incident investigations and other relevant areas within the safety management system.

Details of the data that has been supplied to show continual improvements from the sources identified should be included in the safety management system reviews.

External contributions to continual improvement may also be derived from:

- findings and actions arising from the site inspections
- review of internal and external audit findings by inspectors
- key focus points identified by the regulator and communicated to operators for their attention
- regular meetings with inspectors where any of the above may be discussed and further improvements suggested.

Figure 2 shows examples of the processes that can feed into continual improvement of the safety management systems. For further information on the role of WorkSafe in conducting inspections, see [Section 2.4](#).

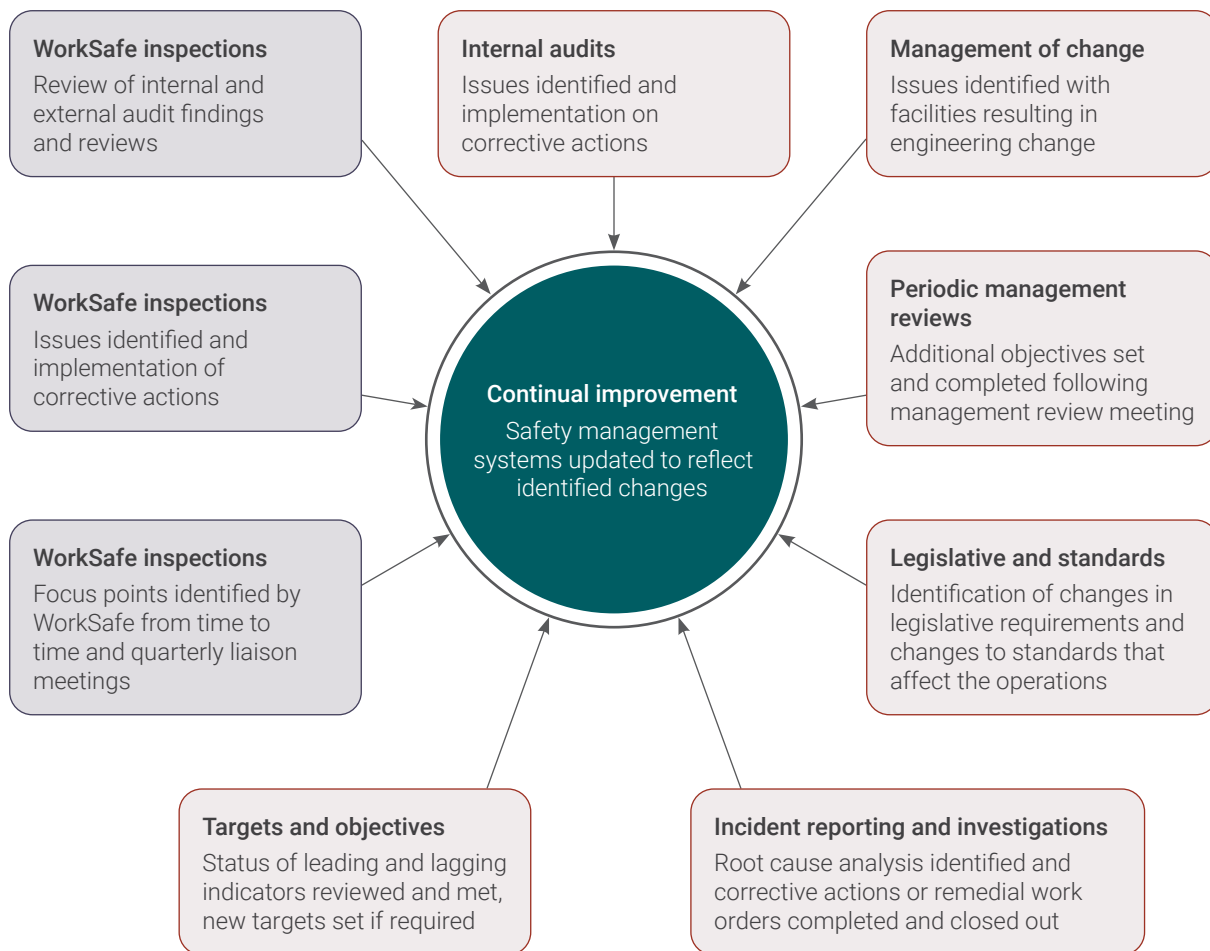


Figure 2 Examples of continual improvement processes

Appendix 1 Glossary

The following terms are defined for the purposes of this Guide.

Key terms	Meaning
Competent person	A person who has acquired through training, qualification or experience the knowledge and skills to carry out the task. The definition of 'competent person' in the Work Health and Safety (General) Regulations prescribes specific requirements for some types of work such as diving.
Facility	<p>Geothermal energy facility – a place at which geothermal energy operations are carried out and includes any fixture, fitting, plant or structure at the place</p> <p>Petroleum facility – a place at which petroleum operations are carried out and includes any fixture, fitting, plant or structure at the place</p> <p>Mobile facility – includes an onshore drilling rig</p> <p>The term facility has been adopted throughout this document to cover offshore and onshore facilities and pipelines including aboveground structures associated with onshore pipelines.</p>
Geothermal energy operation	<p>An operation to:</p> <ul style="list-style-type: none"> • explore for geothermal energy resources • drill for geothermal energy resources • recover geothermal energy, or • any other kind of operation that is prescribed by the regulations to be a geothermal energy operation for the purpose of this definition.
Inspector	WorkSafe Petroleum Safety inspector
Major accident event (MAE)	An event connected with a facility, including a natural event, having the potential to cause multiple fatalities of persons at or near the facility.
Operator	A person who has, or will have, the day-to-day management and control of operations at a facility and is registered as the operator of the facility under r. 22(3).
Performance standard	A standard established by the operator defining the performance required for a safety critical element typically defining the functionality, availability, reliability, survivability and interdependency of the safety critical element.
Person conducting a business or undertaking (PCBU)	A PCBU is an umbrella concept capturing all types of working arrangements or relationships. A PCBU includes a company, unincorporated body or association and sole trader or self-employed person. Individuals who are in a partnership that is conducting a business will individually and collectively be a PCBU. A reference to a PCBU includes reference to the operator of a facility.

Key terms	Meaning
Petroleum operation	Means an activity that is carried out in an area in respect of which a petroleum title is in force, or that is carried out in an adjacent area, for the purpose of any of the following: <ul style="list-style-type: none"> • exploring for petroleum • drilling or servicing a well for petroleum • extracting or recovering petroleum • injecting petroleum into a natural underground reservoir • processing petroleum • handling or storing petroleum • the piped conveyance or offloading of petroleum
Regulator	The WorkSafe Commissioner is the regulator under the <i>Work Health and Safety Act 2020</i> .
Safety case	Documented provisions related to the health and safety of people at or in the vicinity of a facility, including identification of hazards and assessment of risks; control measures to eliminate or manage hazards and risks; monitoring, audit review and continual improvement.
Safety critical element	Any item of equipment, system, process, procedure or other control measure the failure of which can contribute to a major accident event
SFAIRP	So far as is reasonably practicable
SMS	Safety management system
WHS Act	<i>Work Health and Safety Act 2020</i>
WHS PAGEO Regulations	Work Health and Safety (Petroleum and Geothermal Energy Operations) Regulations 2022
Worker	Any person who carries out work for a person conducting a business or undertaking, including work as an employee, contractor or subcontractor (or their employee), self-employed person, outworker, apprentice or trainee, work experience student, employee of a labour hire company placed with a 'host employer' or a volunteer.

Appendix 2 Further information

Petroleum safety guidance

Interpretive guidelines

- *Development and submission of a diving safety management system*
- *Development and submission of a safety case*
- *Development and submission of an onshore facility safety case – drilling operations*

Guides

- *Audits, review and continual improvement*
- *Bridging documents and simultaneous operations (SIMOPS)*
- *Dangerous goods and hazardous chemicals in petroleum, pipeline and geothermal energy operations*
- *Decommissioning and management of ageing assets*
- *Demonstration of risk reduction so far as is reasonably practicable (SFAIRP)*
- *Diving start-up notices*
- *Emergency response planning*
- *Facility design case*
- *Hazard identification*
- *Health and safety leading and lagging performance indicators*
- *Human factors fundamentals for petroleum and major hazard facility operators*
- *Human factors self-assessment guide and tool for safety management systems at petroleum and major hazard facility operations*
- *Identification of major accident events, control measures and performance standards*
- *Inspections – Land-based drilling rigs*
- *Involvement of workers*
- *Management of change*
- *Nomination of an operator*
- *Records management including document control*
- *Risk assessment and management including operational risk assessment*
- *Validation requirements*

Australian and international standards

- AS/NZS 2885.3 *Pipelines – Gas and liquid petroleum – Part 3: Operation and maintenance*
- AS/NZS ISO 9001 *Quality management systems: Requirements*
- AS/NZS ISO 19011 *Guidelines for auditing management systems*
- AS/NZS ISO 45001 *Occupational health and safety management systems: Requirements with guidance for use*
- AS IEC 61511 *Functional safety: Safety instrumented systems for the process industry sector*
- AS/NZS ISO 31000 *Risk management: Guidelines*
- ISO 17776 *Petroleum and natural gas industries: Offshore production installations – Major accident hazard management during the design of new installations*

Codes of practice

- [*Mentally healthy workplaces for fly-in fly-out workers in the construction and resources sector*](#)
- [*Psychosocial hazards in the workplace*](#)
- [*Workplace behaviour*](#)

See the WorkSafe website for [approved codes of practice](#) on a range of related topics such as *Managing the risks of hazardous chemicals in the workplace*, *Confined spaces*, *Managing the risk of falls at workplaces*, *Managing risks of plant in the workplace* and *Managing the work environment and facilities*.

Other resources

WorkSafe WA

- [*How to determine what is reasonably practicable to meet a health and safety duty: Interpretive guideline*](#)
- [*Incident notification: Interpretive guideline*](#)
- [*The health and safety duty of an officer: Interpretive guideline*](#)
- [*The meaning of 'person conducting a business or undertaking' \(PCBU\): Interpretive guideline*](#)

Other

- [*NOPSEMA, Validation guideline*](#)



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