

A S I S I N T E R N A T I O N A L

Auditing Management Systems:

Risk, Resilience, Security, and Continuity—Guidance
for Application

ANSI/ASIS SPC.2-2014



STANDARD

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ANSI/ASIS SPC.2-2014

an American National Standard

AUDITING MANAGEMENT SYSTEMS: RISK, RESILIENCE, SECURITY, AND CONTINUITY—GUIDANCE FOR APPLICATION

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ASIS International

Abstract

This *Standard* provides guidance for conducting resilience, security, crisis, continuity and other risk based audits within the context of management systems and includes practical advice on conducting audits. It provides guidance on the management of audit programs, conduct of internal or external audits of risk and resilience based management systems such as security, crisis, continuity, and emergency management, including the competence and evaluation of auditors.



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ANSI guidelines specify two categories of requirements: mandatory and recommendation. The mandatory requirements are designated by the word *shall* and recommendations by the word *should*. Where both a mandatory requirement and a recommendation are specified for the same criterion, the recommendation represents a goal currently identifiable as having distinct compatibility or performance advantages.

This conformity assessment standard provides generic auditable criteria and informative guidance.

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0 INTRODUCTION

0.1 General

This *Standard* provides guidance for management system audits for risk based disciplines of risk, resilience, security, crisis, continuity, and recovery management. The *Standard* uses an approach for auditing and conformity assessment consistent with the current versions of ISO 19011 *Guidelines for auditing management systems*, and ISO/IEC 17021 *Conformity assessment — Requirements for bodies providing audit and certification of management systems*.

The guidance in this *Standard* provides additional information for using the ISO 19011 and ISO/IEC 17021 standards for applications in evaluating risk and resilience based management systems addressing operational risks (including reputation). It describes establishing and managing an audit program as well as conducting individual audits. The competence of auditors is the foundation for conducting effective and credible audits; therefore, this *Standard* provides competence criteria for auditors conducting conformity assessment of a management system to a risk and resilience based management systems standard.

Auditors understand much of their activities involve interactions between people, therefore there is a need to build rapport, trust, and confidence while avoiding the creation of an adversarial atmosphere. An audit is a positive experience if the people being audited feel the audit adds value and may lead to opportunities for improvement. Good auditing techniques lead to a positive audit experience.

This *Standard* provides generic concepts of auditing a risk and resilience based management system. Organizations should adapt this guidance to fit the specific needs, size, nature and level of maturity of their risk and resilience based management system. This *Standard* can be used by anybody involved in the conformity assessment of a risk and resilience based management system.

0.2 Risk and Resilience Based Management System Audits

A management system audit determines if the organization is conforming to the relevant requirements, including standards, regulations, contracts, policies, procedures, controls, and specifications. A management system audit is a documented process to impartially collect, examine, and evaluate pertinent evidence. The process determines if all the elements of a management system standard have been developed, documented, implemented, and tested in accordance with defined requirements and are effectively meeting their prescribed objectives. An audit should provide the management of an organization unbiased empirically-based information necessary to:

- a) Determine effectiveness of the management system, its elements, and how the management system supports the objectives of the organization;
- b) Identify inefficiencies, deficiencies, and weaknesses in the management system;

- c) Provide awareness of actual and potential risks;
- d) Assess training effectiveness;
- e) Promote risk and resilience awareness;
- f) Evaluate and communicate practices relative to accepted industry practices; and
- g) Identify opportunities for improvement.

The audit should assess conformance to the management system by determining if and how it is adhering to the requirements as articulated in the organization's policies, procedures, task specifications, and/or work instructions. A management system audit is not simply a checklist of evidence of the existence of elements of the management system. The audit confirms that the organization is indeed doing what it says by evaluating the effectiveness, efficiency, performance, and intended outcomes of its implementation of the management system. An auditor should have the necessary and relevant professional knowledge, skills, and qualifications relative to the specific standard being audited as well as types of risks and organization being audited. Therefore, to conduct an audit the auditor should understand:

- a) The requirements of the relevant standard(s);
- b) Principles of a risk and resilience based management systems approach and auditing;
- c) Legal and other requirements applicable to the organization and its operations;
- d) Risk from a business, operational, and organizational perspective;
- e) Industry and business specific information pertinent to the organization; and
- f) Concepts of risk and resilience based management.

In determining the conformance to the management system standard, the auditor will verify if the requirements of the standard are being properly implemented by the management system. An effective audit is non-adversarial and conducted from the perspective of assessing what the organization is doing effectively and identifying opportunities for improvement. The audit should add value to the organization by identifying areas where management system elements are not being effectively implemented and providing an understanding of the reasons why. The auditor collects objective evidence to establish whether conformance is achieved. The audit evaluates if the process and the individual activities are effective, and provides a basis to identify opportunities to improve the effectiveness and efficiency.

0.3 Audits versus Inspections

As defined in the ISO 17000:2006 *Conformity assessment – Vocabulary and general principles* an audit is:

A systematic, independent, documented process for obtaining records, statements of fact or other relevant information and assessing them objectively to determine the extent to which specified requirements are fulfilled. NOTE: Whilst "audit" applies to management systems, "assessment" applies to conformity assessment bodies as well as more generally.

An inspection is defined as:

An examination of a product design, product, process or installation and determination of its conformity with specific requirements or, on the basis of professional judgement, with general requirements. NOTE: Inspection of a process may include inspection of persons, facilities, technology and methodology.

Table 1: Differences between audits and inspections.

Audits	Inspections
Systematic, independent, documented process for obtaining records, statements of fact or other relevant information and assessing them objectively to determine the extent to which specified requirements are fulfilled. (Source: ISO 17000:2004)	Examination of a product design, product, process or installation and determination of its conformity with specific requirements or, on the basis of professional judgement, with general requirements. (Source: ISO 17000:2004)
- Evaluates fulfillment of requirements and effectiveness of a management system. - Determine whether systems are in place and working effectively. - Compare physical and operational conditions with systems and standards. - Follow a pattern and interrelationships between elements of the standards.	- Determination conformity of a product, process or service with specific requirements. - Examine extent of physical or operational conformance to set standards. - Generally do not consider systems issues or only in limited scope.
Evaluate the effectiveness of risk treatments based on risk assessment and objectives of the organization.	Can identify risks.
- Document areas of non-conformance and identify opportunities for improvement. - Involve management team, decision-making, and human-technology interface.	- Record as-inspected condition. - Report non-conformances for corrective action.
Time cycles linked to business management cycles.	Time cycle not linked to the management and fiscal cycle of the organization but rather product, process or service requirements.
Generally takes days to conduct.	Generally take hours to conduct.

0.4 Types of Management System Audits

Depending on the relationships between participants, an audit usually takes one of two forms:

- Internal or first-party audit; and
- External - or second or third-party audit.

0.4.1 First-party Audits

Auditors working on behalf of the organization, either its own auditors or subcontracted auditors, conduct first-party audits. A company auditing a sister company is also considered a first-party audit if they belong to the same parent company. The organization is evaluating its conformance and the effectiveness of the management system standard to an adopted external standard and/or

requirements mandated by the organization. When conducting internal audits, care should be taken to ensure the independence of the auditors and avoid conflicts of interest. This can be accomplished through a separate internal group tasked with auditing or by outsourcing the audit activities to an external auditing organization. In either case, auditors should be well trained and able to maintain objectivity and impartiality. Internal auditors should not audit their own work. By assigning individual owners for sections of the management system, a conflict of interest can be avoided by having auditors review sections they do not own. Some internal auditors can emphasize identifying root causes of strengths and weakness of the management system to identify accepted industry practices and opportunities for improvement.

0.4.2 Second-party Audits

Second-party audits are conducted by an external party within a contractual relationship. Second-party audits are typically customer or supplier audits and are often necessary to assess risks in a supply chain process. Second-party audits are usually more formal than first-party audits given that they are conducted within an existing or potential contractual relationship. It is important to understand the relationship between the parties of the audit to ensure that it is being conducted in an unbiased fashion, as well as to identify areas of potential bias. Second-party audits may focus on specific elements of the management system standard most relevant to the terms of the contract.

0.4.3 Third-party Audits

Third-party audits are conducted by an independent external organization which does not have a business interest in the organization being audited. Third-party audits are free of conflicts of interest associated with customer and supplier relationships and audits conducted by auditors working on behalf of the organization. Third-party audits provide the basis for conformity assessments for certification to a standard by a certification body or registrar. Government agencies working with regulated industries also use them for regulatory compliance assessments. Third-party audits may also be performed on one organization on behalf of another organization. In such cases, the relationship between the organizations should be clearly defined. Third-party audits are particularly useful if an organization is subject to multiple second-party audits, or if action is lacking from first-party audits to correct non-conformances and opportunities for improvement.

0.5 Conformity Assessment and Certification

As defined in the in the ISO 17000:2006 *Conformity assessment – Vocabulary and general principles* a conformity assessment is:

Demonstration that specified requirements relating to a product, process, system, person or body are fulfilled.

There are three types of conformity assessment:

- a) First party - carried out by the organization itself, or by someone working on behalf of the organization. It is a self-assessment and self-declaration;

- b) Second party - performed by person or organization that has a user interest in the organization being audited; and
- c) Third party - performed by a body that is independent of the organization that provides the product/services and is not a user of the product/services. An independent certification body certifies that another organization complies with the standard and issues it with a certificate to this effect.

Certification of a management system (“certification”) is a third-party conformity assessment activity. Bodies performing this activity are therefore third-party conformity assessment bodies (“certification body”).

NOTE 1: Certification of a management system is sometimes also called “registration”, and certification bodies are sometimes called “registrars.”

NOTE 2: A certification body can be non-governmental or governmental (with or without regulatory authority).

Conformity assessment and certification to a relevant management system standard is a means of providing assurance that an organization of any type has implemented a system for the management of risk and resilience in line with the standard, as well as the organization’s policy and procedures. The conformity assessment references of this *Standard* are sector specific guidance based on the ISO/IEC 17021:2011 and provides additional recommendations for conformity assessment in those areas which are deemed necessary and relate specifically to risk and resilience management.

The conformity assessment references of this *Standard* have been specifically developed to assist in the certification of risk and resilience based management systems that fulfil the requirements of ANSI/ASIS SPC.1-2009 *Organizational Resilience: Security, Preparedness, and Continuity Management Systems – Requirements with Guidance for Use*. The contents of this *Standard* may also be used to support certification of resilience, security, crisis, and business continuity management systems that are based on other or additional sets of specified requirements.

The conformity assessment references of this *Standard* are intended for use by bodies that carry out audit, conformity assessment, and certification of risk and resilience based management systems. It gives generic recommendations for such certification bodies performing audit, conformity assessment, and certification of organizations’ management systems. Such bodies are referred to as “certification bodies” or “registrars.”

Certification activities involve the audit of an organization's management system. The form of attestation of conformity of an organization's management system to the management system standard or other specified requirements is normally a certification document or a certificate.

The organization being certified develops its own management systems tailored to its needs and resources and, other than where relevant legal requirements specify to the contrary, it is for the organization to decide how the various components of the management system will be arranged. The degree of integration between various management system components will vary from organization to organization. It is therefore appropriate for certification bodies that operate in accordance with the assessment references of this *Standard* to take into account the culture and

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practices of their clients with respect to the integration of their management systems within the wider organization.



Auditing Management Systems: Risk, Resilience, Security, and Continuity—Guidance for Application

1 SCOPE

This *Standard*:

- a) Is a sector specific standard based on the ISO 19011: 2011 and ISO/IEC 17021:2011;
- b) Provides guidance for conducting conformity assessment of the ANSI/ASIS SPC.1-2009 *Organizational Resilience: Security, Preparedness, and Continuity Management Systems – Requirements with Guidance for Use* standard, as well as similar risk and resilience based management system standards (e.g., ISO 22301:2012, *Societal security - Business continuity management systems – Requirements*; ANSI/ASIS/BSI BCM.01-2010, *Business Continuity Management Standard*; ISO 28000:2007, *Specification for security management systems for the supply chain*; ASIS/ANSI PAP.1-2012, *Security Management Standard: Physical Asset Protection*; etc.);
- c) Provides guidance on auditing risk and resilience based management system standards for the disciplines of risk, resilience, security, crisis, continuity, and recovery management, including principles of auditing, managing the audit program, and conducting audits, as well as evaluation of competence of persons involved in the audit process;
- d) Describes the process of attestation of fulfillment of the requirements of a risk and resilience based management system standard for the disciplines of risk, resilience, security, crisis, continuity, and recovery management;
- e) Provides guidance on the management of audit programs, conduct of internal or external audits of the management system and risk, resilience, security, crisis, continuity, and recovery management, as well as on competence and evaluation of auditors;
- f) Provides guidance for bodies providing auditing and third party certification of risk and resilience based management system standards for the disciplines of risk, resilience, security, crisis, continuity, and recovery management; and
- g) Provides confidence and information to stakeholders that the requirements of standards for risk, resilience, security, crisis, continuity, and recovery management are being met.

Organizations, of all types and sizes can use the concepts and guidance of this *Standard*. It is recommended that organizations implementing risk and resilience based management system standards use the procedures described in this *Standard* in conjunction with the ISO 19011:2011 to conduct their internal audit activities.

This *Standard* is a guidance document and not intended as a specification for third-party certification.

2 NORMATIVE REFERENCES

The following documents contain information which, through reference in this text, constitutes foundational knowledge for the use of this American National Standard. At the time of publication, the editions indicated were valid. All material is subject to revision and parties are encouraged to investigate the possibility of applying the most recent editions of the material indicated below.

- a) ISO 9000:2005, *Quality management systems — Fundamentals and vocabulary*;
- b) ISO/IEC 17000:2006, *Conformity assessment — Vocabulary and general principles*;
- c) ISO/IEC 17021:2011, *Conformity assessment — Requirements for bodies providing audit and certification of management systems*; and
- d) ISO 19011:2011, *Guidelines for Auditing Management Systems*.

3 TERMS AND DEFINITIONS

For the purposes of this document, these terms and definitions and those given in ISO 9000, ISO 17000, ISO 17021, and ISO 19011 apply.

	Term	Definition
3.1	accreditation	Third-party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out specific conformity assessment tasks. [ISO/IEC 17000:2006]
3.2	accreditation body	Authoritative body that performs accreditation. [ISO/IEC 17000:2006] NOTE: The authority of an accreditation body is generally derived from government.
3.3	attestation	Issue of a statement, based on a decision following review, that fulfillment of specified requirements has been demonstrated. [ISO/IEC 17000:2006] NOTE: The resulting statement, referred to in this International Standard as a “statement of conformity”, conveys the assurance that the specified requirements have been fulfilled. Such an assurance does not, of itself, afford contractual or other legal guarantees.
3.4	audit	Systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. [ISO19011:2011] NOTE 1: Internal audits, sometimes called first party audits, are conducted by the organization itself, or on its behalf, for management review and other internal purposes (e.g., to confirm the effectiveness of the management system or to obtain information for improvement of the management system). Internal audits can form the basis for an organization's self-declaration of conformity. In many cases, particularly in small

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	Term	Definition
		organizations, independence can be demonstrated by the freedom from responsibility for the activity being audited or freedom from bias and conflict of interest. NOTE 2: External audits include second and third party audits. Second party audits are conducted by parties having an interest in the organization, such as customers, or by other persons on their behalf. Third party audits are conducted by independent auditing organizations, such as regulators or those providing registration or certification.
3.5	audit conclusion	Outcome of an audit, after consideration of the audit objectives and all audit findings. [ISO 19011:2011]
3.6	audit criteria	Set of policies, procedures or requirements used as a reference against which audit evidence is compared. [ISO 19011:2011]
3.7	audit evidence	Records, statements of fact or other information which are relevant to the audit criteria and verifiable. [ISO 19011:2011] NOTE: Audit evidence can be qualitative, quantitative, or both.
3.8	audit findings	Results of the evaluation of the collected audit evidence against audit criteria. [ISO 19011:2011] NOTE 1: Audit findings indicate conformity or nonconformity. NOTE 2: Audit findings can lead to the identification of opportunities for improvement or recording accepted industry practices. NOTE 3: If the audit criteria are selected from legal or other requirements, the audit finding is termed compliance or non-compliance.
3.9	certification	Third-party attestation related to products, processes, systems or persons. [ISO/IEC 17000:2006] NOTE 1: Certification of a management system is sometimes also called registration. NOTE 2: Certification is applicable to all objects of conformity assessment except for conformity assessment bodies themselves, to which accreditation is applicable.
3.10	competence	Ability to apply knowledge and skills to achieve intended results. [ISO/IEC 17021:2011]
3.11	conformity	Fulfillment of a requirement. [ISO 9000:2005] NOTE: The term "conformance" is synonymous but deprecated.
3.12	conformity assessment	Demonstration that specified requirements relating to a product, process, system, person or body are fulfilled. [ISO/IEC 17000:2006]
3.13	conformity assessment body	Body that performs conformity assessment services. [ISO/IEC 17000:2006] NOTE 1: An accreditation body is not a conformity assessment body. NOTE 2: Bodies performing certification of management systems ("certification") activity are therefore third-party conformity assessment bodies (named in this <i>Standard</i> as "certification body/bodies"). [modification from ISO/IEC 17021:2011]

	Term	Definition
3.14	inspection	Examination of a product design, product, process, or installation and determination of its conformity with specific requirements or, on the basis of professional judgment, with general requirements. [ISO/IEC 17000:2006] NOTE: Inspection of a process may include inspection of persons, facilities, technology and methodology.
3.15	nonconformity	Non-fulfillment of a requirement. [ISO 9000:2005]
3.16	specified requirement	Need or expectation that is stated. [ISO/IEC 17000:2006] NOTE: Specified requirements may be stated in normative documents such as regulations, standards and technical specifications.
3.17	stakeholder (interested party)	Person or group, internal or external to the organization, having an interest in the performance or success of an organization. NOTE: The term includes persons and groups with an interest in an organization, its activities and its achievements – e.g., customers, clients, partners, employees, shareholders, owners, vendors, supply chain partners, the local community, first responders, government agencies, and regulators.
3.18	top management	Person or group of people who directs and controls an organization at the highest level. [ISO 9000:2005]

4 PRINCIPLES

4.1 General

The principles in this *Standard* give guidance necessary to provide transparency, confidence, and trust in the auditing, conformance assessment, and certification processes. An audit is an effective tool for providing reliable status on the organisation's risk and resilience maturity, to drive performance improvements. In addition the audit provides assurance to all stakeholders that the adopted risk and resilience based management system fulfils specified requirements.

Examples of stakeholders in the auditing, conformance assessment, and certification processes include, but are not limited to:

- a) Customers, clients, stockholders, employees, and supply chain partners;
- b) Government and regulatory authorities;
- c) Non-governmental organizations;
- d) Civil society groups; and
- e) Members of the public.

The principles below apply to all the activities involved in the audit program, as well as during individual audits. Use of these principles helps validate that auditors performing audits independently yet in similar circumstances will arrive at similar audit conclusions.

4.2 Impartiality

Confidence in the auditing and conformity assessment process is dependent on an independent and impartial evaluation of the management system. Impartiality requires both the actual and perceived presence of objectivity. Audit programs should implement measures to ensure and monitor impartiality. These measures should demonstrate to stakeholders that a credible auditing and conformity assessment process is in place.

Auditors should be impartial, have an unbiased attitude, and avoid any conflict of interest. Any possible conflicts of interest should be identified, resolved, and documented before an audit begins. Threats to impartiality include:

- a) Self-interest threats - arise from having a vested or financial self-interest;
- b) Self-review threats - arise from reviewing advice or the work done by oneself on behalf of the organization being audited;
- c) Familiarity threats - arise from being too familiar with persons being audited to obtain unbiased audit evidence; and
- d) Intimidation threats - arise from having a perception of being coerced or pressured.

Tip 1: Conflicts of interest which may result in actual and perceived lack of impartiality:

- Previous employment or relationship (personal or professional) with auditee or close competitor;
- Financial interest in auditee's organization or competitor;
- Involvement in developing those parts of the management system being audited in either recent consultancy or internal audits capacity;
- An interest in being contracted or employed by auditee; and
- Offer or receipt of gifts, gratuities, or goods and services from auditee.

4.3 Independence and Objectivity

Auditors should be independent and objective in performing their work. Audit activities should be free from interference in conducting the audit and reporting its conclusions. Also, Auditors should evaluate if they can conduct an audit in a cultural, professional, organizational and technically unbiased fashion. Questions related to impairment of independence or objectivity should be analysed, mitigated, and reported. Auditors should be aware of and sensitive to influences that may affect their judgement when conducting an audit.

4.4 Trust, Competence, and Due Professional Care

Activities in an audit should be conducted with honesty, diligence, and responsibility. All interested parties should be confident the auditor possesses the technical competence and integrity required to conduct the audit in a professional manner throughout the audit process. Competence is the ability to apply knowledge and skills to achieve intended accurate results. Audits should be conducted with proficiency and with due professional care. Integrity provides

the foundation for professionalism and trust. They should observe and comply with any applicable legal, safety, and security requirements.

Many organizations have established a code of ethics that sets standards of conduct in the performance of work. To instill trust, an auditor's ethical principles and integrity may be codified by a formal set of ethical standards addressing issues of independence, diligence, honesty, impartiality, and confidentiality.

4.5 Honest and Fair Representation

Audit findings and conclusions should be based on evidence accurately and honestly reflecting audit activities and truthfully presented in audit reports. Impediments to achieving audit objectives, unresolved issues, and divergent opinions between either audit team members or the audit team and auditee should be reported. Communications should be timely, accurate, unambiguous, unbiased, and complete. Evidence should be clearly documented.

4.6 Responsibility and Authority

Conformance to the requirements of the management system standard is the responsibility of the organization implementing the standard. It is the responsibility of the auditing team to objectively evaluate conformance to the criteria of the relevant management system standard by collecting and documenting evidence of conformance or non-conformance to the standard's requirements. Sufficient documented evidence is necessary for a declaration of conformance.

The authority to perform an audit should be verified prior to the start of audit activities. Authority to perform an audit may be granted by either a single source or multiple sources inside or outside the auditee organization. Specific and appropriate authority to conduct the audit confers legitimacy to the audit and permits the audit to proceed. The relationship between the permitting authority and the auditee should be clearly understood.

4.7 Evidence Based Approach

Audit conclusions should be based on verifiable evidence gathered through a systematic audit process that ensures reliability and reproducibility. It should be recognized that an audit is a snapshot in time conducted with finite resources; therefore any sampling techniques should be based on a defined methodology that provides a representative sample. Monitoring and surveillance of conformity should be defined for a meaningful duration of time or as a defined ongoing process and included in the audit program to ensure continued awareness, conformance, and to drive process improvements.

4.8 Risk Based Approach

Auditing involves uncertainty in achieving objectives; therefore risk assessment and treatment is an integral part of developing and improving an audit program. Risks include those associated with:

- a) Achieving the objectives of the audit;

- b) Real and perceived impartiality;
- c) Legal and regulatory issues;
- d) The auditee's risks;
- e) Effect of the audit on the client and auditee's organization and its activities (including tangible and intangible assets);
- f) Health, safety, and security of the audit teams; and
- g) Perceptions of interested parties.

4.9 Confidentiality

Persons involved in the auditing process should keep confidential any sensitive, proprietary, and/or risk-related information about an organization and its management system, as well as information that may cause harm to the interviewees, clients, customers, supply chain partners, persons who work on their behalf, complainants, and other external stakeholders. Confidentiality arrangements consider legal obligations, including those for protecting information as well as requirements related to discoverability.

4.10 Responsiveness to Complaints

Auditees, clients, and other stakeholders expect to have audit complaints documented and investigated in a fair and impartial process. When complaints are found to have merit, appropriate corrective and preventive actions should be taken expeditiously to remedy the situation and prevent a recurrence. Affected parties should be informed of the outcomes of the complaints process to maintain credibility in the auditing and conformity assessment process. An appropriate balance between the principles of openness and confidentiality, including responsiveness to complaints, is necessary in order to demonstrate integrity and credibility to all users and stakeholders.

4.11 Vetting of Auditors

The credibility of any auditing and conformity assessment process is a function of the competence and reputation of the auditors. All auditors should be vetted to ensure an appropriate level of:

- a) Auditing competence related to risk and resilience based management systems;
- b) Technical competence related to the areas of the audit;
- c) Understanding of the operational environment of the organization;
- d) Respect for legal and other requirements;
- e) Ethical behavior; and
- f) Background screening and appropriate and relevant security clearances.

5 MANAGING AN AUDIT PROGRAM

5.1 General

The audit program establishes the overall audit process. The audit program is the overarching organizational structure, resources, commitment, and documented methods used to plan and execute audits. An effective program is built by clearly defining the audit objectives. A competent person should manage the audit program and the necessary resources (including qualified personnel and sufficient time) should be committed to meet the program objectives. Priority should be given to auditing matters significant to the mission of the organization and the risks it should address (e.g., meeting legal and contractual obligations, the likelihood and consequences of undesirable and disruptive events).

The audit program should define:

- a) Objectives and purpose of the audit;
- b) Scope, activities, areas, and locations to be covered by the audit;
- c) Duration, number, schedule, and frequency of the audits;
- d) Responsibilities associated with managing and conducting the audits;
- e) Audit criteria (standards, policies, and other criteria);
- f) Auditor competence and selection of teams;
- g) Risk and resilience based management issues related to audit criteria and the audit itself;
- h) Resources (human, time and scheduling, financial, technology, equipment, travel, etc.);
- i) Confidentiality, safety, and security issues;
- j) Methods of how the audit will be conducted;
- k) Communication of audit findings;
- l) Monitoring audit activities;
- m) Documentation, records, and documentation procedures; and
- n) Audit evaluation and continual improvement.

The primary goal of a management system audit program is to determine the effectiveness of the management system and identify opportunities for improvement. When developing the audit program, the following issues should be considered:

- a) The management system standards being audited (one or more);
- b) The size and nature of the organization being audited;
- c) The scope, complexity, and level of maturity of the management system(s) being audited;

- d) The risks associated with the organization being audited and its applicable industry sector;
- e) Business attributes and priorities of the organization being audited; and
- f) Allocation of resources required to adequately evaluate the management system.

5.2 Plan-Do-Check-Act Model

This *Standard* adopts the "Plan-Do-Check-Act" (PDCA) model from Total Quality Management (TQM). Figure 1 illustrates the PDCA model.

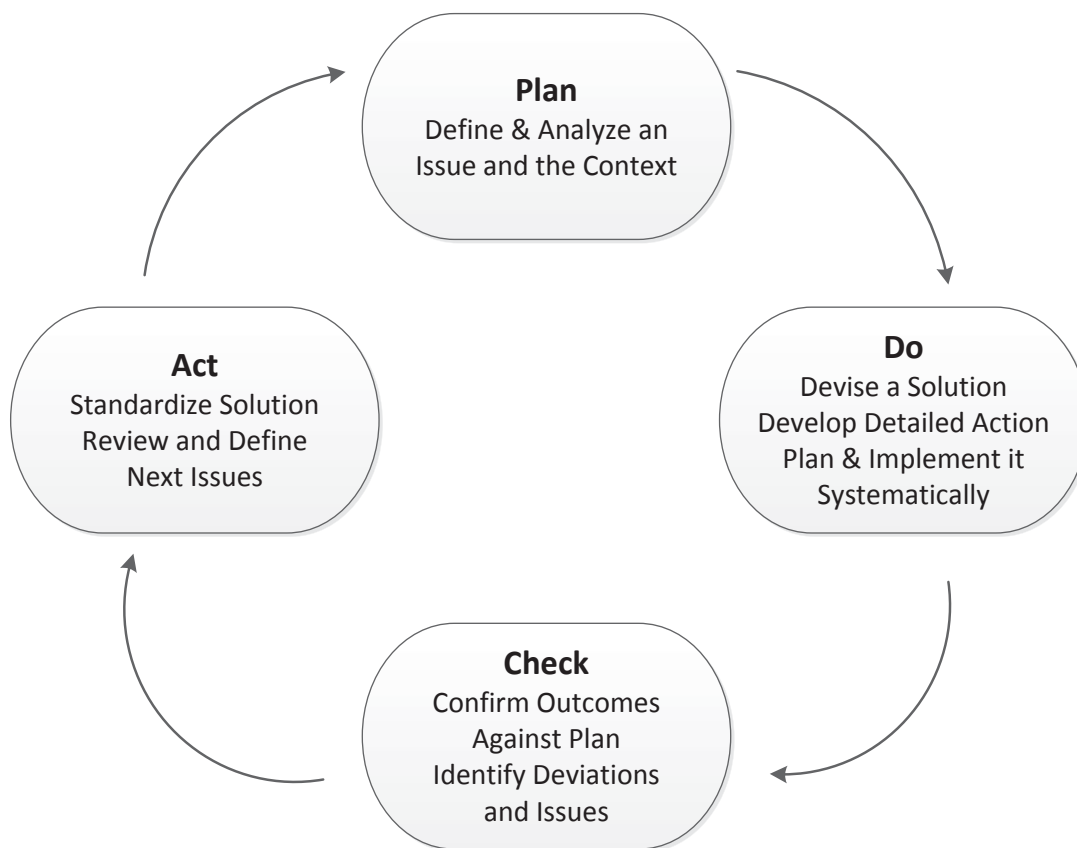


Figure 1: Do-Check-Act Model

The PDCA model is a clear, systematic, and documented approach to:

- a) Set measurable policies, objectives, and targets;
- b) Methodically implement the program;
- c) Monitor, measure, and evaluate progress;
- d) Identify, prevent, or remedy problems as they occur;

- e) Assess competence requirements and train persons working on the organizations behalf; and
- f) Provide top management with a feedback loop to assess progress and make appropriate changes to the audit program.

Furthermore, it contributes to information management within the organization, thereby improving operational efficiency.

Figure 2 presents the PDCA model as applied to the process flow for managing an audit program.

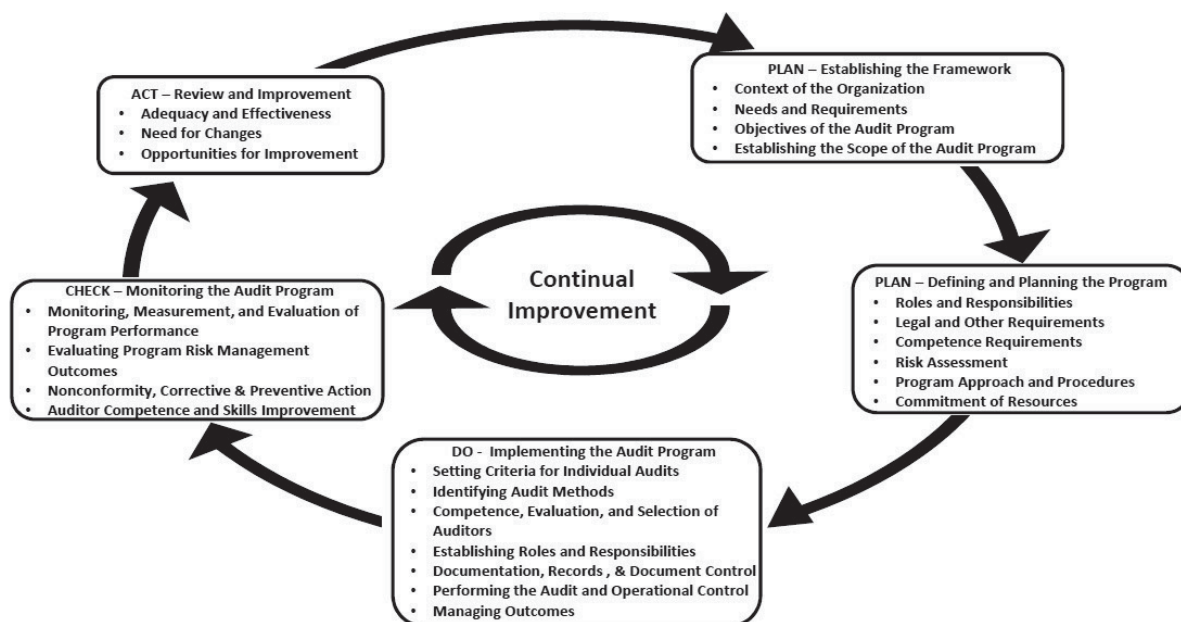


Figure 2: PDCA Process Flow for Managing an Audit Program

In conjunction with the PDCA model, this *Standard* adopts a *process approach* for designing, establishing, implementing, operating, monitoring, reviewing, maintaining, and improving the audit program. The identification linkages and interactions of the processes which comprise the audit and their management can be referred to as a “process approach”. To better understand risks, it is important to use a process approach.

5.3 Establishing the Framework

5.3.1 General

Establishing the framework begins with identifying the internal and external context, including the internal and external operating environment, and other factors inside and outside the organization that may influence the audit program. The framework provides the foundation and rationale for designing, implementing, monitoring, maintaining, reviewing and continually improving the audit program.