


Partnership Audit Review

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Legislation

- The National Heavy Vehicle Regulator has identified that compliance with an industry code of practice that has been registered by the NHVR, may be used in court proceedings as evidence that "all reasonable steps" were taken to prevent a breach.
- Compliance with the Heavy Vehicle National Law (HVNL) may be shown by implementing the standards and procedures set out in a registered industry code of practice.
- Industries that have common transport activities may develop codes of practice that provide practical advice to parties in the chain of responsibility on how to prevent breaches of the HVNL. The NHVR can only register industry codes of practice that meet the requirements of national guidelines as issued.




Why do we conduct audits?

- The National Logistics Safety Code is the foundation to the ALC Codes of Practice.
- The ALC Codes of Practice add industry specific questions to the NLSC Code to ensure relevance to the specific industry operation.
- An NLSC audit is a documented method of reviewing your systems for compliance to the Legislation and the Workplace Health and Safety Regulations as it affects road transport.
- The benefit of conducting an audit is that it will identify compliance gaps in procedures, policies, systems, processes and training. The gaps could include errors, omissions and incorrect interpretations.



What is the consequence of non auditing?


- The Chain of Responsibility Legislation clearly states that a person can be guilty of a breach by their own "inactions."
- The role you play in the supply chain matters little,
 - consignor,
 - loader, packer,
 - transport operator,
 - sub-contractor,
 - driver,
 - loading manager or
 - consignee**you can be charged with an offence if you don't take action to prevent a breach.**
- Auditing is a positive action.



Who should be audited?

- Effective auditing of the supply chain requires all the principal parties to be audited
 - consignor
 - transport operator
 - consignee


Down the chain: ↓ Consignor → Transport Operator → Consignee
 Up the chain: ↑ Consignor ← Transport Operator ← Consignee



What is reported?

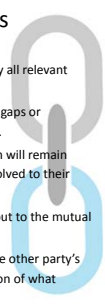
- The audit identifies where the auditee is unable to demonstrate compliance.
- The NLSC code classifies the response as
 - Compliant
 - Non-Compliant
 - Not Applicable
- The Compliance Checkpoint audit program reports on the compliance in percentage terms by element and then as a tabulated summary

Example:	Number of Criteria	% of assessed criteria achieved (not achieved)	Total Overall Score
Compliant	45/52	86.54%	
Non-Compliant	7/52	13.46%	86.54%
Not Applicable	21/73		




NLSC Partnership Audit Review Rules

1. The basis for conducting a PAR should be the current audit report.
2. A PAR may be conducted during or following an audit as pre-determined by all relevant parties prior to conducting the audit
3. Both parties should jointly review each other's audit report to identify any gaps or anomalies and develop actions plans to address any identified deficiencies.
4. Where gap or anomalies are identified during the PAR, each individual item will remain open (unresolved) until both parties can agree that the issue has been resolved to their mutual satisfaction.
5. A critical part of the audit arrangement is that each item has been closed out to the mutual satisfaction of the related parties in the chain.
6. Each party to the audit process has the right to challenge any aspects of the other party's audit report if they believe the auditor's finding not be a true representation of what actually happens in their specific commercial relationship/s.




PAR Meeting

- When the physical PAR meeting takes place the issues and compliance reported by the auditors are discussed.
- If the other audit partner is in disagreement with the auditor's report and consensus cannot be agreed upon the item remains open until the issue is resolved to their mutual satisfaction.
- If the issue cannot be resolved, it is to be escalated to the senior management of both organisations. It is the role of senior management to identify an action to obtain a resolution to the issue.




Benefit of the PAR

- The two businesses operatives reviewing the compliance and processes as it effects their operations.
- It is extremely beneficial as the different perspective may identify a non-conformance that the other party has not identified or considered.
- The PAR meeting is a constructive tool and the discussion must not be combative.
- The focus must be on the compliance issues not contractual matters.
There have been instances where transport companies have not been prepared to challenge a consignors or consignee for fear of losing their business.




What has been the PAR process?

- The NLSC business rules have been varied in their use by the different codes for one reason or another.
- Adoption of different approaches
Examples
 1. Partners only reviewing the Corrective Actions that were identified and not the audit question responses.
 2. The consignors being in attendance during the audit and engaging with the auditee (transport provider or contractor) when there was a different response to their view.




PAR Issues

- Prolonged time frame between audits and the actual PAR
- Reluctance of parties to participate
- Review of each audit report with both parties in attendance takes too long, one day
- If parties require their auditors to attend the PAR there is a significant additional cost
- Requirement to conduct a PAR is not an NLSC question
- Audits are closed out before the PAR is completed
- Reluctance by some code signatories to participate in the process
- Perception that a master slave relationship exists and as such that some parties are unwilling to challenge the other for fear of losing a contract



Update the PAR Business Rules

- Multiple sites rules as recommended by Global Mark
- An audit cannot be closed out until the PAR has ben completed
- Define time frame for PAR to be completed say 90 days
- New NLSC Question- "Has the PAR from the previous audit been completed and closed out?"
- Audits to be exchanged between the parties, 14 days before the audit meeting
- Auditors are not required to attend the PAR meeting



Recommended Audit Process

Step	Activity	Completed
1	Party 'A' completes their audit	
2	Party 'A' auditor has the audit peer reviewed and signed off	
3	Party 'B' completes their audit	
4	Party 'B' auditor has the audit peer reviewed and signed off	
5	Party 'A' corrective actions closed out	
6	Party 'B' corrective actions closed out	
7	Party 'A' exchanges their audit report with Party 'B'	
8	Party 'B' reviews Party 'A' audit, identifies any issues and returns issues list to Party 'A'	

Recommended Process

Steps	Activity	Completed
8	Party 'B' reviews Party 'A' audit, identifies any issues and returns issues list to Party 'A'	
9	Party 'B' exchanges their audit report with Party 'A'	
10	Party 'A' reviews Party 'B' audit, identifies any issues and returns issues list to Party 'B'	
11	PAR meeting is arranged	
12	PAR meeting is conducted and all matters closed out.	
13	Minutes issued with confirming PAR auditee statements	
14	Audit 'A' finalised and closed out by ALC	
15	Audit 'B' finalised and closed out by ALC	

- ### Next Steps
- Develop and information sheet, based on this presentation and your feedback for "Partnership Audit Reviews"
 - Seek approval from the Code Committees and the Safety Committee.
 - Update the Business Rules

THANK YOU