



Nexfor's risk-based auditing system

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Change

“It is not necessary to change,
survival is not mandatory.”

- R. Deming

What we have not found,..... and trust we never will:



‘Maintenance risks ?’

Presentation summary

- Who is Nexfor?
- Old Audit Program
- Problems
- Objectives
- Risk-based auditing
- Improvements
- Results

Who is Nexfor ...

- Multinational Forestry company – 8000 employees worldwide formerly Noranda Forest Inc.
- Make pulp, paper, plywood, OSB, MDF, lumber, I-joists
 - United Kingdom – 3 mills
 - Canada – 8 mills
 - United States – 15 mills
- Pulp and Paper, forestry operations all ISO 14001 certified, some forest operations certified SFI, SFM, FSC

Old EHS Audit Program

- Three year cycle
- Cover EHS compliance and some elements management systems
- Audits in many jurisdictions
- Wide variety of operations – 100 to 1100 employees, converting plants to paper mills
- Mainly internal audit teams

Problems

- Audit criteria / expectations – not clear or current
- Very different plants = different priorities due to different risks
- Auditors - de-motivated
- Findings – not helpful – symptoms of lack of expertise and time
- Lack of new knowledge and “new ideas”

Objectives

How to evolve our audit system to apply to all of the varying conditions...

- Risks (technical)
- Sizes
- Jurisdictions

...while reducing audit interventions?

Objectives

- Continue to cover compliance AND conformance
- Work within a similar auditing and reporting framework

Due diligence	Proactive
Sharing best practices	Consistent
Performance improvement	Complete

Process

- Stakeholder surveys
 - ❖ Board of directors,
 - ❖ operations managers,
 - ❖ EHS coordinators
- Consultant input

How did we do it ?

Risk-based auditing !

- Increased the role of EHS Management Systems
- Improved tools and documentation
- Improved pre-audit process

Risk based auditing

- Use pre-audit risk assessment to identify significant risks and specific needs for the site
- Assemble an audit team with the expertise required to effectively audit those areas
- Audit those areas in depth

Risk based auditing

- Audit EHS MS to ensure oversight process in place between audits
- Ensure that ALL risk areas are audited over 3 cycles
- Avoid duplication of ISO, insurer or other audits

System Improvements

- Simple language expectations / audit criteria
- More input into audit planning from all levels or management
- Flexibility & versatility:
 - Can fix a set of audit elements for the year or cycle
 - Optional follow-up audits
 - Audit some programs simultaneously across the company

Reporting Improvements

- Improved findings writing
- Development of ‘possible’ root causes in the final report
- Yearly analysis of findings – common findings, best practices
- Prioritization of findings using a coloured table (visual) – the Audit Matrix

Results

- Improved audit system for
 - operations
 - auditors
- Better tools
- More efficient use of resources / streamlined / less duplication
- Continues to protect managers and the Board from legal liability

Quotes

- “By focusing on the big risks first and managing those better we’ll be improving EHS performance”
- “I’ve been in this business for 20 years...worked for three different companies and have never had such a focused and valuable audit experience”
- “I’ve been trying to get a clear answer to that question for 10 years!”

Next steps

- Improve internal auditor pool :
 - Management Systems knowledge
 - Qualifications
 - Audit frequency
- Improve 'Health' auditing integration

Next steps

- Develop more Intranet tools
- Build pool of external resources
- Establish new goals – conformance vs effectiveness ?

Change

“Progress is impossible without change and those who cannot change their minds cannot change.”

- George Bernard Shaw

Visible Improvement

- Here are a few photos of things we no longer encounter since we've improved the audit system



‘Enforcing Personal Protective Equipment policy?’



‘Safe use of Mobile Equipment ?’