

Classification of Audit Findings

Electrical Safety and Technical Regulation
Guideline

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Who we are

We are Victoria's safety regulator for electricity, gas and pipelines.

Our role is to ensure that Victorian gas and electricity industries are safe and meet community expectations. We are also responsible for licensing and registering electricians, and educating the community about energy safety.

More information is available on the Energy Safe Victoria website: www.esv.vic.gov.au

Background

The *Electricity Safety Act* (the Act) provides powers to ESV to conduct compliance audits to determine whether or not a responsible person is satisfactorily complying with their requirements.

Requirements include, but are not limited to, legislation, codes, standards, legislative guidelines, internal process and procedures, and other related documents that make up or support the Electricity Safety Management Scheme (ESMS), Bushfire Mitigation Plan, or the Electric Line Clearance Plan. If something is identified or observed where a requirement is not met then this will result in a finding of a 'noncompliance'.

System Audits

System audits are audits that review regulated entities processes and procedures that make up its safety system. The audit aims to review the adequacy of the safety system, and that the system is in place and being followed.

Inspections

Inspections are performed by looking at 'things', for example assets or trees, and are generally assessed against more prescriptive requirements. An example of a prescriptive requirement includes the electric line clearance code for how close a tree is to a powerline in comparison to the regulatory requirement.

Observations

Observations are performed on people performing work. Work requirements generally are in the Blue Book and industry standards which are used to confirm that work is being performed using the approved practice and procedure.

Risk Based Classification of Findings

The level of risk relating to any identified noncompliance will initially be determined by the auditor's evidence, knowledge and experience with the final finding being described in detail in a final audit report following a peer review and management sign-off process.

The level of risk determines the actions required to be undertaken by the regulated entity to address that noncompliance and how quickly that action needs to be completed. Generally, a finding that has an outcome that is of a higher risk will be rated as a 'Major' noncompliance and require more immediate action to remedy, whereas outcomes of a lower risk that are a 'Minor' noncompliance can be remedied in a longer timeframe.

A common classification system is applicable to system/ process audits and field-based inspections. A summary of the classification of audit findings are outlined below.

Table 1 - Classification of Audit Findings

Rating	Description	Action Required
Compliance (C)	<i>Compliance</i> is where there is sufficient evidence to show that the requirement has been met.	No action is required.
Major Noncompliance (MaNC)	<p>The outcome of the noncompliance is considered to be of a higher risk. It is an action/s (or lack thereof) that could directly or indirectly lead to an adverse impact to safety or reliability of the electrical infrastructure. These may include actions indicative of a systemic behaviour. Systemic is typically where three or more cases of related noncompliance has been found.</p> <p>Process or procedures may be deemed inadequate where they do not provide for a safe system.</p> <p>A considerable number of Minor noncompliances may lead to a Major noncompliance finding.</p>	<p>Where the outcome of noncompliance is considered serious, actions to address the finding should be taken immediately.</p> <p>Otherwise, actions should be undertaken generally within three months from completion of the audit.</p> <p>Actions requiring a longer timeframe shall be by agreement with ESV.</p> <p>A plan to address the noncompliance should be provided within 20 business days from the receipt of the audit report.</p>
Minor Noncompliance (MiNC)	<p>The outcome of the noncompliance is considered to be of a lower risk. It is an action/s (or lack thereof) that could, over a longer timeframe, directly or indirectly, lead to an impact relating to safety or the reliability of electricity infrastructure.</p> <p>Such actions are generally isolated occurrences or of a low risk nature. Minor noncompliances can include 'technical' noncompliance to prescriptive requirements that are low risk.</p>	<p>Actions should be undertaken generally within six months from receipt of the audit report.</p> <p>Actions requiring a longer timeframe shall be by agreement with ESV.</p> <p>A plan to address the noncompliance should be provided within 20 business days from the receipt of the audit report.</p>
Opportunity for improvement (OFI)	These findings do not indicate noncompliance and are offered as potentially beneficial feedback and an opportunity to improve performance.	Opportunity for improvements shall be considered and a response provided within 20 business days from the receipt of the audit report.

Further Follow Up (FFU)	Further action is required to complete the audit or inspection.	ESV will outline actions required to complete the audit or inspection. Actions may include supply of information, access to sites, booking in further time to complete audit, etc.
Noncompliance – Out of Scope (NC-OOS)	Evidence is found where there may be a safety risk but is outside the scope of the audit or inspection.	For a Major noncompliance (but not in the scope of the audit) actions should be taken immediately. Otherwise, actions should be undertaken generally within six months from receipt of the audit report. Actions requiring a longer timeframe shall be by agreement with ESV. A plan to address the noncompliance should be provided within 20 business days from the receipt of the audit report.
Not Applicable (NA)	The requirements and/or scope (or part of) of the audit are not relevant because of the nature of operation of the organisation.	No action required.