

Quality Pathway Information Sheet 9

Independent Third Party Audit

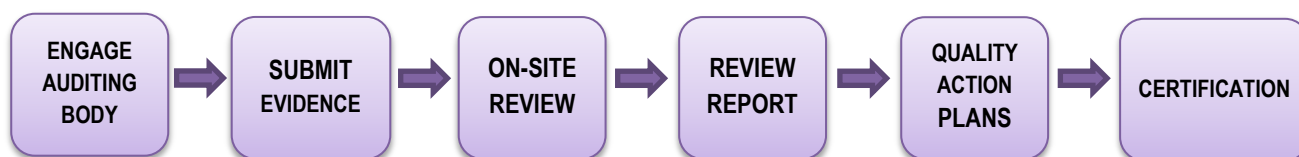
This Information Sheet provides guidance on undertaking an external, independent, third party audit.

An independent audit is an examination by a third party of the extent to which a service provider meets quality and/or industry standards. It allows for independent observation and review of processes and performance, as well as bringing specialist knowledge and skills to guide service provider development.

Not all providers delivering services under a service agreement with the department are required to undertake an independent audit¹. For those that are, the audit process should be approached as a partnership with the auditing body which, whilst requiring investment of time and other resources, will significantly benefit the service provider.

The service provider should first complete a self-assessment. This forms part of a 'gap analysis', showing where the gaps are between the service provider's current systems and the requirements of the standards. Once gaps have been identified and addressed, the service provider will be ready for independent audit.

Participating in an independent audit first requires the engagement of an auditing body. Service providers required to demonstrate compliance with the standards through HSQF certification need to select and contract a JAS-ANZ² certified auditing body to undertake their audit. Providers that have undertaken an audit and acquired certification or accreditation through an alternate quality system to the HSQF may be eligible for recognition of some or all of that accreditation.



ENGAGE AN AUDITING BODY

► Action: Select an auditing body

- Identify appropriate auditing bodies through JAS-ANZ.
- Select an auditing body with consideration of:
 - Costs (assessor fees, report writing, administration and registration, travel and accommodation, out of schedule fees, etc.)
 - Understanding of the provider's sector/industry
 - Reputation and experience
 - Procedures for the on-site review
 - Timeframes and availability.

¹ Refer to the provider's service agreement with the Department of Communities, Child Safety and Disability Services and the Human Services Quality Framework available from: www.communities.qld.gov.au/hsqf

² The Joint Accreditation System of Australia and New Zealand accredits other bodies to inspect and certify service providers against quality and industry standards. The JAS-ANZ website carries a register of auditing bodies to select from <http://www.jas-anz.org/>.

Action: Contract with auditing body

- Ensure the proposed audit processes are clearly documented and understood by the service provider.
- Confirm the scope of the audit, including sites, staff, customers and stakeholders to be included.
- Negotiate and document dates, including for submission of service provider's evidence, on-site review, review report, and response to review report.
- Enter into formal contract with the selected auditing body.



Practice tip: choosing an auditing body

- ✓ *Shop around – ask other service providers for referrals and recommendations*
- ✓ *Ask for a fee structure and obtain comparative quotes – you can offer to book and pay directly for auditor travel and accommodation costs as this can be more cost effective than allowing the auditing body to do this*
- ✓ *Ask for details of the experience and background of auditors and their knowledge of the types you deliver*
- ✓ *Ask about what will be included in the audit report as this can be a valuable tool to inform continuous improvement*
- ✓ *Ask about the ongoing responsibilities and obligations of the auditing body – what is the scope of their work and how can they assist your service improve your quality systems*
- ✓ *Ask about the audit planning process and how they determine which services and sites will be visited*
- ✓ *Considering joining with other services in your local area to engage the same auditing body so that you can share travel and accommodation costs for auditors.*

SUBMIT EVIDENCE

▶ Action: Collate evidence

- Confirm evidence documents required to be submitted to the auditing body.
- Evidence documents may include:
 - Self-assessment reports
 - Reports and findings from recent internal or external reviews undertaken
 - Organisation policies and procedures relevant to the quality and/or industry standards
 - Customer and stakeholder feedback reports
 - Quality improvement action plans and progress reports.
- Collate evidence in an accessible format as agreed with the auditing body.

▶ Action: Submit evidence

- Submit evidence as agreed with the auditing body.
- Evidence can usually be submitted in electronic format via mail, cloud sharing, or through an online system.
- Confirm all evidence has been received and is accessible.

► Action: Evidence feedback

- The auditors will review evidence to determine readiness for on-site review.
- Where the auditing body recommends postponing the on-site review:
 - Recommendations will be given as to what further evidence is required and what other quality processes need to be in place
 - Set a new date for on-site review
 - Service provider is to address recommendations.
- Where the auditing body recommends proceeding to on-site review:
 - Confirm dates and processes
 - Start preparing.

ON-SITE REVIEW**► Action: Plan review**

- Assign key responsibilities to staff, including on-site review coordinator and liaison with auditing body
- Develop on-site review schedule with auditing body

► Action: Organise interviews

- Identify staff and governing body members to participate in on-site review interviews.
- Invite customers and stakeholders to participate in on-site review interviews.
- Ensure staff, governing body, customers and stakeholders understand the external audit purpose and process and their role.
- Schedule staff, governing body, customer and stakeholder interviews.

► Action: Prepare evidence

- Confirm additional evidence the auditors are required to review.
- Identify additional evidence that supports compliance with quality and/or industry standards.
- Collate and set-up evidence for review

***Practice tip: On-site review evidence***

- ✓ *Observation of procedures, environment and work conditions.*
- ✓ *Customer case files (de-identified or consent provided)*
- ✓ *Formal agreements with stakeholders*
- ✓ *Staff personnel files (de-identified or consent provided)*
- ✓ *Electronic databases*
- ✓ *Electronic file management systems*
- ✓ *Staff, stakeholder, governing body, community meeting minutes*
- ✓ *Data from staff, customer and stakeholder feedback activities*
- ✓ *Records of licences, permits, WHS inspections, contracts*
- ✓ *Staff, governing body, customer and stakeholder interviews.*

► **Action: Host and participate**

- Welcome the auditors and facilitate opening meeting where the auditors will confirm the schedule, summarise the on-site review and audit process, and invite questions.
- Facilitate the scheduled activities.
- Facilitate closing meeting where the auditors will summarise initial findings, discuss any areas where compliance has not been met or met in part, summarise follow-up actions required by the service provider, and invite questions and feedback.

REVIEW REPORT

► **Action: Review report**

- Within the contract stipulated timeframe, the auditors will provide a written report detailing:
 - Ratings against each of the standard's indicators
 - Areas that must be addressed within the next 12 months
 - High risk areas preventing certification and which must be addressed within the next 3 months
 - An overall review decision.
- Service providers are required to respond to the review report within the stipulated time frame, confirming the facts/correctness and any major oversights. The auditing body will then provide a copy of the final report to the department. Please note that if there are high risk issues relating to serious concerns such as customer safety, allegations of harm, absence of legislated safeguards or improper use of funding, the auditing body will immediately advise the department of the concerns.
- Service providers are responsible for clarifying and understanding the review report and the required actions.

► **Action: Communicate report**

- Distribute review report to governing body
- Summarise and communicate report findings to relevant staff, customers and stakeholders.

DEVELOP QUALITY ACTION PLANS

► **Action: Address priorities**

- Implement actions to address identified high risk areas
- Provide evidence to the auditors that high risk areas have addressed.

► **Action: Develop action plans**

- Develop medium and longer term quality action plans informed by on-site review report, self-assessment, and identified goals.

CERTIFICATION

► **Action: Certificate award**

- Once the auditor's review report recommending certification is endorsed by the auditing body, the service provider will be provided with a certificate acknowledging HSQF compliance.



Practice tip: Review ratings

Each standard and associated indicator is given a rating based on the evidence provided and observed during the on-site review.

Conformity *Often referred to as 'Met', this rating shows the standard and associated indicators have been addressed and all mandatory evidence requirements are in place.**

Nonconformity *This 'Met in Part' rating shows that standard and associated indicators have not been fully addressed, not all mandatory evidence requirements are in place, and/or the outcome is only partly effective.*

Major Nonconformity *A rating of major nonconformity or 'Not Met' rating shows that the standard and associated indicators have not been addressed, there are no mandatory evidence requirements in place, and/or the outcome is ineffective or does not meet legislative requirements.*

** Mandatory evidence includes that which is applicable to all service providers and that which is funding stream or service specific.*