

## GENERAL PRINCIPLES OF AUDITING

### INTRODUCTION

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## Auditing Definition

- "Systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the environmental management system audit criteria set by the organisation are fulfilled." AS/NZS ISO 14001:2004
- "An environmental audit is a systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled." ISO 19011:2002
- In short, a comparison between the environmental performance and impact of a company against the appropriate criteria



## Environmental Assessment and Auditing

- Assessment or Survey
  - Initial or baseline record
  - Less formal inspection of current performance conducted on
    - Your own site
    - Peer review - colleagues site
    - Suppliers site
- Audit
  - A tool used in comparison to a benchmark
  - More formal than a survey or assessment
  - Must be assessed against a performance standard (e.g. EMS/EMP) or an initial survey
  - Conducted by a third party (objective)

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## Audit Categories

Three categories:

1. First Party Audit - DIY
2. Second Party Audit
  - Organisation to organisation e.g. company audit of contractor or supplier
3. Third Party Audit
  - Independent auditor

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## An Audit Provides the Foundation for:

- Any Environmental Management Plan as a basic management tool.
- Demonstrating Due Diligence
- Continual Improvement
- Identification of resource efficiency improvements:
  - Energy
  - Water
  - Waste
- Reduction of financial and legal risk.

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## Types of Environmental Audits

1. Statutory or compliance audit
  1. EPA License Requirement
  2. Environmental Management System Requirement (e.g. ISO 14001)
2. Risk Assessment Audit
3. Due Diligence Audit
4. Mergers and acquisitions
5. Process/ environmental efficiency

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## Who uses the audit results?

- Management
  - How are we going?
  - Where do we need to improve?
  - What new goals do we set or revise?
  - Tell stake holders how we went
- EPA
  - Have license conditions been met?
  - Do license conditions need to be revised?
- Accreditation Bodies
  - Have appropriate standards been met?
  - What additional work is required?
- Potential suitor
  - What is the risk/ liability profile?
  - How sustainable is the organisation.

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## Basic Audit Procedure

1. Desk top survey
2. Site Tour
3. Audit Report

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## Basic Procedure

### Desk top survey

- Audit tool preparation
  - Ensure you have the questions ready
  - Is the scope of the questions adequate?
- Ask for documentation in advance
- Ensure that your site contact has time available

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## Basic Procedure

### Site Tour

- PPE - Ask in advance and be prepared.
- Digital Camera – permission required?
- Dictaphone
- Survey/ audit form
- Checklist
- Weather proof pouch or folder
- Ground Rules
  - Confidential
  - Not them and us
  - Need to see the “dirty washing”
  - Will not find everything
  - Process is on-going

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## Basic Procedure

### Final Report

- Draft Submission?
- Next Steps
- Reschedule next audit

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## Resource Efficiency

### IS THIS A NEW TOPIC?

- Already a required of some EPA Licenses.
  - e.g. ENERGY AUDIT – Every 2 years
  - Waste Management Plan
  - In place for 10 years!!

### CURRENT DRIVERS

1. Water security
2. Energy Cost
3. Waste Material Cost

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## Summary

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Auditing in resource efficiency context

- Always been part of the environmental audit palette
- Refocused due to fundamental cost/environmental drivers