



AUDITING • 19

Environmental Audit

Assess the environmental effects of operations against the criteria selected for the audit.



Environmental auditing is essentially an environmental management tool for measuring the effects of certain activities on the environment against set criteria or standards. Depending on the types of standards and the focus of the audit, there are different types of environmental audits. Organizations of all kinds now recognize the importance of environmental matters and accept that their environmental performance will be scrutinized by a wide range of interested parties.

Environmental auditing is used to:

- Investigate
- Understand
- Identify

These are used to help improve existing human activities, with the aim of reducing the adverse effects of these activities on the environment. An environmental auditor will study an organization's environmental effects in a systematic and documented manner and will produce an environmental audit report. There are many reasons for undertaking an environmental audit, which include issues such as environmental legislation and pressure from customers.



Main Benefits and Costs



There are a number of benefits to a firm undertaking an environmental audit. Some of the benefits are obvious, while others are less easy to identify. Two of the more easily recognized benefits are:

- Increased management effectiveness.
- Cost savings.



Frequently Asked Questions

Q. Increased management effectiveness

To manage an organisation effectively, management must be aware of every aspect of the organisation's operational procedures and processes. An environmental audit should reveal any weaknesses in the structures and, when these are rectified, the management can be confident that nothing has been overlooked and nothing unexpected is likely to occur. In the words of Dwight D Eisenhower: 'The uninspected inevitably deteriorates.'

An environmental audit can enable management personnel to become aware of many environmental issues of which they formerly may have been less well informed. This is especially the case in organisations with multiple facilities or with large manufacturing operations, where the senior managers and directors are often located at a distance, for example, in the head office.

Managers may not have visited many of the sites where there are obvious environmental risks and, even if they have, they may not have the appropriate knowledge or training to identify that risks are present. The use of environmental audits can provide management with the confidence that any actual or potential risks have been identified.

However, auditing by itself does not improve environmental performance. An environmental audit merely provides a 'snap-shot' of what is happening at that moment in time, and doesn't help to ensure ongoing management effectiveness and the proper operation of systems and procedures. As a tool which aids decision-making and management control, an environmental audit is often carried out as part of an overall environmental management system.

Q. Cost savings

An environmental audit should identify opportunities for improvements in an organisation's management, and this will often lead to savings in spending. This is particularly common in the case of 'issue' audits, such as the water or waste audit.

As an example, waste minimization is an area where there are many opportunities for an organisation to save money. Waste requires to be disposed of, and this itself costs money. For instance, companies are charged for disposing of waste into licensed landfill facilities, or it may be necessary to pay for special treatment of a chemical before disposal.

Reducing the amount of waste produced can therefore lead to savings, as the organisation has to dispose of a smaller quantity. An obvious way of minimizing the amount of waste generated is to minimize inputs. Adopting a more efficient process could mean that fewer raw materials are required, and that the overall cost of raw materials is therefore reduced.

Reductions in the amount of water required can also lead to savings, as organisations are almost always charged for their water usage.

Recycling not only leads to a reduction in the total amount of waste produced, and the associated financial benefits of this, but can also lead to direct cost savings. For example, the by-products of one process may have potential uses in another. In addition, the recycling of water, which may involve treating/cleaning/cooling can also lead to a reduction in wastewater disposal costs.

It may be useful to explore the possibility of waste-exchange schemes, that is, selling your waste to other businesses to use as a raw material, or buying in waste for your own use. The former can lead to reductions in waste disposal costs, with the latter providing the possibility of reduced raw material costs.



An issue audit will often highlight the need for an ongoing programme of improvements. A waste audit can lead to the implementation of a waste reduction programme, which may feature the major redesign of products, or simply minor changes to working practices.

Organisations, which carry out an environmental audit in order to establish that they are in compliance with environmental legislation, can benefit financially in another way.

An audit identifies any areas where an organisation may be in breach of regulations, and if these problems are subsequently corrected, financial loss through plant closures, clean-ups or restrictions imposed by government bodies or through bad publicity can be avoided. The opportunity to make savings is not limited to large companies.

Even small companies who think that environmental issues are of no relevance to them cannot operate in isolation from environmental issues. Environmental management is, in many ways, simply good business management, and the environmental audit makes the management aware of several issues, which would otherwise not have come to light, and also identifies means of gaining financially. As well as reduced costs from minimizing waste, reducing use of raw materials and so on, other areas where savings can be made include:

- The possibility of reduced insurance premiums for good environmental performance (refer to environmental liabilities and insurance costs discussion earlier)
- Reduced likelihood of unexpected pollution events, therefore less chance of incurring costly fines.

The benefits of environmental auditing described so far are largely financial, and can be measured directly. A range of less tangible benefits can also be identified, including:

- Increased awareness of environmental policies and responsibilities among the whole workforce
- Increased management confidence due to a feeling of security that the compliance (and safety) status of the plant is confirmed and documented
- Favorable publicity
- Improved relationship with regulatory authorities
- Better understanding of consumer demands.

However, there may also be various perceived disadvantages associated with undertaking an environmental audit, for instance:

- Disruption of plant activity while the audit is carried out
- The cost of the exercise
- The possible perception by staff in the organisation that an audit is a negative process, which assesses their performance.

Most of these can be minimized or overcome by careful forward planning to ensure that the audit runs smoothly. Adopting an informal and approachable stance and pointing out the positive aspects of undertaking an audit can dispel any fears or misconceptions held by the staff. The cost of the audit can often be recovered by savings made through improvements identified in the audit and a number of auditing companies peg their fees to the savings made subsequently, or may operate on a 'no gain, small fee' basis.



Useful details to share when you enquire

- Site, process and proposed audit criteria
- Existing procedures and previous findings
- Preferred scope, timing and contact person

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