

CONDUCTING OPERATIONAL COMPLIANCE AUDITS

Summarized and Derived from EPA, OSHA, DOT and Other Public Documents

STEP (1): SELECTING FACILITIES FOR COMPLIANCE AUDITS

There are several basic steps to conducting an EHS compliance audit. (1) The first is selecting facilities to be audited. (2) Next, there is a range of potential off-site, onsite, and concluding activities. (3) Finally, there is a series of post-audit actions.

Factors to consider when selecting facilities for an audit may include:

- (1) Compliance history;
- (2) Accident history of other facilities in the same industry;
- (3) Number of potentially regulated activities
- (4) Location and proximity to the public and environmental receptors;
- (5) Presence of specific high risk activities
- (6) Hazards identified in previous reviews
- (7) A plan providing for neutral, random oversight.

Related criteria could include the number of accidental releases, whether there have been any catastrophic accidental releases, and the known toxicity of chemicals used in the processes.

STEP (2): OFF-SITE ACTIVITIES

If more than one auditor is participating in the audit, the entire audit team should participate in a planning meeting prior to the audit. This meeting should include any personnel from outside the implementing group who will participate in the audit. The team should include personnel from the EHS group and personnel from other groups (operations, engineering) to provide technical support.

The lead auditor should schedule well in advance the date, time, and point of arrival at the facility. The lead auditor should:

- Brief all auditors on the rationale for the audit;
- Assign each auditor specific section(s) of the audit report, including collecting stationary facility background information related to his/her report section;
- Identify related regulatory requirements (e.g., EPA, OSHA, DOT etc) and
- Establish a schedule for completing collection of the necessary background information, conducting the pre-visit meeting, conducting the audit, and completing the audit report.

Collecting Background Information

Preliminary preparation is key to a well-organized audit. It is useful to collect as much of the facility background information as possible in advance of the audit. The lead auditor may elect to notify the facility, state, and local officials of the pending audit and request appropriate background information. The auditor(s) then can review this information prior to the visit, prepare a detailed list of topics and questions to help organize their on-site activities, and minimize the amount of time spent at the facility. The following table lists some examples of background information that may be useful to auditors.

TABLE 1: BACKGROUND INFORMATION

Types of Information
<ul style="list-style-type: none"> • Previous Audits • OSHA records • PSM program • RMPs, Emergency Response Notification • NPDES Permits • SPCC Plans • Air permits • SARA Title III Reports • State or Local Permits, notifications or reports • DOT Program • Process flow diagrams, and piping and instrumentation diagrams. • EPCRA Chemical Inventory Data SERC, LEPC, local fire department.

Auditors should also determine the applicability of existing checklists specific to the facility being audited.

Auditors should also familiarize themselves with industry and government standards specific to the facility (e.g., standards developed by OSHA, NFPA, ANSI).

Planning the Audit

An on-site audit might include review of programs and records, verification of data, and analysis of prevention measures. See Table 2 of potential audit components for suggestions.

TABLE 2: POTENTIAL AUDIT COMPONENTS
Review <ul style="list-style-type: none"> • accident history • incident investigation reports, and documentation of corrective measures taken • preventive maintenance program • process hazard analysis or hazard review, including review of safety information and risk scenarios • soundness of air modeling results • operation and maintenance records, inspection procedures, and repairs records • training records and review of emergency plan exercise program • emergency response program capabilities, including exercises, equipment, training, off-site programs, public notification, procedures, and communication with local emergency responders • management of change program, pre-start review program, employee participation program, hot work permit program, and contractor employee training • facility classification and program designation • air modeling methods and results

- model input parameters
 - mitigation measures and systems
 - process enhancements, including facility-conducted compliance audit results and recommendations
- Evaluate
- additional (unreported) covered processes
- Engineering review
- processes
- Engineering analyses
- release prevention measures
- Engineering verification
- mitigation measures, design parameters

Prepare Audit Staff and Plan Logistics

The lead auditor should hold a pre-visit meeting with all auditors as close to the date of the audit as possible. By this time, all auditors should be familiar with this guidance and any information they have collected about the stationary facility to be audited and its processes. Additional information to be obtained at the facility should be identified and auditors should develop individual plans for conducting their portion of the audit. For extensive audits, the pre-visit meeting should:

- Review each auditor's area of responsibility;
- Review the audit objectives and highlight areas of special interest;
- Review any site-specific personal health and safety issues, and complete, if necessary, a site safety plan for on-site activities;
- Review information about key personnel and operations at the site;
- Establish an agenda for each day of the site visit;
- Review logistical matters (e.g., nightly team meetings to discuss results and plan the next day's activity);
- Review the compliance information submitted by the facility and preliminarily evaluate areas that might be of concern with regulatory requirements;
- Determine if the audit should be covered by “client privilege” and
- Cover any additional topics.

The lead auditor should also:

- Develop site-specific guidance, if needed;
- Reserve workspace and equipment at the facility;
- Develop employee interview questionnaires, if an interview is planned; and
- Schedule opening meetings, closing meetings, and daily debriefings.

STEP (3): AT THE SITE

Entering the Facility

The auditor(s) should arrive at the facility during normal working hours. The auditor(s) may sign a "sign-in" sheet, log, or visitor register.

Safety while On Site

The auditors shall follow all local safety rules and requirements. Auditors should be aware emergency alarms, where to go in the event of an emergency, and other safety actions that might be required. Auditors are not exempt from any safety requirements while at the facility.

In addition to normal protective equipment (e.g., safety shoes, hard hats, goggles), auditor(s) may need special equipment:

- Flame-retardant coveralls in all areas of the plant where there is potential for flash fires and as may be required by policy at the facility;
- Emergency escape respirators during the walk-around portion of the audit (personnel conducting these audits should have received proper training in the use of emergency escape respirators);
- Alert monitors approved for the environment where they will be used (e.g., H2S, LEL);
- Electronic equipment (i.e., still cameras, video cameras, cellular phones) that are safe for use in the process areas being audited; and
- Follow facility guidance relative to the appropriate use of PPE and request notice of any unusual conditions which may dictate specific precautions.

Opening Meeting

The auditor(s) should conduct an opening meeting with management personnel (e.g., plant manager, superintendents of safety and operations, legal counsel, corporate representative). The lead auditor should clearly explain the purpose and objectives of the audit.

The lead auditor may give a copy of this guidance to the facility to help them understand the scope, purpose, and objective of the audit. In addition, this guidance may help the facility in assembling information to be reviewed by the auditor(s). At a minimum, the following items should be addressed during the opening meeting:

- Introduction of the auditors and facility personnel of auditor(s);
- Audit purpose and objectives;
- On-site agenda;
- Identification and management of CBI;
- Information necessary to conduct the audit;
- Safety issues (e.g., facility-specific safety orientation training, emergency response procedures and alarms that may sound in an emergency);
- Schedule for exit briefing; and
- Audit report preparation.

The auditor(s) should also request a detailed overview of the processes and/or manufacturing operations at the facility, including block flow and/or process flow diagrams indicating chemicals and processes involved.

Prior to walking around the facility, the auditor(s) should request an explanation of the facility's compliance programs including, at a minimum:

- How EH&S compliance programs, permits and activities are implemented;
- Personnel who are responsible for the implementation of the various elements of the program; a
- The location and personnel responsible for the files and records documenting compliance.

At the conclusion of the opening meeting, the lead auditor should request access to the following information, where applicable:

- OSHA 300 Log and Incident records
- Safety Meeting minutes and records
- Training records (e.g., hazard communication, emergency response) for all employees
- Copies of safety related permits (e.g. hot work, confined space, etc.)
- Integrity or preventive maintenance records; (PSVs, sensors, corrosion etc.)
- Written process safety information;
- PSM program records
- RMP program records
- DOT pipeline manual and required records
- Safety incident records and incident investigation records
- Documentation for the process hazards analysis or hazard review;
- Standard operating procedures;
- The emergency response plan developed by the facility;
- The two most recent compliance audit reports; and
- Documentation on coordination with local officials on emergency response activities
- NPDES discharge permit and records
- Air permit and required reports
- Waste management permits and records
- SPCC plan and required logs
- Copies of any violations and legal proceedings relating to EH&S issues.

Collecting and Analyzing Information

After the opening meeting, the auditor(s) may accomplish their tasks individually or in small groups, performing their work as quickly and efficiently as possible. Special attention should be paid to:

- Verifying the reported program level; and
- Comparing the facility's compliance requirements to policies and procedures actually implemented, especially for production or equipment changes.

The audit checklists may be used as guidance to ensure that regulatory requirements are met and that a basic level of data quality is achieved. However, this checklist is not intended to be comprehensive of all applicable requirements. Accordingly, the checklist is not a substitute for general operational knowledge and an interpretation of the regulations.

During the audit, a variety of materials will be gathered relating to operations at the facility. Most of these materials should be referenced in the report and maintained in a central file.

Examples of the types of material that might be included are:

- Sample facility memoranda, guidelines, safe operating procedures, policy statements (e.g., safety practices, Responsible CARE);
- Correspondence between the facility and the implementing group; or
- Graphic materials such as photographs, maps, charts, plot plans, organizational charts.

All materials should be labeled with:

- Name of the facility;

- Date of the audit; and
- Other identifying information.

Writing Observations and Risk Ranking of Findings

Notes, and findings should be based solely on the observed facts and interviews conducted during the audit. For example, if the facility did not train employees on the proper use of the hot work permit, then the auditors findings might be:

“Hot work permit forms were observed to not be filled out completely.” Or “No records were found showing that employees were trained on how to fill out hot work permits.”

The auditor should not write down statements such as, “The hot work program was found to be in violation of OSHA regulations.” Only write down what you observe. Do not make legal interpretations as to compliance with specific regulations.

All statements should reflect what the auditor observed and not include any conclusions or presumption of compliance or non- compliance.

Findings must also be risked ranked. Risk is the product of likelihood and consequence. A risk matrix chart will be provided to the auditors so that all findings can be risk ranked.

Exit Briefing

Prior to the exit briefing, auditor(s) should meet to review findings and establish topics for the briefing.

Significant observations and findings should be presented to management personnel. Any issues requiring clarification should be listed for discussion with the management personnel.

The team leader will determine what conclusions or recommendations will be forwarded to the facility at the exit briefing.

In the exit briefing, the auditor(s) will meet with the management personnel to discuss the audit results. The lead auditor should report to the facility management all significant findings, conclusions, and recommendations for which a team consensus exists.

Auditor(s) should maintain a professional, courteous demeanor during all discussions with facility personnel. Auditor(s) should make facility officials aware of any standards, guidelines, or resources that would be helpful in improving the facility compliance.

- Maintain a professional courteous demeanor;
- Make facility officials aware of helpful standards, guidelines, or resources;
- Alert management to situations requiring immediate remediation
- Do not state that violations have been observed, however, state that the evidence examined may indicate that a violation may have occurred.

Auditor(s) should never state that "violations" have been observed. Determining that a violation has occurred is generally done after an enforcement inspection by the appropriate enforcement program in consultation with legal counsel. The facility should confer with their legal representatives to determine any required reporting or other actions that should be taken.

STEP (4): CONCLUDING ACTIVITIES

Final Report

Auditor(s) should finalize the report as soon as possible after completion of the site visit to ensure details of the audit are accurately recorded. At a minimum, auditor(s) should:

- Immediately review and edit personal notes taken during the site visit for clarity and completeness;
 - Review report format, and identify any additional information needed to complete the report;
 - Review all important observations and findings;
 - Agree on a date for the final report;
 - Differentiate recommendations from any observed noncompliance;
- and
- Resolve conclusions or recommendations that are not supported by team consensus.

Audit Report

The report should summarize information gathered during the audit (the attached checklists may be helpful). The report should include:

- A basic profile of the facility and general information about the audit;
- A description of the criteria, rationale, and factual information used to select the facility for an audit; and
- Findings, conclusions, and recommendations.

The findings, conclusions, and recommendations section should summarize the rest of the information from the completed checklists. Each finding should be documented with information collected through document reviews. The auditor(s) should not interject opinions or speculative statements in findings. Any conclusions should be based upon a comparative analysis of the finding with applicable rules, regulations, standards, and accepted guidance. Conclusions should be accompanied by recommendations. Each recommendation should cite the specific rules, regulations, standards, accepted guidance, or technical basis used to formulate the recommendation. The lead auditor should consult with all appropriate auditors and personnel in the implementing group to determine if recommendations that are not supported by a team consensus should be included.

Each auditor should sign the report before it is submitted to the appropriate groups. The original report should be maintained by the implementing group. A copy of the report should be forwarded to the facility's owner or operator, as well as to others as directed by the owner.

STEP (5): AFTER-AUDIT ACTIONS

Tracking of Recommendations and Changes

Based on the results of the audit, the site's management should set up a plan to review and implement the recommendations of the audit.

The site management should respond in writing to the findings found in the report. The response should state that the facility will implement the recommendations contained in the final report in accordance with a timetable provided by the facility, or should state that the facility rejects the findings in whole or in part. For each rejected finding, the site management should explain the basis for rejecting that finding. The facility may indeed find additional records or uncover facts that the auditors were not aware of.

The written response should be received by the implementing or corporate group within 90 days of the issuance of the preliminary report.

Responses to the audit findings should be tracked over time. A timetable for closing out the audit should be established. The facility management should provide periodic reports to the implementing or corporate group concerning the resolution of the findings. The implementing or corporate group should provide a letter of closure to the site's management. A copy of this letter should be kept with the audit report showing that all findings had been addressed and that the audit report had been closed.