

Audits & Inspections

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Why Audit Environmental Activities?

- To know what you're getting into
- To manage what you've already got
- To keep from getting what you don't want



Environmental Operating Realities

- Proliferating regulations
- Confusing requirements
- Staff turnover and morale
- Citizen lawsuits
- Poor public image
- “Deep pockets” potential
- Corporate officer liabilities



Environmental Goals Hierarchy

- Problem Solving
 - Stay out of trouble
 - Minimize damage
- Compliance Management
 - Achieve and maintain compliance
 - Focus on assessment and verification
- Environmental Assessment
 - Identify and manage risks
 - Anticipate and address hazards



Types of Environmental Audits

- Operational
 - Regulatory compliance
 - Waste minimization/pollution prevention
 - Program status (e.g., Process Safety Management program implementation)
 - Financial performance and budgeting



Types of Environmental Audits

- Transactional
 - Phase I Environmental Site Assessment
 - Phase II Environmental Site Assessment
 - Facility compliance review
 - Facility environmental management practices and controls



Types of Environmental Audits

- Management Systems
 - Internal policies and standards
 - Program planning and review
 - External EMS standards (e.g., ISO 14000)



Auditing under Privilege

- Oregon has an Audit Privilege law that provides protection to companies that follow the basic procedure for completing audits



Audit Requirements

- Must meet definition in ORS 468.963(6)(b)
 - Must be labeled correctly
 - “Environmental Audit Report: Privileged Document”
- Privilege does NOT extend to:
 - Documents, data, reports, communications required by regulatory agencies
 - Information obtained by regulatory agencies
 - Information obtained from a source independent of the audit



Voluntary Disclosure

- Auditing under specific required elements set forth by the EPA to obtain the privilege of disclosing the audit results
- Disclosure can eliminate “gravity-based” penalties, not mitigate economic benefit



EPA Elements

- Systematic discovery
- Voluntary discovery
- Prompt disclosure
- Discovery independent of government/3rd party
- Correction
- Prevent recurrence
- No repeat violations
- Violation may not have caused harm
- Cooperation



Differences between Audits and Inspections

- Let's have a review of a typical Environmental Inspection and some of the issues associated with such an inspection





Preparing for a DEQ Inspection

Like a Thief in the Night... Corporate Audits and Agency Inspection





How does an inspector prepare?

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- The inspector researches the facility
 - Review status –
 - such as generator status
 - Print out annual reports, review permits
 - Previous inspections
 - Were there prior violations?
 - Contact other applicable programs
 - Contact the clean-up, air quality, etc.
 - Regulator information
 - Review regulations, industry and site specific issues



Announced and unannounced

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- Announced and unannounced
 - In an announced inspection DEQ sets a date to ensure that staff is available
 - In an unannounced inspection – such as hazardous waste inspections – DEQ will conduct the inspection with the personnel on hand at the time they arrive, which is within normal business hours.



First things First!

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- Should I let an inspector in?
 - *You have the right to refuse, but DEQ can come back with a search warrant*
 - *Additionally if the person denying access was informed that permitting access to the Department was required by statute, permit, or order, the denial is a violation which may be referred for enforcement*





The inspection

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- First, the inspector will introduce herself and discuss the purpose of the inspection and the process
 - The inspector will walk through the facility, looking facility operations and associated compliance areas
 - The inspector will review your records
 - Finally the inspector will sit down and discuss the findings.



Walking through with a hazardous waste inspector --

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The inspector will look at the hazardous waste storage area

- Are containers properly managed?
- Is there means of communication?
- Are spill kits/fire extinguishers maintained?
- Evacuation routes/emergency information posted?





HW Walk through example

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- During a hazardous waste inspection, DEQ will look at containers throughout the plant.
 - A satellite accumulation area
 - Off spec out of date chemicals





HW Walk through example three

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- The inspector may look at containers, spills, releases
 - The hazardous waste inspector will look at hazardous waste determinations, releases of hazardous waste –
 - Check out your garbage can





It is the simple things

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It is the simple day-to day things that may become compliance problems in hazardous waste –

- common violations involve failure to make a hazardous waste determination

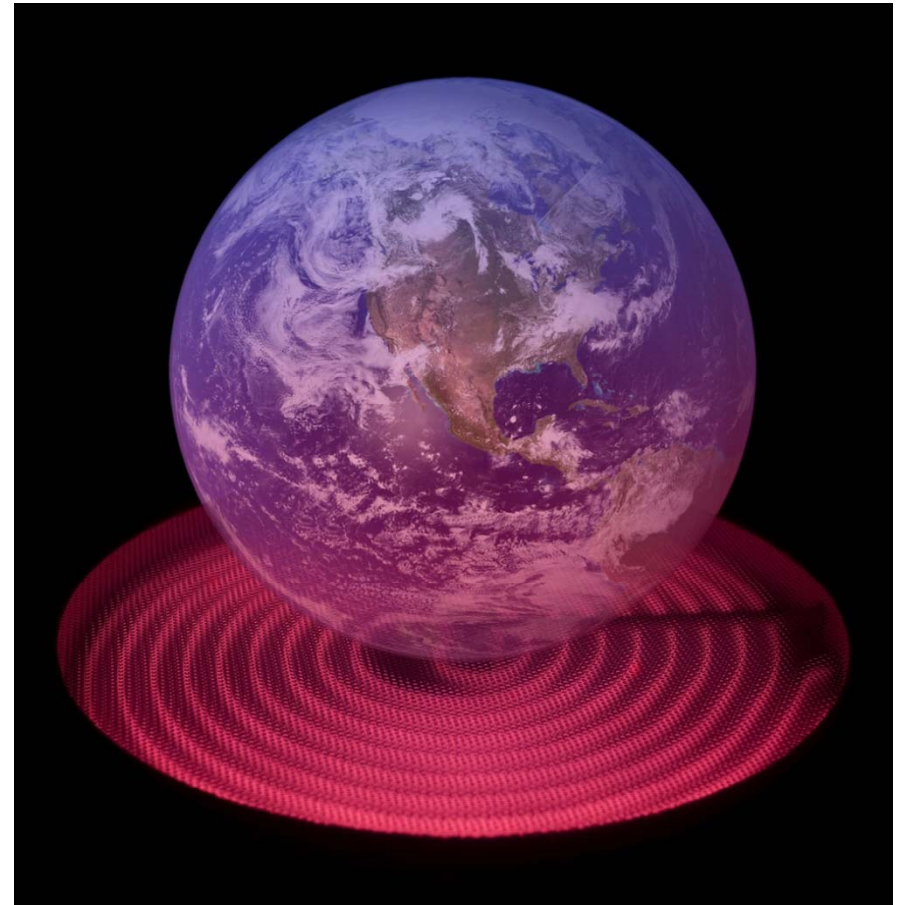




When changes occur -

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- When you hire new personnel, change ownership, start a new process—update your records!

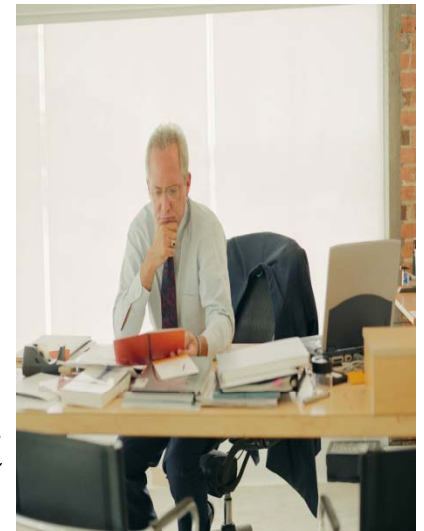




Tip one - Know what regulations apply

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- The basics – know your permit and understand the rules that apply to your facility -
 - Advice from an AQ inspector: If you could pass along one piece of advice -- I would ask it to be "**read your permit**" and ask questions about anything you don't understand.





Tip two - Pay attention!

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- Look around the facility -
- According to a Title V inspector in Air Quality - one of the most frequently cited violations at a facility is excessive visible emissions





Tip three – have a back up

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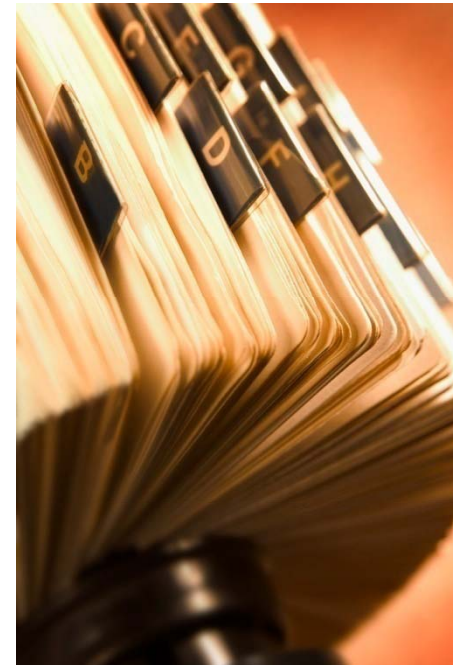
- As an inspector I generally find that I have arrived at an inopportune time. The environmental staff is otherwise occupied or not available – if you generate hazardous waste -
 - You need to have a back-up person trained.
 - Violations occur when regular staff is gone -- required inspections are not done, reports or records are not kept correctly.



Tip Four– Good Record Keeping

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- Know where your required records and permits are and have them ready.





Tip Five – be honest -

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- During the inspection we will ask questions.
- Be honest, if you don't know the answer, get back with us...don't make up and answer.
- While you should have required records on site, we may ask for a copy to be sent, if unavailable.

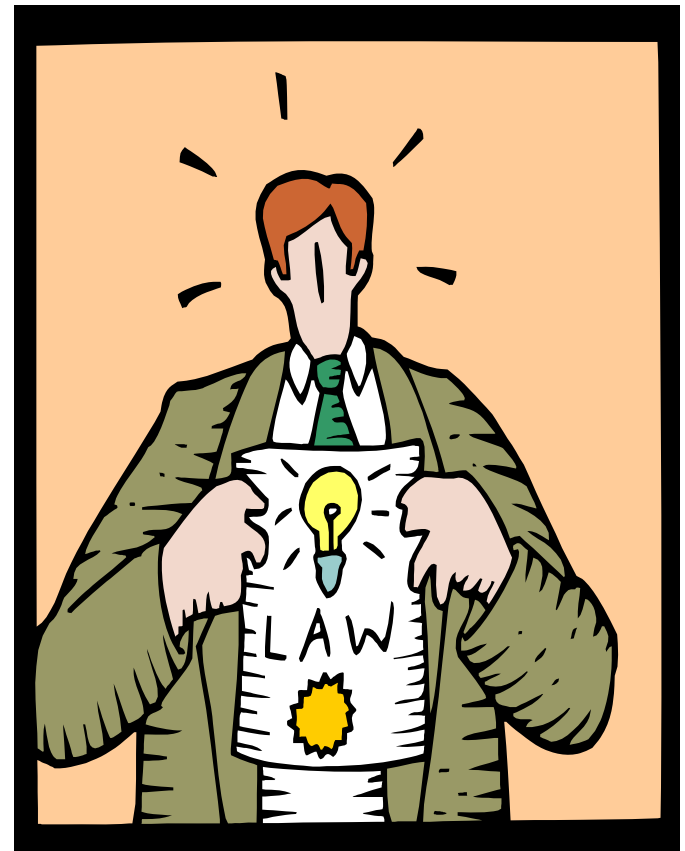




Tip six – keep up with changes

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- Keep up on regulatory changes that may apply to your facility –
 - Electronic waste disposal, pharmaceutical wastes, new definitions.
 - Be aware, when you renew your air or water permit, there may be significant changes
 - Presently EPA is writing regulations for many small emitters of hazardous air pollutants. it is advisable for it to review the list of area source NESHAPs





Who gets inspected and why -

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- In most programs there is an EPA directive or an internal inspection schedule
 - The more complex sources -- large quantity generators are on an inspection schedule
 - The frequency may increase if violations were discovered on the last inspection
 - DEQ also addresses complaints –
 - Employees, neighbors, other agencies



Up and coming trends

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- The smaller facilities may be getting more inspections in the future
 - In hazardous waste – EPA realizes large quantity generators are visited once every three years, they have not required inspections of small quantity generators. DEQ has however, has and is inspecting these facilities but may establish a more frequent schedule.



Enforcement?

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- There are two reasons for enforcement
 - Class I violations
 - Repeated violations
- What if you find a violation?
 - There is a self disclosure directive which reduces or possibly eliminates civil penalties and recommends not pursuing criminal investigation of the disclosing entities.



How to get help!

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- In the waste related programs DEQ provides technical assistance
 - Free or low cost training
 - The TA visit cannot lead to an inspection
 - There are always duty officers on call
- Ask your permit writer if you have questions



Questions?

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OSHA Inspections

- Procedure is identical to environmental inspections
- Inspectors have more leeway in allowing small fixes and cooperative actions
- Inspections will be detailed in both site conditions and paperwork



Most Cited OR-OSHA Regulations

- Fall protection
- No safety committee
- No written HazCom
- No written JHA
- Grinding wheels
- Powered equipment training
- Open jxn boxes
- Regular safety committee meetings
- No meeting minutes
- Fall protection training
- Fall protection – openings



OSHA Cites More Frequently – Smaller Dollar Amounts

- 2005: 4,890 inspections, 3,805 citations, \$2 MM in initial penalties
- DEQ – 2005: 221 NOVs written for 399 different violations. 169 total penalties for \$2,367,485
- OSHA: \$525 average – DEQ: \$14,000 average
- If – DEQ cited as frequently as OSHA - \$43.2 MM



Preparing for an External Audit

- Prepare all paperwork so that three years of data is easily accessible
- Organize materials for easy review
- Provide pre-audit information (e.g., permits to auditors)
- Make sure key players are available



Working through the Audit

- Provide a thorough tour of facility operations
- Provide a dedicated audit assistant
- Be thoughtful in considering auditor's needs, especially for access to site intranet resources



The Audit Report

- Auditors should provide a summary before beginning a written report
- Written reports should be kept in draft form until agreement is reached on findings
- Findings should be clearly written and actionable



Addressing Audit Findings

- Fix what can be fixed immediately, but don't miss systemic issues
- Develop a risk-ranked priority listing for audit corrections
- Track audit corrections to completion



Questions?

