

7 SAFETY, HEALTH, AND ENVIRONMENTAL AUDITING

ANSWERS—QUIZ 1

1. b
2. a
3. b
4. c
5. a, c
6. Auditing is a methodical examination that involves analyses, tests, and confirmations of a facility's procedures and practices to verify whether it complies with legal requirements and internal policies to evaluate whether it conforms with good safety, health, and environmental practices.
7. Inquiry and observation are the two data-gathering methods most often used in Step 1 of the audit process.
8. Basically, working papers are the auditor's field notes to keep track of audit procedures undertaken, results achieved, and items requiring further information.
9. In transporting auditing programs to overseas locations, companies will have to consider the following:
 - diverse local regulatory systems
 - travel and logistical requirements
 - language and cultural barriers
 - different levels of company ownership and control
10. The three categories of audit procedures are as follows:
 - Inquiry: The auditor asks questions both formally and informally; audit questionnaires are common examples of formal inquiry.
 - Observation: The auditor collects evidence through what can be seen, heard, or touched. Because physical examination is often one of the most reliable sources of audit evidence, observation is a significant aspect of most S/H/E audits.
 - Verification testing: The auditor focuses on either the management system or physical equipment and performs systems tests. For example, retracing data would uncover errors in recording original data. Other common types of testing include verifying paper trails and equipment checks.

ANSWERS—QUIZ 2

1. a
2. b
3. a
4. d
5. b
6. Companies have established S/H/E auditing programs to:
 - determine and document compliance status
 - improve overall S/H/E performance at operating facilities
 - assist facility management
 - increase the overall level of safety, health, and environmental awareness
 - accelerate the overall development of S/H/E management control systems
 - improve the safety, health, and environmental risk management system
 - protect the company from potential liabilities
 - develop a basis for optimizing safety, health, and environmental resources
 - assess facility management's ability to achieve S/H/E goals
7. Background information includes regulatory requirements, corporate policies, and facility information (organization, processes, layout).
8. Four indicators of strengths and weaknesses are as follows:
 - clearly defined responsibilities
 - an adequate system of authorizations
 - capable personnel
 - documentation
 - internal verification
9. Three ways of gathering audit evidence are record reviews, examination of available data, and interviews with facility personnel.
10. Environmental audits can be internal (conducted by the company) or external, conducted by an outside firm, and serve many purposes. They may be conducted to avoid costly cleanup charges, avoid or prevent fines, promote good labor relations, enhance a company's public relations with the community, and

function as a “report card” on a firm’s environmental management program.

ANSWERS—CASE STUDY

1. Inadequate performance in the safety, health, and environmental arenas can have severe consequences for both an organization and its management. A company responsible for environmental damage is at risk for fines, legal liabilities, and/or economic losses.
2. In some organizations, the avoidance of generating potential legal liability from audit reports is a serious concern. For these entities, the draft audit report should be handled with the law department or with outside legal counsel, and copies should be carefully controlled so that the future claims of privilege may be asserted. Even in organizations that do not have a policy protecting the legal status of audit reports, the auditors’ choice of wording for an audit report carries serious legal consequences. Selecting what words are to be used when the written audit report describes a dangerous condition or risk scenario will be an important part of the audit team leader’s responsibilities.
3. The company’s lawyers should advise about the federal and state laws that give specific incentives to make reports of detected violations and the corrective actions that follow. Some state laws encourage audits by granting a legal privilege against the use of an audit report in civil litigation or by granting legal immunity from prosecution. But some federal agencies have important limits and qualifications. It is important to consult with experienced legal counsel.