APPENDIX X1

SOP Procedure for
Environmental Audit Program

Revision History			
Revision	**Date**	**Approval**	**Reason**
0	09/10/08		Original
1	08/17/10		• Updated roles and responsibilities. • Created an Environmental Auditing Program Share Point site. • Eliminated audit finding form and replaced it with audit findings spreadsheet.
2	08/22/11		• Updated roles and responsibilities
3	05/17/12		• Updated to change ECRA title to compliance. Changed to include budget location to be under division requesting audit versus under division where auditing program is located.
4	09/12/12		• Update for Sanitary Sewer Master Plan request
5	09/24/13		• Included appropriate SME duties
6	11/12/13		• Program Manager duties transferred to Subject Matter Experts
7	10/27/14		• Reincorporated Program Manager duties as overseer. SME duties remain the same as 11/12/13 SOP
8	03/12/15		• Corrected format; Definitions
9	09/01/15		• Added additional roles for Program Manager
10	05/08/17	M. Farmer	• Updated roles of SME and PgrMr. Assigned new control number.
11	09/25/17	L. Frigo	• Transferred invoice approval to SME
	09/27/20	L. Frigo	• Reviewed – no changes
12	09/24/21	T. Meregillano	• OCSD to OC San; logo update
	09/26/22	T. Meregillano	• Reviewed – no changes
13	10/17/23	T. Meregillano	• Updated hazardous waste auditing responsibility
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	Orange County Sanitation District (OC San) **Environmental Services Dept. Standard Operating Procedure**	**Control Number:**	**COMP-006**
		Version Number:	**5.0**
		Approved By:	**Lan Wiborg**
		Approved Date:	
Subject: Environmental Auditing Program		**Supersedes:**	**09/24/21**

I. Purpose

A. Provide independent verification that all divisions and outside contractors are complying with required environmental laws, regulations, and policies.

B. Determine that permit requirements and standard operating procedures are adhered to.

C. Provide regulatory information and best management practices (BMPs) to appropriate staff, when requested, during the audit process and audit findings follow-up period.

D. Help obtain a favorable viewpoint from regulatory agencies and the public.

E. Reduce liability for non-compliance issues.

F. Provide management of the status of the compliance and conformance with environmental programs.

Scope:

A. Environmental audits shall encompass federal, state, and local regulations and Orange County Sanitation District (OC San) BMPs relating to the environmental field.

B. Environmental Audits include, but are not limited to:
1. Air Quality – Title V (conducted as requested)
2. Air Quality – Non Title V (conducted as requested)
3. Hazardous Waste (annual basis conducted by Safety Division- mandatory)
4. Storm Water (bi-annual basis– mandatory requirement under NPDES Permit)
5. Underground Storage Tanks (UST) (conducted as requested)
6. Waste Discharge Requirements (WDR) (triennial basis – mandatory requirement under Sanitary Sewer WDR Order)

II. Objectives:

A. Determine whether the organization is in compliance with environmental regulations including permits, reporting requirements, and company directives, policies, standards, and procedures.

B. Evaluate the effectiveness of management systems that are in place to manage the organization's risks and ensure compliance.

C. Identify opportunities where waste can be minimized and pollution eliminated at the source.

D. Review the means of protecting physical assets through loss prevention measures such as management of change and preventative and predictive maintenance.

III. Definitions/Acronyms

A. **Audit:** A formal, discrete (snapshot) examination of the agency's compliance and conformance status in a defined program area. It includes interviews with staff, investigation and inspection of equipment, records, environmental control systems, testing and analysis procedures, and any other aspect that affects compliance and conformance.

B. **Audit Finding:** Require correction or resolution and shall be documented using the Audit Findings Spreadsheet in the Environmental Auditing Program (EAP) Share Point site. Final verification of the response to the audit finding shall be the responsibility of the Division Manager responsible for the area covered in the finding. Audit findings shall be presented to appropriate management and staff.

C. **Audit Findings Spreadsheet:** Used to document findings or concerns discovered during any audit and record resolutions of those findings. This spreadsheet is included in the EAP SharePoint site listed within the ECAP Share Point site.

D. **BMP:** Best Management Practice. Action or prohibition based on strength of experience, professional recommendation or other non-compliance related source designed to improve specific program area.

E. **Compliance:** Actions mandated or prohibited by permit, regulation or other act of an executive branch governmental agency.

F. **Conformance:** Action or prohibition determined by OC San policies, procedures or practices that are not compliance related.

G. **EAP:** Environmental Auditing Program.

H. **EAR:** Environmental Auditing Roundtable, a nationally recognized organization involved in the professional advancement of environmental audit programs.

I. **ECAP:** Environmental Compliance Awareness Program.

J. **EMS:** Environmental Management System.

K. **EMT:** Executive Management Team which consists of the OC San's Directors, Assistant General Manager, and General Manager.

L. **Internal Audit:** Is an independent appraisal of the OC San's environmental compliance and conformance functions. The objective of an internal audit is to assist District staff in performing their responsibilities more effectively, and is conducted by a third party certified lead auditor.

M. **Program Manager (PrgMr):** An OC San employee in charge of the Auditing Program and assures audits are completed by SMEs per schedule.

N. **Policy:** An operating procedure or management directive established by the District. Policies may be written or unwritten.

O. **Professional Conduct:** Environmental audits shall be conducted following the Professional Conduct Code of Ethics set forth by the Environmental Auditing Roundtable (EAR).

P. **Subject Matter Expert (SME):** Person in charge of a specific compliance program or area to be audited.

Q. **Task Owner:** Person responsible to resolve the audit finding and works with SME to post in the Audit Findings Spreadsheet.

R. **Third Party Auditor:** An outside contractor who is a certified environmental auditor experienced in conducting environmental audits. The third-party auditor is in charge of conducting audits and is managed by the PrgMr.

IV. **OCSD Roles and Responsibilities**

A. **Executive Management:** Shall support the EAP and the timely approval of funds and staff resources necessary to resolve compliance and conformance findings.

B. **PrgMr:** Shall be responsible for maintaining the overall schedule of audits and contacting SMEs to assure audits are completed on schedule. The PrgMr will add reminders in ECAP for the SME to start the audit as well as to close findings.

The PrgMr shall be responsible for finalizing the Scope of Work (SOW) for the audit by coordinating comments from appropriate staff. Works with the Purchasing department to develop requests for bids (RFB) and requests for proposals (RFP) and creates list of CONTRACTORS the RFB and RFP should be sent to. Along with the SME, determines if the awarded third-party auditor possesses the necessary knowledge, skills, ability, and certification to perform the assignment. Schedules kick off meeting. Manages third-party auditors contracted to perform environmental audits. Attends field visits and interviews with the auditor, if desired. Reviews draft reports and findings and sends to SME for review. Sends draft with comments back to third-party auditor to incorporate. The PrgMr shall be responsible for posting the final report and findings spreadsheet on the EAP SharePoint site. Contacts the SME bi-annually to determine the status of the audit findings. At any time that the PrgMr suspects a potentially serious risk, the manager of the division and the compliance manager shall be informed.

C. **SME:** Works with the PrgMr to finalize the Scope of Work (SOW). Helps create a list of CONTRACTORS the RFB and RFP. Determines if the awarded third-party auditor possesses the necessary knowledge, skills, ability, and certification to perform the assignment. Determines who is to be interviewed by asking appropriate personnel. Responsible for notifying responsible parties. Schedules audit interviews or request Division Administrative Assistant to schedule interviews. Assures meeting invites are accepted. Sends e-mail to staff to be interviewed with an explanation of pending audit. Gathers auditor's requested documents from appropriate personnel and sends to third-party auditor for his/her review (copies the PrgMr). Attends all field visits and interviews with the auditor. Reviews draft reports and findings and send to appropriate personnel for review. Schedules closing meeting. In charge of updating the findings spreadsheet and ensures task owners close findings. For the WDR audit: once a reminder is received by the SME via ECAP, the SME will be accountable to respond to reminder by clicking "complete" and date of completion. And if not complete, document status. Note: item will remain red in the ECAP dashboard until complete.

D. **Division Administrative Assistant:** Schedules meetings and interviews, when requested. Completes the purchase requisition and sends it, along with the SOW, to purchasing.

E. **Third Party Auditor:** While conducting an audit, the auditor will provide analyses, appraisals, recommendations, and information concerning the activities reviewed.

F. **Audited Divisions:** Are expected to review, edit and comment on the Scope of Work or Request for Proposals (RFPs). Answer questions posed by the auditor and

to comply with information requests to provide records, documentation, and equipment for review. The audited divisions will verify the accuracy of any audit findings received and implement resolutions to the problems identified and notify the SME once the findings have been resolved. The budget for the area to be audited shall come from that division.

G. **Task Owner:** Accepts or does not accept findings. If accepts, informs the SME of his/her schedule to resolve the findings. Task owner works with the SME to post root cause analysis, corrective action, and date of resolution into the Environmental Auditing spreadsheet. Closes task in the audit findings spreadsheet. If the task owner does not accept a finding, post reasons in audit findings spreadsheet and closes task in EAP SharePoint site. For the WDR audit: Once a reminder is received by the task owner via ECAP, task owner will be accountable to respond to reminder by clicking "complete" and date of completion. If not complete, document status. Note: item will remain red in ECAP dashboard until complete.

H. **Division Manager**: Follows up with their staff who has been designated a task owner, to assure he/she has resolved a finding. The responsible manager may ask for clarification, resolve the issue immediately, or propose a schedule for resolution.

I. **Purchasing:** Finalize the SOW and RFB or RFP. Sends out the RFB or RFP to appropriate contractors, maintains list of contractors, checks references, and checks for appropriate certifications. Procures the third-party auditor/CONTRACTOR.

J. **Legal:** Legal review of audit documents or findings will only occur under exceptional circumstances on an "as needed" basis.

V.   Procedure

A. **Third-Party Audit**

1. **PrgMr** – Reviews the audit schedule and determines when audits should be conducted. Confirms decision with compliance supervisor, applicable division supervisor and SME.

2. **ProgMr** – Notifies SME's supervisor and compliance supervisor of pending audit.

3. **SME** – Notifies appropriate staff of pending audit.

4. **ProgMr** – Notifies Purchasing Department of pending audit and consults whether it will be a Request for Bid, Request for Proposal, or contract renewal.

5. **ProgMr** – Reviews and edits SOW. Sends to SME for review and comment.

6. **ProgMr** – Consolidates comments into SOW to finalize. Populates final SOW into ECAP, Environmental Auditing Knowledge base.

7. **ProgMr** – Sends final SOW to Department's Administrative Assistant. Requests their Administrative Assistant to complete Purchase Requisition (PR) to send to Purchasing.

8. **Administrative Assistant in Div conducting audit** – Completes PR and obtains approval.

9. **Applicable supervisor or manager** – Approves PR.

10. **Administrative Assistant** – Sends PR and final SOW to Purchasing

11. **Administrative Assistant** – Notifies PrgMr that PR and SOW has been submitted to Purchasing.

12. **Purchasing** – Keeps PrgMr updated on RFB/RFP progress.

13. **PrgMr** – Keeps Supervisor and SME updated on RFB/ RFP progress.

14. **SME/PrgMr** – Reviews findings from previous audit (if one exists).ProgMr -

15. **Purchasing** – Procures third-party auditor and notifies PrgMr.

16. **ProgMr** – Notifies SME and supervisor of third-party auditor hired.

17. **SME** – Notifies appropriate staff of third-party auditor hired.

18. **ProgMr** – Schedules kick off meeting with SME, department's supervisor and third-party auditor.

19. **SME** – Sets up interviews with staff, PrgMr and third-party auditor. Gathers any documents requested by the auditor and sends to the auditor.

20. **SME** – Attends all auditing interviews.

21. **ProgMr** – Attends auditing interviews, as needed or desired.

22. **ProgMr** – Manages third-party auditor to assure SOW is being adhered to within budget.

23. **SME** – Approves invoices and notifies their supervisor and the ProgMR.

24. **ProgMr** – Receives and reviews draft audit report and findings spreadsheet (from CONTRACTOR). Sends to SME for review and comment.

25. **SME** – Reviews draft audit report and sends to interviewees for comment. 2-week turn around.

26. **ProgMr** – After audit is complete, add semi-annual reminders in ECAP for the SME to work with task owners to close findings. The PrgMr will include the SME Supervisors in ECAP Share Point site to be automatically notified when ECAP dashboard turns yellow and red.

27. **SME** – Schedules closing meeting with vendor, interviewees, and PrgMr.

28. **Task owner or SME** (SME determines process) – Inputs root cause analysis, the corrective action, and date that corrective action completed.

29. **Task owner or SME** (SME determines process) – Closes task.

30. **Responsible division manager, supervisor, or SME** - Assures findings are resolved, tasks are completed and closed.

31. **SME or task owner** (SME determines process) – Populates finding spreadsheet with resolution, dates, corrective action, and root cause analysis.

B. **CONTRACTOR** for a third-party audit should normally include the following components:

1. Kick off meeting with appropriate personnel. Third-party auditor provides agenda

2. Safety orientation and debriefing

3. Records/documentation review

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4. Developing questionnaires

5. Staff interviews

6. Physical inspection of facilities and site

7. End of day summary reviews with SME

8. Filling out Audit Findings Spreadsheet

9. Final closing meeting to present findings, agree to responsible division(s), and a schedule to resolve findings/recommendations

10. Draft Audit Report and draft findings spreadsheet.

11. Final Audit Report and final finding spreadsheet that includes comments from District staff.

12. Audit report shall include employees interviewed, their division and documents requested and reviewed by the third-party auditor.

VI. Recordkeeping

All records created or generated in the course of this procedure shall be legible and stored in a way that they are readily retrievable in facilities or electronic document/content management systems that provide a suitable environment to prevent damage, deterioration, or loss. Records may be in the form of any type of media, such as hard copy or electronic media. The OC San Records Retention Schedule is the official procedure governing the retention, retirement, and destruction of District records. Document owners should use these schedules to determine the item and series that best fit their records. Document owners are responsible for insuring that documents are properly marked, indexed, and filed for their projects or area of responsibility.

VII. Related Documents

1. Audit Findings Spreadsheet (template)

2. Audit Schedule

3. Final Audit Reports and Findings Spreadsheets

4. SOWs

VIII. References

A. *Professional Conduct Code of Ethics* by the Environmental Auditing Roundtable

B. BEAC Performance and Program Standards for the Professional Practice of Environmental, Health and Safety Auditing.

Subject: Environmental Auditing Program

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14	10/5/2024	T.Meregillano	• Updated Scope Section
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X.   Attachments – None