



# ENVIRONMENTAL AUDITOR GUIDELINES FOR CONDUCTING ENVIRONMENTAL AUDITS

Publication 953.2\*

August 2007

## 1. INTRODUCTION

### 1.1 Overview of audit system

These guidelines apply to the conduct of environmental audits undertaken in accordance with Part IXD of the *Environment Protection Act 1970* (the Act).

The Environment Protection Authority (EPA or the Authority) administers Victoria's environmental audit system. Environmental auditors are appointed pursuant to the Act and are bound by statute to perform robust, objective and accurate audits.

The functions of an environmental auditor are:

- to conduct environmental audits
- to prepare environmental audit reports
- if requested, to issue certificates of environmental audit or statements of environmental audit<sup>1</sup>.

### 1.2 Purpose of these guidelines

These guidelines have been issued primarily to assist environmental auditors to conduct environmental audits. Additional information on conducting specific types of audits can be found in other EPA publications (refer Section 3).

These guidelines may also be useful for audit clients, auditees<sup>2</sup> and the community.

It is a requirement of the Act that environmental auditors have regard to these and other guidelines when undertaking their duties as environmental auditors<sup>3</sup>.

These guidelines may be replaced, amended or updated periodically. EPA will ensure that updates of these guidelines are provided to all environmental auditors. Others should refer to the EPA website for details of the most recent EPA publications related to environmental auditing.

The Authority may also provide specific guidance to environmental auditors, as requested, to clarify the guidance provided in this document.

Where an environmental auditor adopts an approach that differs from that presented in a relevant guideline issued for the purposes of Part IXD of the Act, or a broadly accepted environmental auditing standard, the auditor must include adequate justification for the alternative approach in the relevant environmental audit report. If in doubt, the environmental auditor should seek advice from the Authority.

Failure of an environmental auditor to have proper regard to these guidelines will be considered by the Authority:

- in determining whether to subsequently appoint a person as an environmental auditor; and
- in any review of the appointment of an environmental auditor.

Refer to EPA publication 865, *Environmental Auditor Guidelines for Appointment and Conduct*, for full details of these matters.

## 2. DEFINITIONS

Unless the context requires otherwise, an expression or phrase that is used in these guidelines and in the Act has, in these guidelines, the same meaning as in the Act (whether or not a particular meaning is assigned to it in the Act). In addition, for the purpose of these guidelines, the following definitions apply.

**Auditee** means the person or organisation whose activity is being audited or the occupier(s) of the segment of the environment that is being audited.

**Client** means the person or organisation requesting the audit. This will generally be the occupier (that is, the auditee), but may be another person such as a responsible authority or a potential purchaser of land.

**Indicator** means a measurement that provides information on the quality of the environment.

Unless otherwise stated, the term '*environmental audit*' used in these guidelines means an environmental audit undertaken in accordance with Part IXD of the Act.

<sup>1</sup> To date, certificates and statements of environmental audit have predominantly been requested in cases of environmental audits of potentially contaminated land.

<sup>2</sup> Refer to Section 2 - Definitions

<sup>3</sup> Refer section 53S(6) of the Act.

### 3. RELATED DOCUMENTS

These guidelines should be read in conjunction with, and the environmental auditor must have regard to:

- the Act, in particular Part IXD - Environmental Audits
- any relevant Regulation, State environment protection policy or waste management policy
- any other relevant legislation
- any other guidelines prepared by the Authority for the purposes of Part IXD of the Act.<sup>4</sup>

### 4. ROLES FOR ENVIRONMENTAL AUDITORS

#### 4.1 Environmental audit of the condition of a segment of the environment

Sections 53W and 53X of the Act relate to environmental audits of the condition of segments of the environment.

Historically, this type of environmental audit has been most commonly used by planning authorities, government agencies and the private sector to provide assurance that potentially contaminated land is suitable for its intended use.

Where land is identified as not suitable for its intended use, this type of audit identifies the steps necessary to be taken to make it suitable. For further information on issuing Certificates or Statements of Environmental Audit for potentially contaminated land, refer to EPA publication 759, *Environmental auditor (contaminated land) guidelines for issue of certificates and statements of environmental audit*.

This type of audit is best applied to a defined segment of the environment where adequate environmental quality data can be obtained. It can also be applied to other segments of the environment such as a river catchment, an estuary or an aquifer, or to local air quality.

If environmental auditors are requested to undertake a catchment audit pursuant to section 53X of the Act, they should seek guidance from the Principal Environmental Auditor to determine whether an audit pursuant to this section or to section 53V is the more appropriate.

Environmental audits undertaken in accordance with sections 19AF and 19AG of the Act, in relation to neighbourhood environment improvement plans,

should also be undertaken pursuant to sections 53W and 53X of the Act.

#### 4.2 Environmental audit of the risk to a segment of the environment

Section 53V of the Act sets out requirements that must be met when an environmental auditor prepares an environmental audit report '*in relation to the risk of any possible harm or detriment to a segment of the environment caused by any industrial process or activity, waste, substance or noise*'. Environmental audits that must be conducted in accordance with section 53V of the Act include, but are not limited to:

- an environmental audit required by a statutory notice or licence condition
- an environmental audit of a declared industry conducted pursuant to section 31C of the Act<sup>5</sup>
- an audit conducted as part of an accredited licensee's environmental audit program
- an environmental audit ordered by a court to determine the risk posed by the activity to the environment
- an environmental audit in relation to a works approval application.

For further information on conducting environmental audits pursuant to section 53V of the Act, refer to EPA publication 952, *Environmental Auditor Guidelines for the Preparation of Audit reports on Risk to the Environment*.

### 5. RESPONSIBILITIES AND INDEPENDENCE OF THE ENVIRONMENTAL AUDITOR

Environmental auditors are appointed pursuant to, and for the purposes of, the Act. In exercising their functions and duties pursuant to the Act, environmental auditors owe a primary duty of care to the environment and to the people of Victoria above all others (including their client).

An auditor may use the title 'Environmental Auditor (appointed pursuant to the *Environment Protection Act 1970*)' to sign environmental audit reports, statements of environmental audit and certificates of environmental audit, in correspondence specifically related to an environmental audit and in marketing material or project proposals. An environmental

---

<sup>4</sup> See Appendix 1 for associated guidelines

---

<sup>5</sup> Under this section, the Governor in Council may specify industries that the Authority may require to conduct an environmental audit. Exemption from the environmental audit requirement is given to any premises for which the occupier has agreed to prepare an environment improvement plan approved by the Authority.

auditor must not use that title to sign other documents.

## 5.1 Ethical responsibilities of the environmental auditor

The obligations of an environmental auditor are defined under Part IXD of the Act.

An environmental auditor must:

- a) not give false or misleading information to the Authority<sup>6</sup>
- b) not issue a certificate or a statement of environmental audit that is false or misleading<sup>6</sup>
- c) not conceal any relevant information or documentation from the Authority<sup>6</sup>
- d) not issue a certificate or statement of environmental audit without first preparing an environmental audit report<sup>7</sup>
- e) notify the Authority within seven days of receiving a request to issue a certificate of environmental audit<sup>8</sup>
- f) provide the Authority (via Manager Environmental Audit) with a copy of the environmental audit report, and where relevant, a copy of the certificate or statement of environmental audit in accordance with EPA publication 1147 within seven days of finalisation of the report<sup>9</sup>
- g) notify the Authority of any imminent environmental hazard as soon as is practicable after becoming aware of the hazard in the course of conducting an environmental audit.<sup>10</sup> Note that further guidance on what is considered an imminent environmental hazard is contained in section 7 of these guidelines
- h) produce his or her authority in writing if requested to do so<sup>11</sup>
- i) have regard to any guidelines issued by the Authority for the purposes of the Act in carrying out his or her functions<sup>12</sup>
- j) pay the fee prescribed in respect of an environmental audit within seven days of completing the audit.<sup>13</sup>

<sup>6</sup> Section 53ZC of the Act.

<sup>7</sup> Section 53W of the Act.

<sup>8</sup> Section 53ZB(1) of the Act.

<sup>9</sup> Section 53ZB(2) of the Act.

<sup>10</sup> Section 53ZB(3) of the Act.

<sup>11</sup> Section 53S(4) of the Act.

<sup>12</sup> Section 53S(6) of the Act.

If for any reason an environmental auditor's appointment is suspended, revoked or lapses he or she must not purport to be an environmental auditor appointed pursuant to the Act.<sup>14</sup>

Failure to comply with these statutory requirements may lead to enforcement action being taken in accordance with the Authority's published *Enforcement Policy*. The penalties under the Act for environmental auditors who fail to comply with these requirements may be as high as 2,400 penalty units<sup>15</sup> or imprisonment for two years, or both.

## 5.2 Technical responsibilities of the environmental auditor

With regard to the technical aspects of an audit, an environmental auditor is expected to:

- a) have regard to any relevant guidelines prepared by the Authority for the purposes of Part IXD of the Act
- b) employ assessment methods and approaches that are consistent with good practice for environmental auditing
- c) exercise due care, diligence and professional judgement, to the standard which may be reasonably expected of a qualified and experienced environmental professional who is performing duties conferred upon him or her by the Act
- d) act at all times in a professional manner, upholding the independence and integrity of the audit system
- e) offer services only in areas of his or her competence and only perform audits and exercise powers that are relevant to the category or categories of audit to which his or her appointment pertains
- f) ensure that any reports or statements which he/she provides are an accurate record of soundly based observations and logical deductions
- g) continue to develop relevant knowledge, skills and expertise and actively assist and encourage those under his or her direction to do likewise.

**NOTE:** An environmental auditor appointed pursuant to section 53S of the Act who undertakes an environmental audit in a jurisdiction other than Victoria should make himself or herself familiar with

<sup>13</sup> Section 53T(3) of the Act.

<sup>14</sup> Section 59B(b) of the Act.

<sup>15</sup> Section 110 of the Sentencing Act 1991 contains the meaning of 'penalty units'. The value of a penalty unit is index annually in line with CPI increases. At the time of publication, one penalty unit equalled \$110.12.

the relevant legislation, regulations and guidelines in that jurisdiction. The Authority may consider audit work performed in another jurisdiction in determining whether to subsequently appoint an environmental auditor.

### 5.3 Independence of the environmental auditor

The value of the environmental audit system depends on the integrity and rigour of environmental audits carried out and on the confidence users have in the outcome of environmental audits.

The Authority requires that an environmental auditor undertaking an environmental audit will be able to demonstrate a sufficient level of independence from the auditee to satisfy a reasonable person that the outcome of the environmental audit will not be influenced by the relationship with the auditee or potential benefits to the auditor or the company for which he or she works. The environmental auditor must also consider the independence of any expert support team member to be used during an environmental audit.

The Authority expects environmental auditors to avoid, at all times, any situation in which he or she (or his or her employer):

- a) may benefit from a particular outcome of an environmental audit;
- b) is the owner or occupier of any part of the segment that is to be audited, or is related to a person who is the owner or occupier of any part of it<sup>16</sup>;
- c) is an employee of the owner or occupier of any part of the segment that is to be audited;
- d) has a financial or proprietary interest in any part of the segment to be audited or any activity carried out on it;
- e) has been directly involved in the design or environmental management of any activity carried out upon the segment to be audited; or
- f) has entered into any agreement or arrangement that may be reasonably perceived to constitute a conflict of interest.

An environmental auditor should not act as an advocate for the site or activity being audited.

An environmental auditor must be able to demonstrate a professional detachment from the subject of the environmental audit that would satisfy a reasonable person.

---

<sup>16</sup> There may be exceptions where the segment of the environment to be audited is very large, such as a catchment. However guidance should be sought from the Principal Environmental Auditor where this is relevant.

It is the responsibility of auditors to satisfy themselves of their independence. However, the Principal Environmental Auditor may provide specific guidance on independence to environmental auditors if requested in writing to do so.

## 6. WHO CAN ENGAGE AN ENVIRONMENTAL AUDITOR?

The Act makes provision for any person to engage an environmental auditor<sup>17</sup>. An environmental auditor may be engaged by any of the following (this is a non-exhaustive list):

- the owner/occupier of the segment to be audited
- a representative of the owner/occupier of the segment
- the manager of an activity (for example, road construction, landfill liner construction)
- a prospective purchaser of the segment or another person with written consent from the owner/occupier
- a member of the community or a community group interested in a public segment of the environment (for example, a river catchment)
- statutory authorities or government departments that have responsibilities associated with the segment being audited (for example, the Authority, local government, State Government departments, catchment management authorities etc).

## 7. NOTIFYING THE AUTHORITY OF AN ENVIRONMENTAL HAZARD

Section 53ZB(3) of the Act requires environmental auditors to notify the Authority of an imminent environmental hazard. An imminent environmental hazard is any situation that requires immediate attention to prevent a state of danger to human beings or the environment.

Determining whether an imminent environmental hazard exists is likely to require the environmental auditor to exercise his or her professional judgement. The Principal Environmental Auditor may, however, provide specific guidance to environmental auditors when requested.

Circumstances that would constitute an imminent environmental hazard include, but are not limited to, the following:

---

<sup>17</sup> Section 53U of the Act.

- the accumulation of an asphyxiating, toxic or flammable gas (for example, landfill gas), or the significant risk of accumulation of such a gas, especially in an enclosed space where there may be a further risk, such as an explosion;
- waste or other material that contains a contaminant that, due to its concentration and properties, may pose an imminent risk to human health or safety in situations where access to the contaminated material is not adequately controlled
- a high risk of discharge of any substance to surface waters at concentrations that may have toxic impacts on aquatic life (for example, fish kills or similar impacts), or potential to impact on human health
- historical or ongoing contamination of groundwater where people, either on-site or off-site, may be exposed to contaminants that may pose a risk to human health or safety
- friable asbestos in an uncontrolled environment, such that there is a significant risk that asbestos fibres may be released to the air environment and present a risk to people either on-site or off-site
- the absence of adequate spill containment (for example, bunding) beneath bulk liquid storage vessels in the immediate proximity of waters (including a stormwater drain), where there is a potential to cause a discharge that may have toxic impacts on aquatic life (for example, fish kills or similar impacts), or an impact on human health.

In general, any notification of imminent environmental hazard should occur both orally and in writing. Written notifications should be addressed to the Principal Environmental Auditor, EPA Victoria.<sup>18</sup>

In addition, where the nature of the hazard warrants it (for example, an immediate, uncontrolled explosion hazard), advice should also be provided to the appropriate emergency response agencies: Victoria Police, Metropolitan Fire Brigade and/or Country Fire Authority.

If an environmental auditor observes a pollution event, then the auditor should notify EPA Victoria via EPA's 24-hour Pollution Watch Line.<sup>19</sup>

### 8. EXPERT SUPPORT TEAM

Environmental auditors are encouraged to utilise expert support team members who have been approved by the Authority. Expert support team members may be engaged to provide advice and input into audit scoping, conduct and reporting. An environmental auditor must be satisfied that the advice and input from the expert support team member is reasonable and within the expert support team member's field of expertise. An environmental auditor is solely responsible for an environmental audit report, certificate of environmental audit or statement of environmental audit that he or she issues. The environmental auditor must also be satisfied with the conduct of expert support team members.

The environmental audit report must list expert support team members who were involved in the environmental audit and state the manner in which each member contributed.

### 9. FURTHER INFORMATION

For further information refer to the guidelines listed in Appendix 1 or contact the Principal Environmental Auditor or Manager Environmental Audit.

#### **Environmental Audit Unit - EPA Victoria**

Telephone: (03) 9695 2722

Fax: (03) 9695 2578

Email: [environmental.audit@epa.vic.gov.au](mailto:environmental.audit@epa.vic.gov.au)

GPO Box 4395QQ

Melbourne VIC 3001

<sup>18</sup> Written communications can be provided via fax or email and should be clearly identified as an *'imminent environmental hazard report'*

<sup>19</sup> 24 Hours - Melbourne metropolitan area - 9695 2777, outside metropolitan Melbourne - 1800 444 004



**APPENDIX 1: ASSOCIATED GUIDELINES**

<b>EPA Publication</b>	<b>Publication Number</b>
Environmental Auditor guidelines for Appointment and Conduct	865
Environmental Auditor (contaminated land) guidelines for issue of Certificates and Statements of Environmental Audit	759
Environmental Auditor guidelines for the Preparation of Environmental Audit Reports on Risk to the Environment	952
Environmental Auditor Guidelines - Provision of Environmental Audit Reports, Certificates and Statements	1147

---

\* This replaces publication 953.1, issued April 2006.