



<b>Internal Audit Program</b>	
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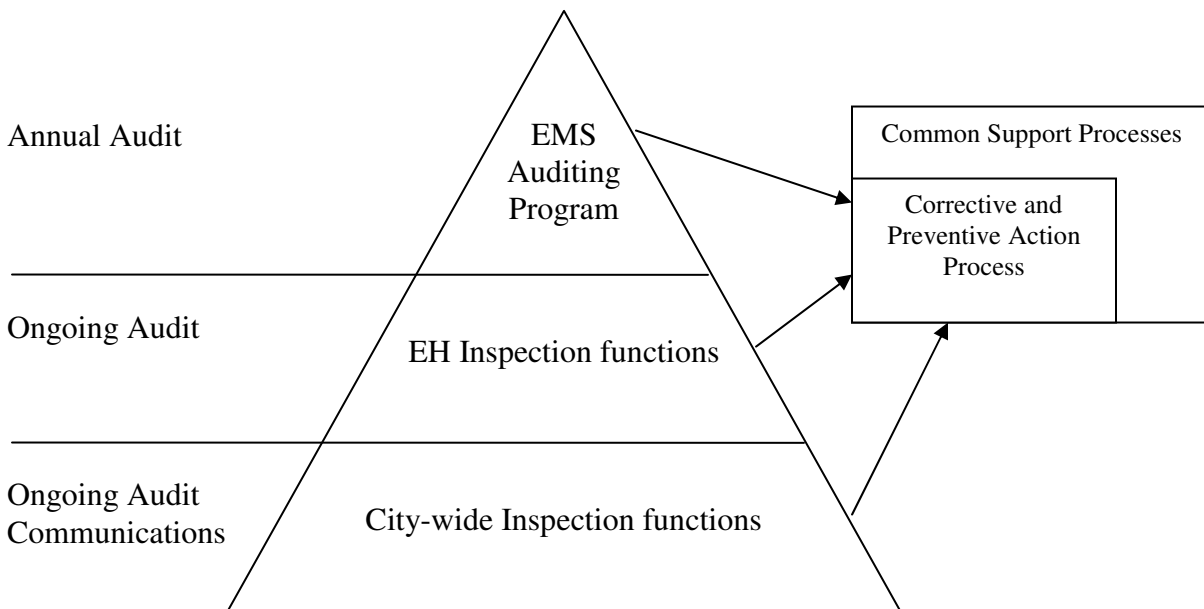
## 1.0 Purpose

The intent of the City and County of Denver (CCD) Internal Audit Program is to establish and maintain an ongoing assessment process of the effectiveness of internal CCD operations and Environmental Management System (EMS) implementation.

## 2.0 EMS Auditing Structure

In order to maximize the effectiveness and efficiency of the EMS audit function, CCD has developed a three-tiered auditing strategy. This strategy draws on existing inspection functions within CCD to maintain an *ongoing* audit function that maintains its “finger on the pulse” of CCD environmental performance. This structure is summarized in Figure 1.

Figure 1: EMS Auditing Structure



By drawing on the strength of ongoing inspection functions, CCD is confident that all activities covered by this EMS will be audited every year. Annual “EMS audits” will focus on areas of concern in City operations noted through the ongoing inspection functions within CCD, and will address CCD’s top management annually.

### 2.1 Audit Schedule

The EMS shall be audited every year. Each year a sample of the EMS elements, facilities, and activities will be audited. Over a period of three years, all EMS elements will be audited. EMS elements included in the annual audit will be noted in the audit report. An annual EMS Audit schedule shall be prepared and maintained by the EMS Program Manager. This schedule



includes all areas and activities related to the EMS. The schedule shall consider the relative importance of each department, facility or activity and any previous problems or audit findings. The schedule shall, at a minimum, indicate the month when each audit will take place.

Similarly, the EMS Program Manager will coordinate with the various CCD inspection functions, maintaining a copy of the inspection schedule. CCD inspection groups will schedule inspections as necessary to fulfill their routine inspection functions under CCD. The EMS Program Manager will work with inspection groups as necessary to ensure that the CCD activities covered by this EMS, across all departments, are inspected according to schedule.

## **2.2 EMS Audit Team**

The audit team shall, when practicable, consist of at least two auditors, one of whom shall serve as the Audit Team Leader. Depending upon the size of the scope of the audit, only one auditor may be necessary for a particular audit.

Auditors, external to the CCD, may be contracted to supplement the audit team when necessary. External auditors will be subject to all requirements of this Audit Procedure.

## **2.3 EMS Auditor Qualifications**

### **2.3.1 Training**

Each EMS auditor leading an internal audit team shall successfully complete an accredited ISO 14001 Internal or Lead Auditor course.

### **2.3.2 Experience**

Work experience should be in a technical, managerial or professional position involving the exercise of judgment, problem solving, and communication with other managerial or professional personnel, peers, customers and/or other interested parties.

### **2.3.3 Attributes**

Auditors shall foremost exercise solid ethical principles. Additionally, auditors shall be expected to:

1. Apply audit principles, procedures and techniques,
2. Plan and organize the work effectively,
3. Conduct the audit within the agreed time schedule,
4. Prioritize and focus on matters of significance,
5. Collect information through effective interviewing, listening, observing and reviewing documents, records and data,
6. Understand the appropriateness and consequences of using sampling techniques for auditing,
7. Verify the accuracy of collected information,
8. Confirm the sufficiency and appropriateness of audit evidence to support audit findings and conclusions,
9. Assess those factors that can affect the reliability of the audit findings and conclusions,
10. Use work documents to record audit activities,



11. Prepare audit reports,
12. Maintain the confidentiality and security of information, and
13. Communicate effectively to auditees, managers and others.

#### 2.3.4 Audit Team Leader

Audit Team Leaders shall have additional knowledge and skills in audit leadership to facilitate the efficient and effective conduct of the audit. In addition to the above attributes, an Audit Team Leader shall be able to:

1. Plan the audit and make effective use of resources during the audit
2. Represent the audit team in communications with the audit client and auditee,
3. Organize and direct audit team members,
4. Provide direction and guidance to auditors-in-training,
5. Lead the audit team to reach the audit conclusions,
6. Prevent and resolve conflicts, and
7. Prepare and complete the audit report.

### 2.4 **CCD EMS Inspector Qualifications**

The various inspection functions of the CCD have qualifications related to the specific inspection functions being fulfilled. In addition to these qualifications, the EMS Program Manager will ensure that all inspectors receive basic EMS audit training in a timely fashion from the time of employment and understand their role and responsibility within the CCD EMS Auditing Program. This training will, at a minimum, cover the significant environmental aspects and impacts identified in the EMS, and the EMS Auditing Program procedures and support tools.

### 2.5 **Audit Findings**

All findings identified during the audits will be categorized by the Audit Team into one of the following categories:

#### 2.5.1 Major Finding

Lack of implementation, total ineffectiveness, or insufficiency of an element of the management system; or, a significant regulatory non-compliance that is not preventable (e.g. a Notice of Violation) or has caused an “incident” such as a spill or unintentional release.

#### 2.5.2 Minor Finding

An isolated instance indicating lack of complete implementation, ineffectiveness or insufficiency within an element of the management system; or a regulatory non-compliance based on purely administrative errors that have not yet led to an incident.

#### 2.5.3 Opportunity for Improvement

A condition that has the potential to become a finding if it is not corrected.



## 2.6 Audit Tracking Database

Audit findings and/or observations are entered into an audit tracking database, or similar tool, established and maintained by the CCD EMS Program Manager. The audit tracking database can maintain the following information:

- Audit location and date
- Audit team members
- Audit findings, including finding categorization
- Audit finding corrective/preventive action plans, as agreed to by the subject CCD Department management
- Comments on audit finding corrective/preventive action plans, as submitted by the audit team members
- Audit finding corrective action closure date, including comments from the subject CCD Department management and EMS Program Manager explaining the rationale for closing the action.

## 2.7 EMS Audit Protocol

CCD EMS Auditors shall conduct audits subject to the Internal Audit Work Instruction (CCD-404.02).

## 2.8 EMS Inspection Protocol

CCD Inspectors will be provided with audit guidance; however a prescriptive protocol has not been developed for this function to allow for flexibility.

## 2.9 Regulatory Compliance

Each CCD Department and Division is accountable for maintaining regulatory compliance within its operations. DEH Inspectors play a critical role in helping CCD Departments and Divisions maintain that compliance. CCD Internal Auditors will audit the effectiveness of the Department or Divisions' process for assuring regulatory compliance via several methods, including:

1. Review of any inspections, incidents, and self-assessment reports prior to conducting the CCD Audit,
2. Review of regulations applicable to audited activities prior to conducting the CCD Audit,
3. Integration of regulatory requirement subject matter within the Internal Audit Work Instruction,
4. Spot checking of current conditions relevant to regulatory compliance during the CCD Audit.

Every year, the Department of Environmental Health will evaluate the compliance of the CCD with applicable legal and other requirements. DEH will keep records of the results of those evaluations. This compliance evaluation process is described in CCD-402 (under development).



### **3.0 Ongoing Audit / Inspection Process**

The “ongoing audit” will utilize existing CCD inspection programs as the “eyes and ears” of the EMS, channeling information to the EMS Program Manager. The ongoing audit will support an annual auditing process and provide assurance that the CCD is maximizing its efficiency and effectiveness with respect to CCD’s environmental goals.

While in the course of their routine inspection duties, CCD Inspections will also record observations related to the EMS. These ongoing inspections will funnel information to a corrective and preventive action process that is centrally managed by Environmental Health (EH), driving continuous improvement within CCD activities and services.

In addition, ongoing inspection data being received will feed into the annual audit process described in the next section. This ongoing inspection data will allow the formal annual assessment to be targeted to areas of concern.

EH inspectors will perform additional activities beyond those required by a traditional environmental compliance inspection. For example, inspectors will gauge the level of awareness of individuals with respect to their roles and responsibilities under the CCD EMS. Inspectors outside of EH will be provided with specialized awareness training and asked to notify EH of observations they make in the field. EH will then be responsible for following up to confirm a possible nonconformity and identify any corrective and preventive actions.

As stated above, CCD Inspectors will be provided with audit guidance; however a prescriptive protocol has not been developed for this function to allow for flexibility.

### **4.0 Annual Audit Process**

#### **4.1 Pre-audit activities**

Notification shall be sent to the Department or Division to be audited, including the following items:

1. the audit dates,
2. expected arrival time of auditors,
3. auditor names,
4. scope of the audit,
5. baselines/benchmarks,
6. tentative schedule of interviews,
7. expectations of employee participation,
8. a list of information to be submitted to the CCD audit team prior to the audit, and
9. estimated time and desired participants for opening meeting.

Prior to the audit, auditor(s) shall review:

1. aspects and impacts,



2. goals, objectives, and targets,
3. previous audit reports,
4. any “hot items” or trend of findings to address specifically,
5. the Compliance Database to determine if there are any outstanding issues at facilities to be audited,
6. priority business requirements, and
7. regulatory requirements applicable to the audited activities.

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## 4.2 Audit activities

An opening meeting shall take place to initiate each audit. The opening meeting, at a minimum, shall:

1. introduce the audit team,
2. confirm the objectives and scope of the audit,
3. establish communication lines,
4. confirm the schedule and location of interviews, and
5. discuss the method of reporting and process for closing findings *during* the audit.

The audit team shall gather information via interviews, review of recordkeeping and observations of Division or Department activities and processes as described in the Internal Audit Work Instruction. During the audit, the Audit Team Leader should periodically communicate the progress of the audit and any concerns to the lead auditee in a timely fashion, as appropriate.

A closing meeting shall take place to present the audit findings and conclusions in such a manner that they are understood and acknowledged by the auditee. Any diverging opinions regarding the audit findings between the audit team and the auditee should be discussed and resolved if possible. The expectation for providing corrective action documentation and follow-up should be confirmed.

## 4.3 Post-audit activities

A report shall be generated documenting an executive summary of the audit, all audit findings and observations and any other relevant information deemed necessary to document during the audit. This report shall be submitted to the audited Division or Department.

The audit results can be entered into the audit tracking database, or similar tool, with deadlines for submitting corrective action plans by the audited Department or Division. Responsible managers within the Department or Division must submit plans for corrective actions in response to all minor and major findings to the CCD EMS Program Manager for review. Findings require a corrective action plan to be in place and communicated to the CCD EMS Program Manager.

Proposed corrective actions must be reviewed by the Audit Team who performed the audit. Comments on corrective action plan sufficiency may be sent to the Department or Division if necessary. The corrective action will remain in an “open” status until closed by the Department or Division upon completion of the corrective action plan. The CCD EMS Program Manager will verify the Department or Division’s corrective action via communication with the Department or Division, documented proof of closure, subsequent audit visits and/or special follow-up visits depending upon the nature of the finding.



## 5.0 Continual Improvement

CCD EMS Auditors shall meet regularly to debrief all audits that have taken place during the intervening time range. The purpose for these meetings shall be to:

1. Determine areas for improvement based upon cross-audit finding trend analysis,
2. Discuss any “lessons learned” from execution of the audit procedure that should be considered for future revisions,
3. Identify or discuss any new regulatory requirements or CCD requirements that may impact the audit procedure, and
4. Ensure consistency of audit results, practices, conduct, etc. as practiced throughout all audits.

At least once a year, the Audit protocol, guidance and criteria shall be reviewed by the CCD EMS Program Manager, or delegated individual, to identify areas for improvement.

## 6.0 Departments and Divisions within the Audit Program

Internal Audits will include departments and divisions that have implemented the EMS. The scope of the EMS is detailed in CCD-103.