



Less “Gotcha,” More “Got It!” The New Auditing Mindset

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Your Presenters...

Jaimy Karacaoglu

- ▶ B.S. in Environmental Engineering, New Mexico Institute of Mining and Technology
- ▶ 4 years of environmental consulting experience
 - Expertise in PSD permitting, compliance, regulatory review, air dispersion modeling, auditing
- ▶ Industries served include upstream and midstream oil & gas, mining, aggregate and concrete

Hanna Warlick

- ▶ B.S. in Chemical & Biomolecular Engineering, Georgia Institute of Technology
- ▶ 7 years of environmental consulting experience
 - Expertise in permitting, compliance, regulatory review, reporting, auditing
- ▶ Industries served include upstream and midstream oil & gas



Objective

To establish an effective framework for an environmental management program by using audit findings to inform solutions.

“Don’t just put out the fire – use it to cook yourself a steak.”

Every organization has an environmental management program...

Some programs are intentional, others are incidental. Most are a mix of the two.

How do organizations try to keep up?

Out-source
environmental
permitting and
reporting

Hire more people

Sprinkle
responsibilities
among staff

Calculated risk
management (Do
what they can and
hope for the best!)

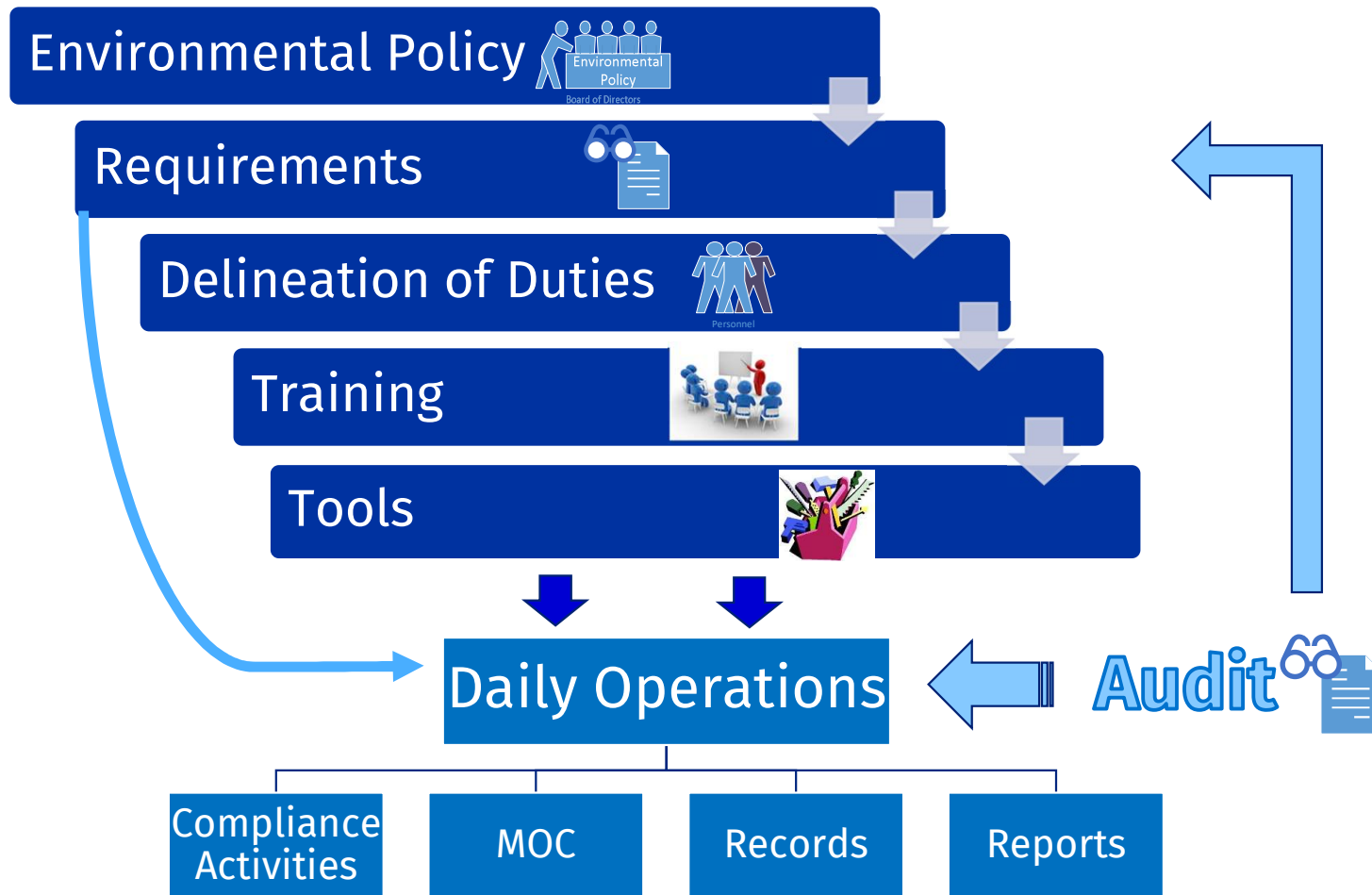
Investment in
Environmental
Management
Information Systems
(EMIS)

Compliance Audits
and Self-Disclosure

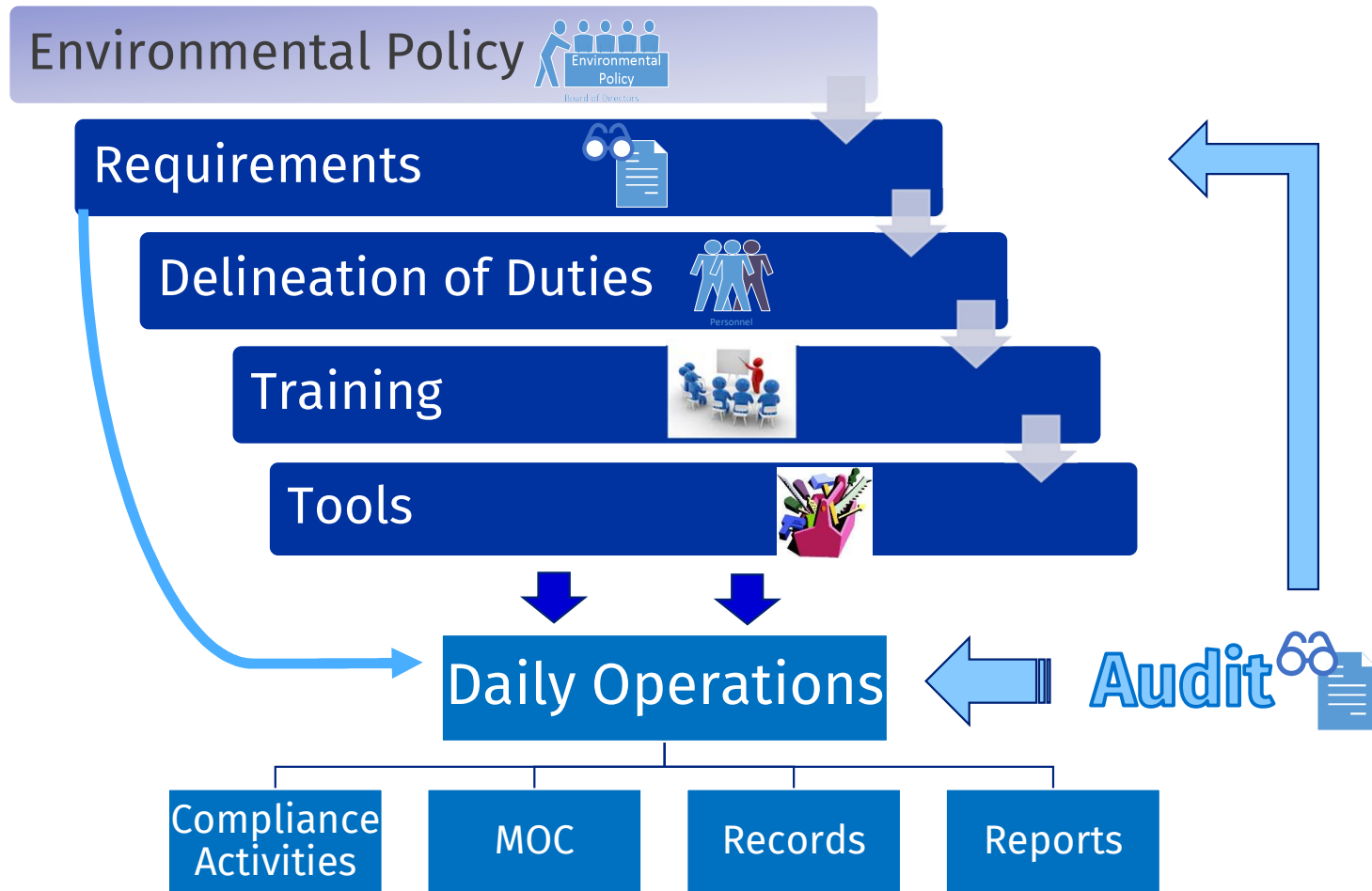
The Problem



Compliance Management and Auditing Program (CMAP)



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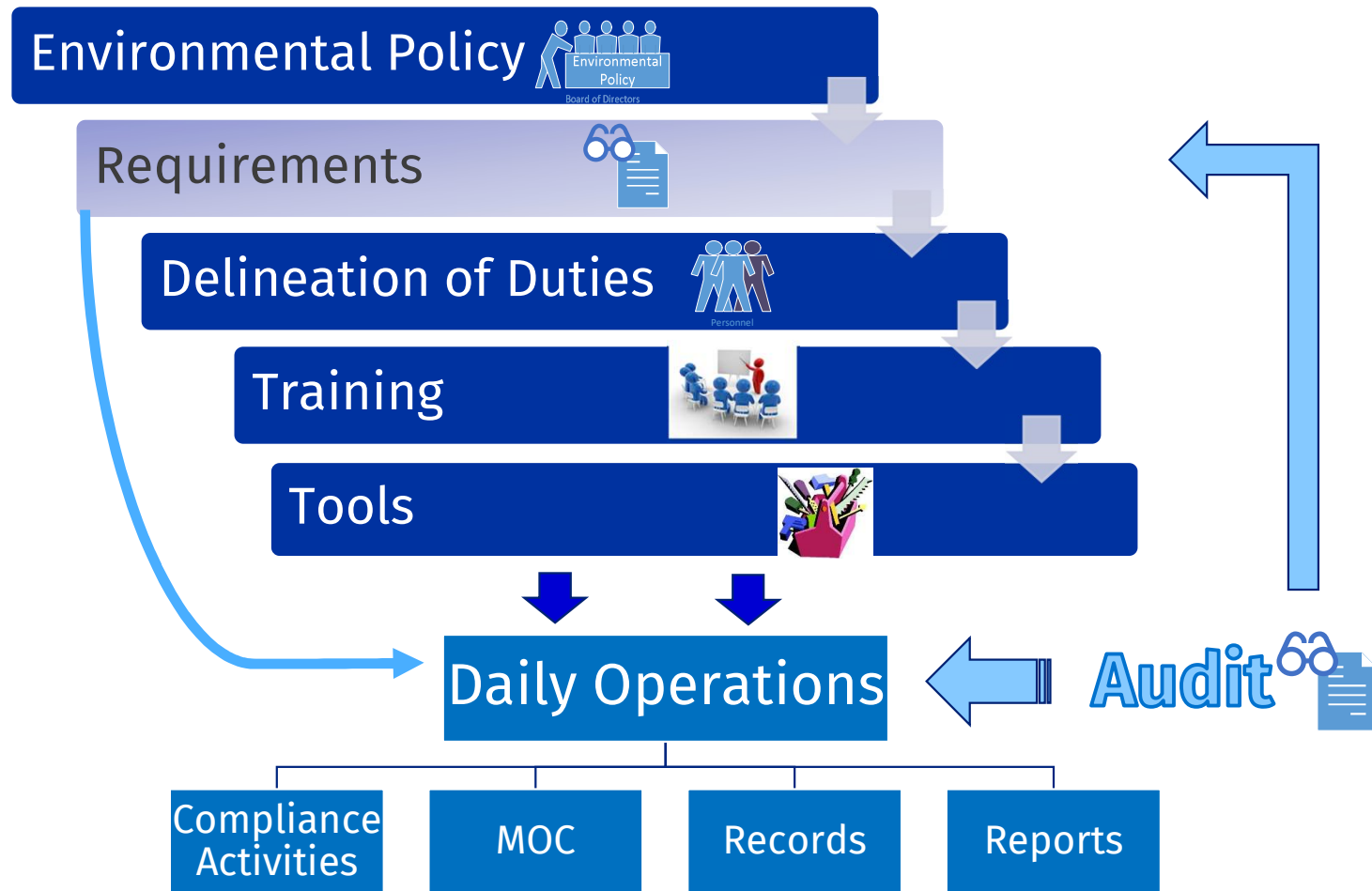
Environmental Policy

- ▶ In the context of an Environmental Management Program, the environmental policy is a statement and specific goals/objectives that demonstrate the organization's commitment to environmental *compliance* and *stewardship*.
- ▶ The policy should be reinforced during audit visits, during performance reviews, and with ongoing training.
- ▶ The point is not to make some stratospheric statement, but rather to begin to build a culture of compliance.
 - The increasing burden of environmental regulations and stewardship responsibilities necessitates a greater cultural focus.

Environmental Policy (cont.)

- ▶ Points for development
 - Goals must be near-term and long-term
 - Tactics and objectives must be *tangible* and *measurable*
 - Must achieve employee and stakeholder buy-in
 - ◆ Be ready to answer Why...
 - ...it is important to your organization?
 - ...it is important to individuals?

Compliance Management and Auditing Program (CMAP)



Requirements



Identify the Requirements that result from your **policy**.



Determine applicable **regulations** (and objectives) and their detailed requirements.

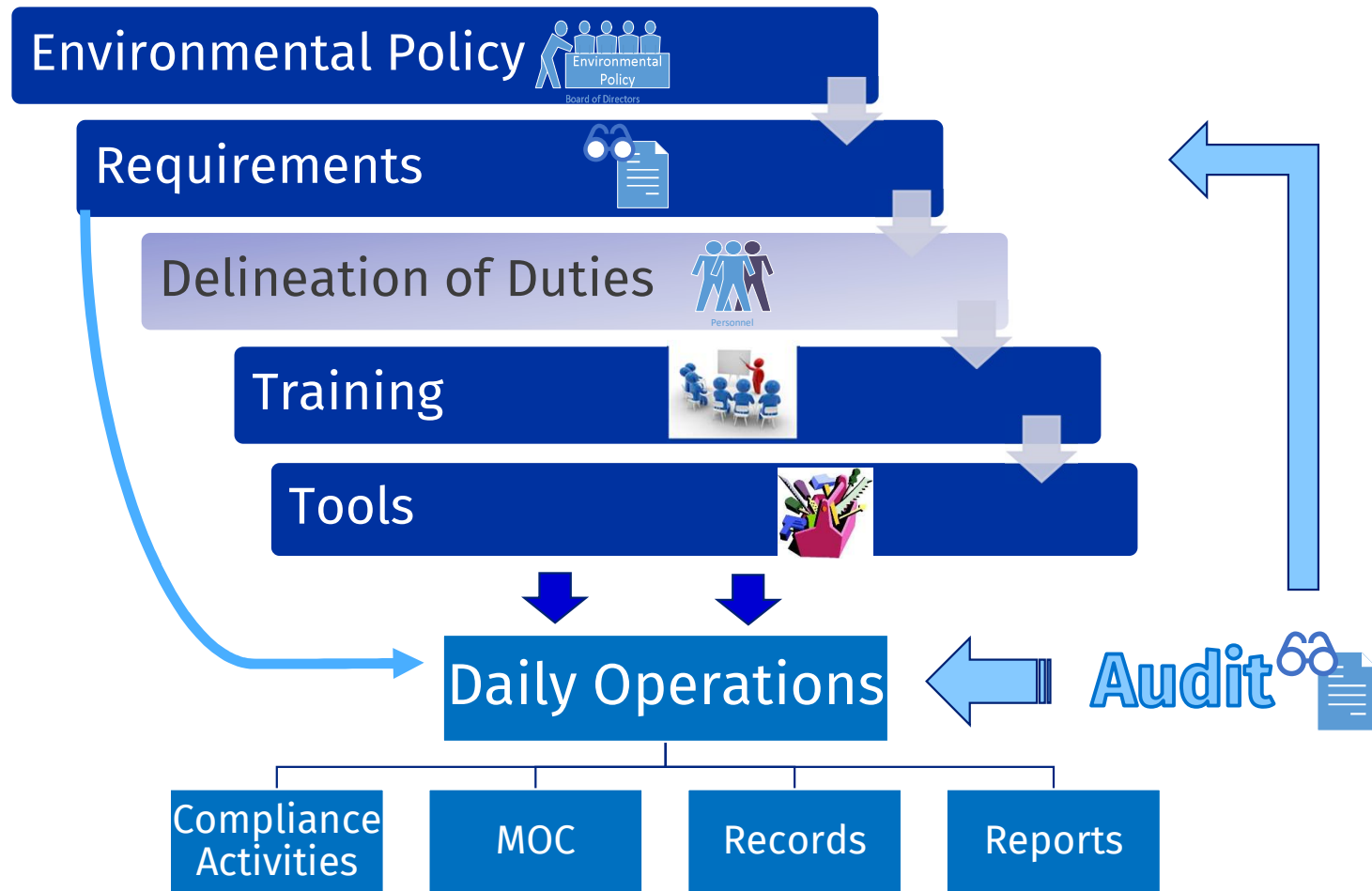


Can also include organization **directives** and goals regarding ESG, Stewardship, Sustainability, and ISO 14001.

Requirements (cont.)

- ▶ For each requirement, document the following:
 - The source of the requirement (regulation, policy, ISO, etc.)
 - Description
 - Actionable item(s) such as reports, records, monitoring, etc.
 - Responsible party
 - Due dates and timelines
 - File and records retention plan
 - Associated metrics for evaluating effectiveness of your program

Compliance Management and Auditing Program (CMAP)



Delineation of Duties



The specific duties and expectations for everyone with environmental responsibilities must be clearly **stated in writing** and should be continually reinforced and reevaluated.



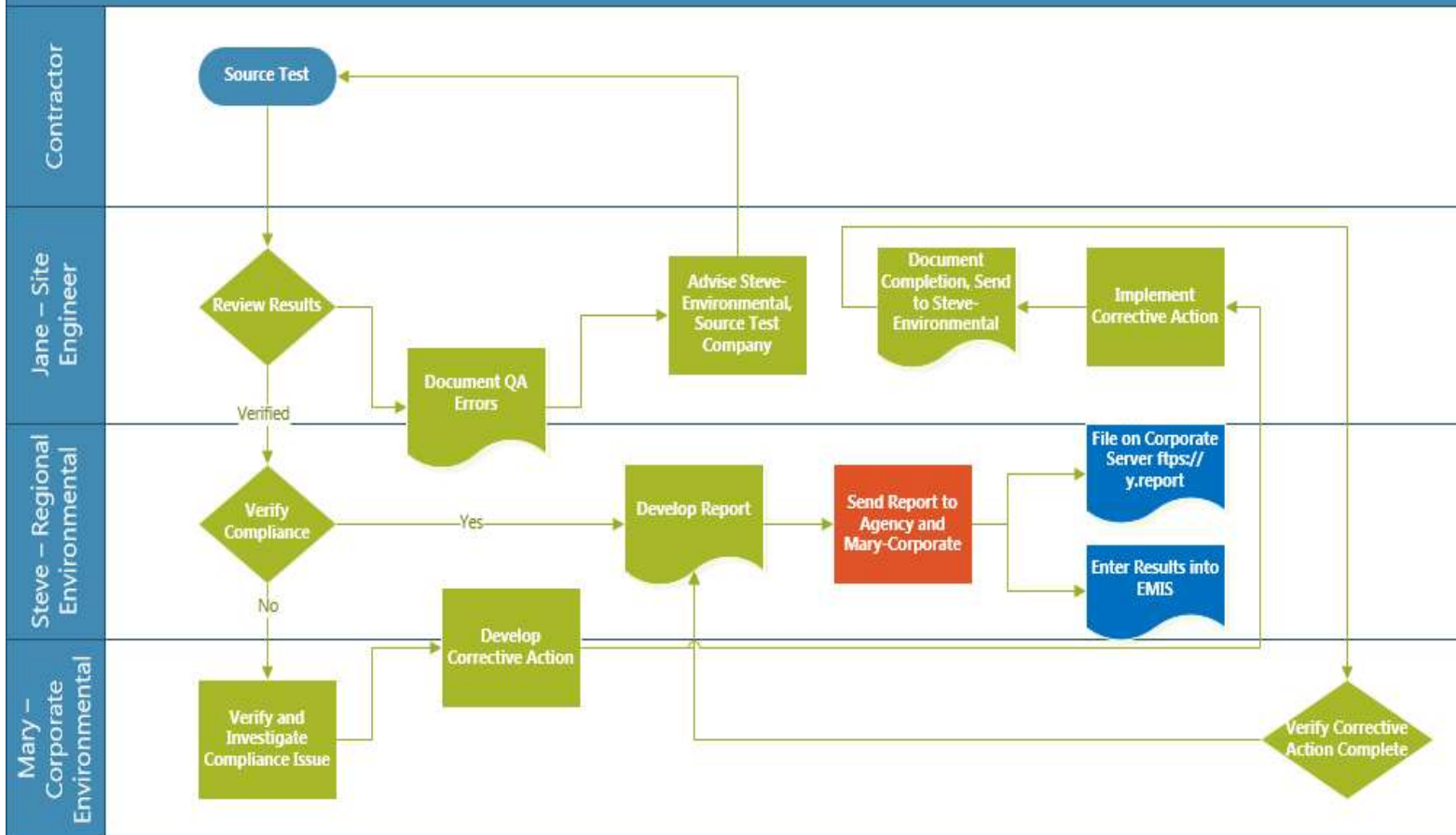
These duties and expectations may be stated as part of the job description, discussed during performance reviews, and **reinforced** during staff meetings and training events.



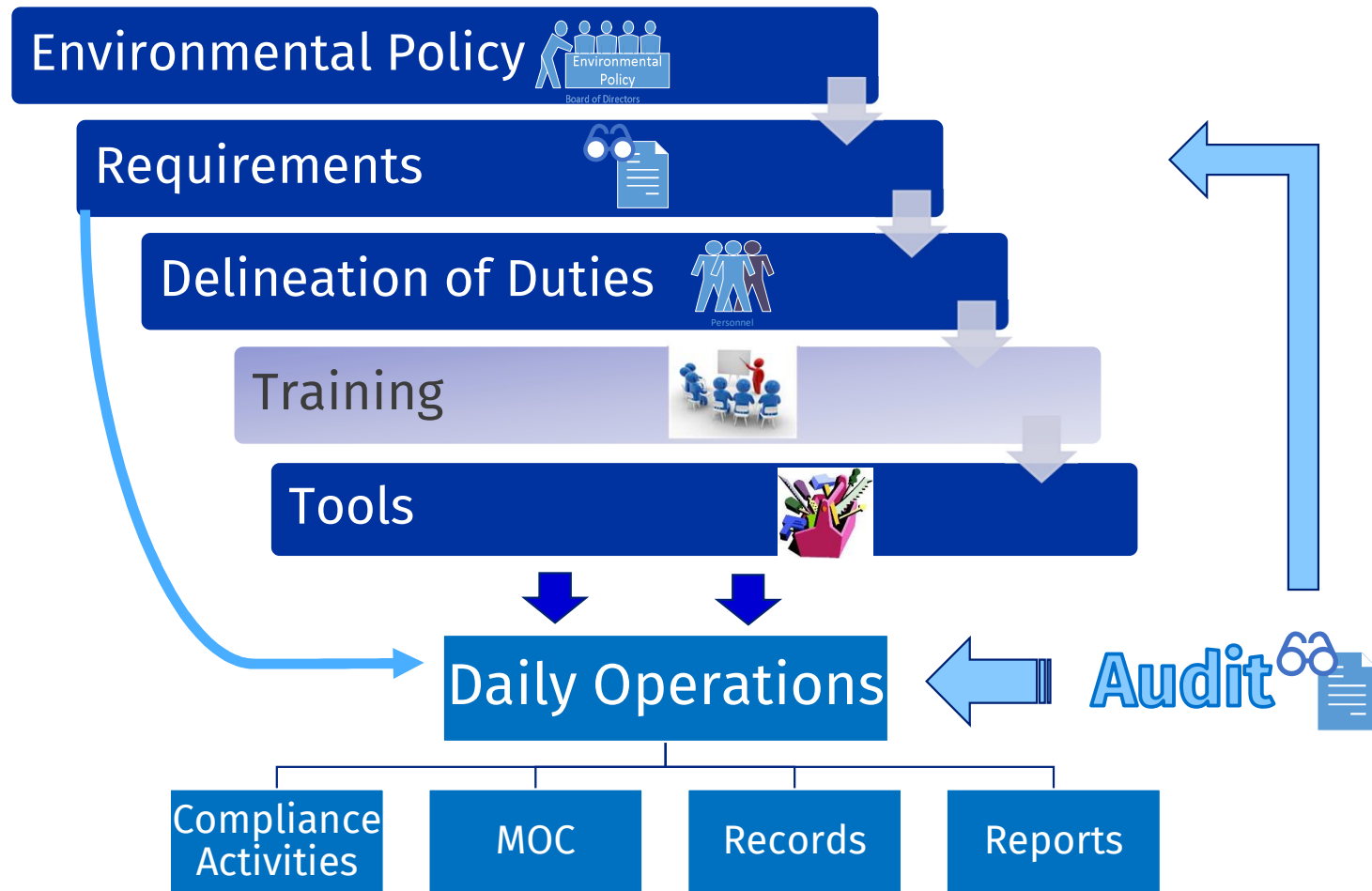
A cross-functional flow diagram that graphically illustrates duties and expectations can be very effective.

This exercise is often useful in identifying gaps in responsibilities and lines of communication.

Source Test: Compressor Station A



Compliance Management and Auditing Program (CMAP)



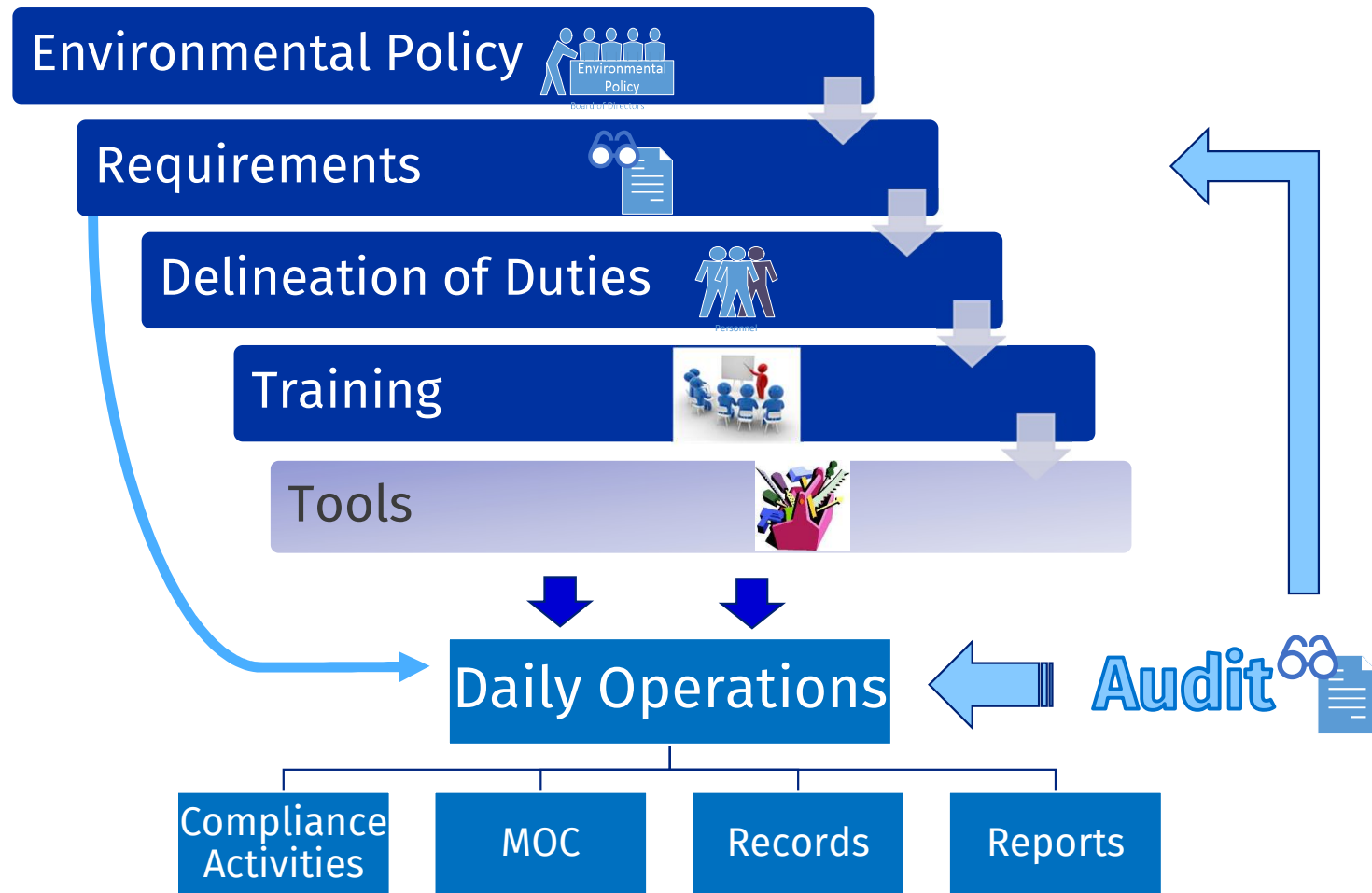
Training

- ▶ An effective, consistent, and timely training program is pivotal to the success of an Environmental Program.
- ▶ Training helps to prevent gaps in compliance coverage, ensures consistency, helps manage “typical risks,” and is important for transitioning responsibilities when needed.
- ▶ To be effective a training program must...
 - ...be strategically developed for individual roles and responsibilities,
 - ...be easily accessed by stakeholders, and
 - ...track training progress, completion, and scoring

Training (cont.)

- ▶ The level and type of detail should be appropriate to the duties, with task-specific training being the focus.
- ▶ A training module should be developed for each level of responsibility identified under *Delineation of Duties and Responsibilities* section previously discussed.
- ▶ Modules can reside on an online Learning Management System (LMS)

Compliance Management and Auditing Program (CMAP)



Compliance Assistance Tools



Checklists – Compliance checklists are very effective tools for assisting personnel to comply with permit conditions, site changes and maintenance, NSPS and NESHAP requirements, SSM/M requirements.



Reporting Tools – Having readily available/vetted reporting and recordkeeping templates with instructions ensures consistency and saves time.

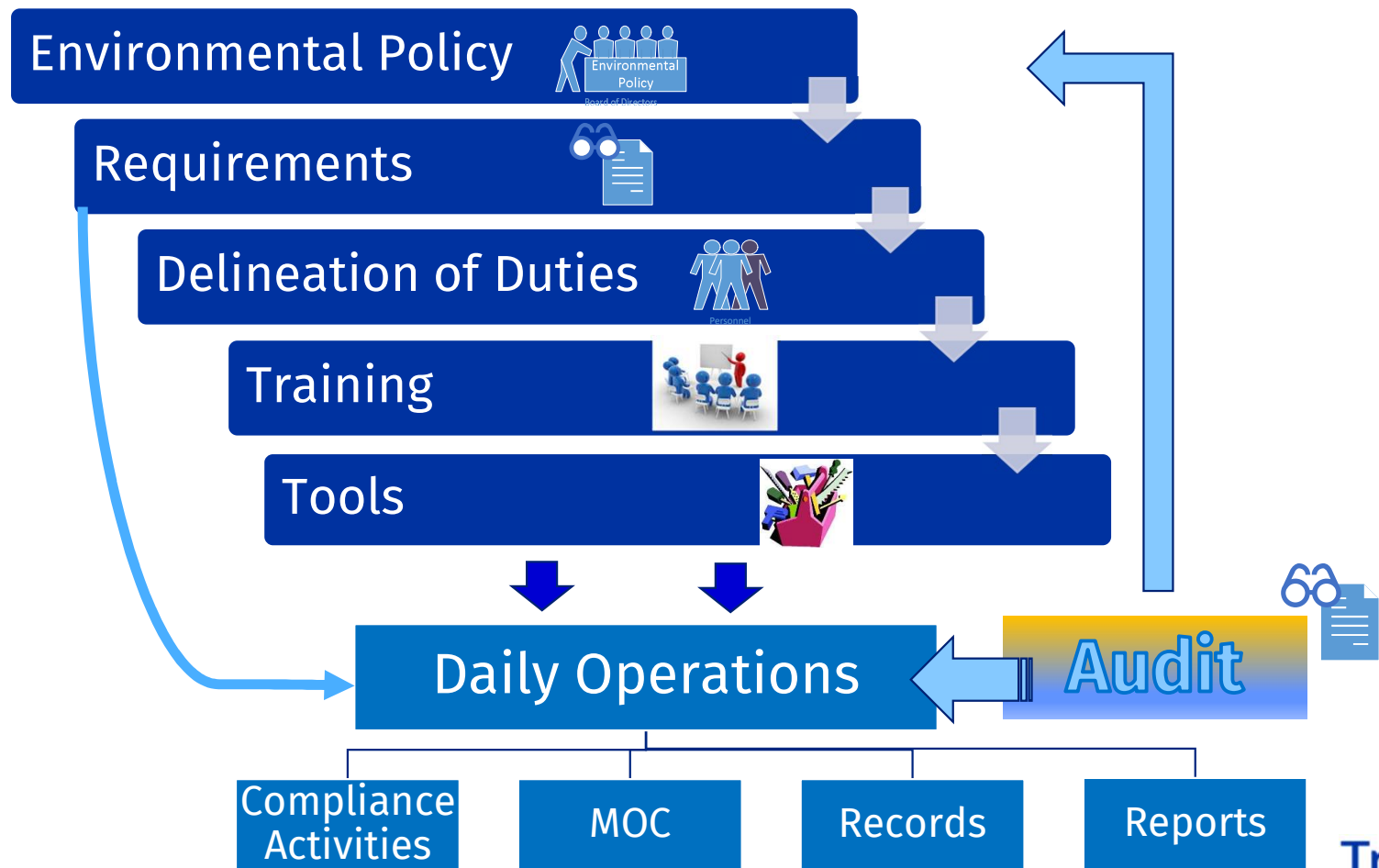


White Papers and Guidance Documents – Developed based on systemic issues, focus areas, findings during Audits, etc.



Decision Flow Charts – These may be developed for routine events such as asset swaps (MOC), process modifications, process improvement and maintenance events, upset events, CapEx decisions, recordkeeping and reporting requirements, etc.

Compliance Management and Auditing Program (CMAP)



Audit Program

- ▶ The audit program should consist of the following:
 - Initial (baseline) Audit
 - Detailed Compliance Audit
 - Interim Compliance Review (quick checks)
 - Field Review (general walk-through)
 - Focus Area Audits (specific requirements, positions, metrics)
 - Acquisition Audit (Due Diligence)

Audit Program (cont.)

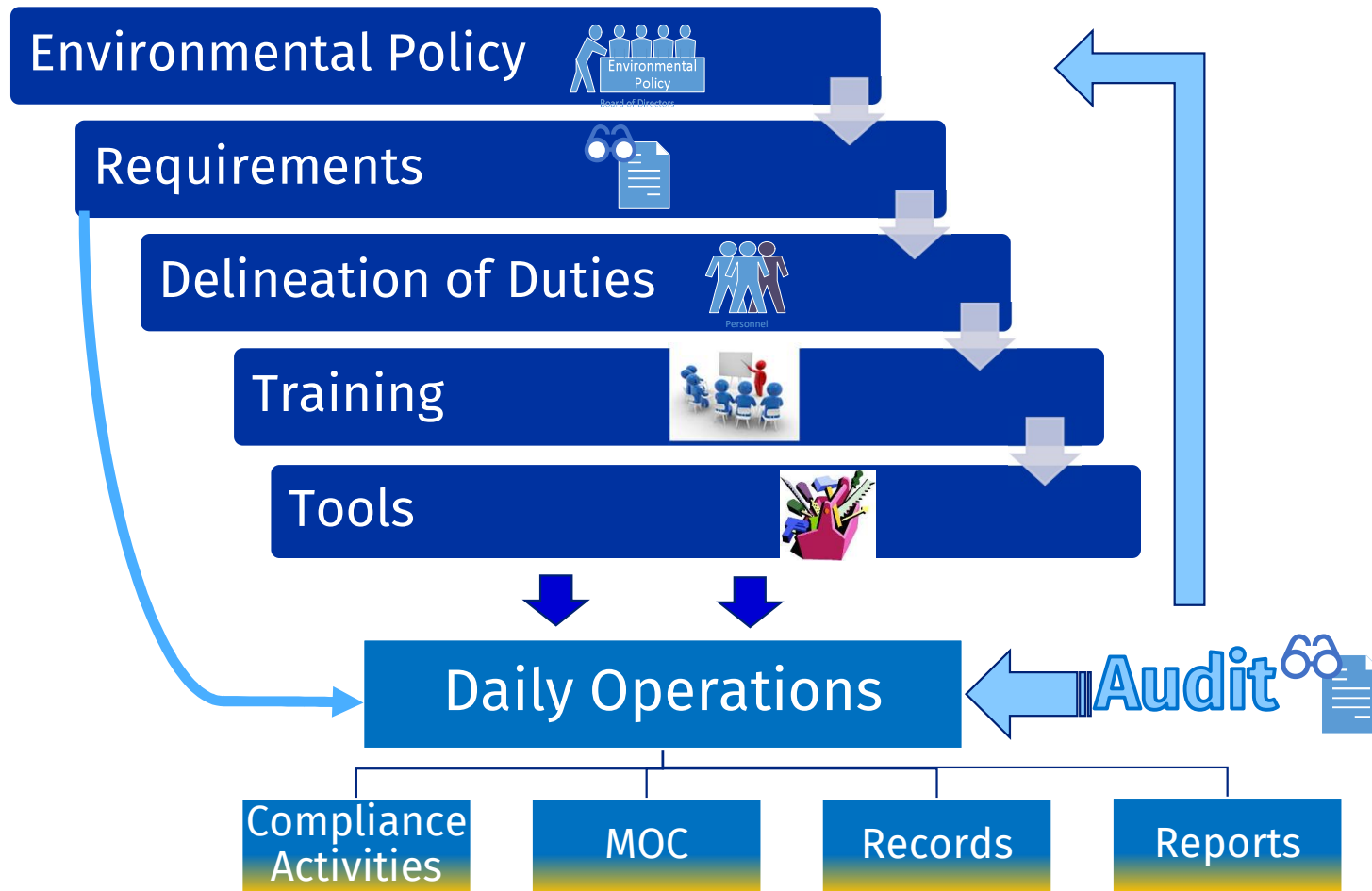
- ▶ During each audit, always review effectiveness of, and compliance with, the Environmental Program.
 - Look for areas that require refinement, correction, and improvement.
 - Audits should be performed for the big picture as well as compliance points

Audit Program (cont.)

- ▶ Don't make your Audit program punitive in nature. Rather, view it as a partnership among all parties to achieve environmental objectives. Turn your findings into a "Got It!"
 - ▶ Audit findings should always be used to inform and motivate improvements to the Environmental Program.
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Compliance Management and Auditing Program (CMAP)



Operations: Management of Change

- ▶ Goal: Capture and review activities that may trigger new requirements or changes in current requirements.
 - Environmental permitting
 - Stewardship objectives
- ▶ How to capture these for further review:
 - Develop screening tools
 - Add an "Environmental Review" review requirement in the approval process.
 - Include Environmental personnel in engineering meetings.

Operations: Internal Documentation

- ▶ How to manage the flow of compliance data coming from the site(s)?
 - Have an established policy for file retention and reporting
 - Intranet (forms, folders)
 - EMIS
 - Use a Responsibilities/Documentation Flow Diagram
- ▶ Be aware of the file and records retention policy of the EPA and your organization.

Next Steps

- ▶ Develop your guiding Environmental Policy
 - What is important to your organization and why?
 - ◆ Regulatory Compliance
 - ◆ Sustainability (carbon neutrality, water, waste, toxics, air, green buildings)
 - ◆ Stewardship
- ▶ What are the resulting Requirements?
 - ISO 140001 principles can help here
 - No need to over-do it up front. Slow, deliberate progress is okay
 - Start with regulatory requirements

Next Steps (cont.)

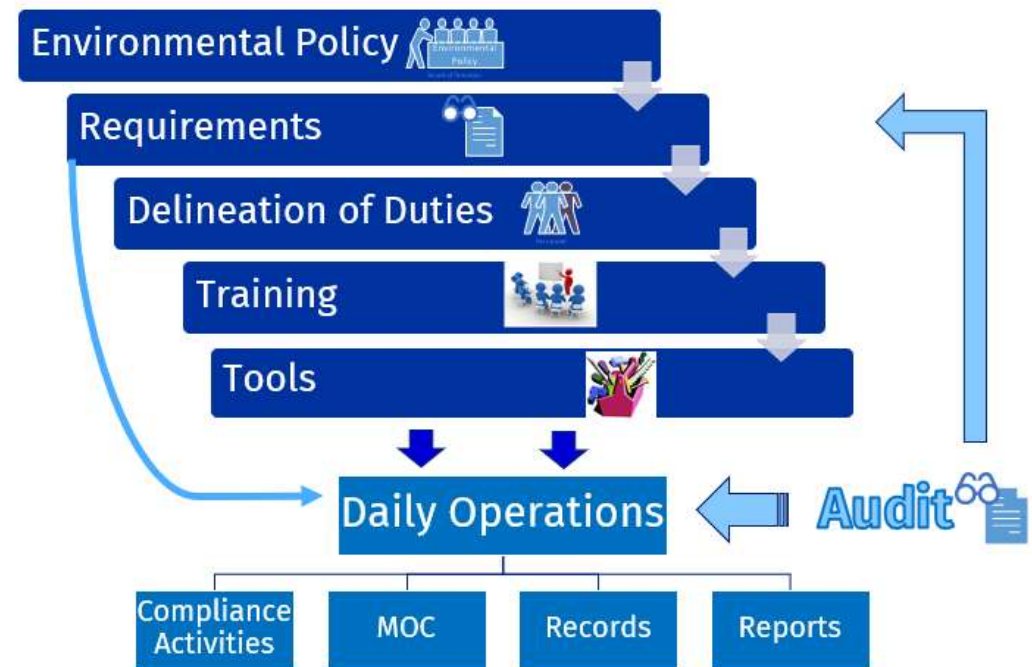
- ▶ Assign Requirements to a Role
 - Don't overburden. Consider impacts
 - Does the person know the Why?
 - Have they bought in?
- ▶ Develop systematic Training for the Role
 - Creates consistency, provides reinforcement
 - One-time training is never enough
 - Consider an online LMS

Next Steps (cont.)

- ▶ Develop the right Tools
 - Checklists
 - Flow diagrams
 - White papers and guidance
 - Make them easily accessible and very straightforward
 - A data collection and overall CMAP infrastructure is important
- ▶ Keep up with the system
 - Audits allow you to ensure the CMAP is working
 - Management of Change – don't lose control!
 - Understand where records, policy, reports, etc. will be kept

Final Thoughts

- ▶ An Environmental Program is best developed in-house with some external guidance
- ▶ It is a lot of work, but all cultural shifts start small and grow over time
- ▶ An effective environmental management program does not happen by itself. It must be *intentional*.



Contact Us



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