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Environmental compliance auditing

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Preface

This is the second edition of CSA Z773, *Environmental compliance auditing*. It supersedes the previous edition published in 2003.

This Standard was developed to provide a consistent approach to conducting environmental compliance audits. This Standard is intended to ensure the validity, reliability, comprehensiveness, overall quality, and usefulness of these audits to audit clients.

This new edition updates the Standard to include current industry practices in place at the time of publication.

CAN/CSA-ISO 19011:12, *Guidelines for auditing management systems* was used as a source for this Standard. Many of the guidelines in CAN/CSA-ISO 19011-12 are generic in nature and are therefore applicable to an environmental compliance audit. Annex D of this Standard sets out the relationship between this Standard and CAN/CSA-ISO 19011:12.

This Standard can assist with meeting requirements of Clause 9.1.2 — evaluation of compliance for CAN/CSA-ISO 14001:16, *Environmental management systems — Requirements with guidance for use*.

This Standard was prepared by the Technical Committee on Environmental Management and Related Activities, under the jurisdiction of the Strategic Steering Committee on the Environment and Business Excellence, and has been formally approved by the Technical Committee.

Notes:

- 1) *Use of the singular does not exclude the plural (and vice versa) when the sense allows.*
- 2) *Although the intended primary application of this Standard is stated in its Scope, it is important to note that it remains the responsibility of the users of the Standard to judge its suitability for their particular purpose.*
- 3) *This Standard was developed by consensus, which is defined by CSA Policy governing standardization — Code of good practice for standardization as “substantial agreement. Consensus implies much more than a simple majority, but not necessarily unanimity”. It is consistent with this definition that a member may be included in the Technical Committee list and yet not be in full agreement with all clauses of this Standard.*
- 4) *To submit a request for interpretation of this Standard, please send the following information to inquiries@csagroup.org and include “Request for interpretation” in the subject line:*
 - a) *define the problem, making reference to the specific clause, and, where appropriate, include an illustrative sketch;*
 - b) *provide an explanation of circumstances surrounding the actual field condition; and*
 - c) *where possible, phrase the request in such a way that a specific “yes” or “no” answer will address the issue.*

Committee interpretations are processed in accordance with the CSA Directives and guidelines governing standardization and are available on the Current Standards Activities page at standardsactivities.csa.ca.
- 5) *This Standard is subject to review within five years from the date of publication. Suggestions for its improvement will be referred to the appropriate committee. To submit a proposal for change, please send the following information to inquiries@csagroup.org and include “Proposal for change” in the subject line:*
 - a) *Standard designation (number);*
 - b) *relevant clause, table, and/or figure number;*
 - c) *wording of the proposed change; and*
 - d) *rationale for the change.*

Z773-17

Environmental compliance auditing

0 Introduction

0.1 Purpose

This Standard has been developed to assist audit clients and auditors in planning, implementing, and interpreting the results of environmental compliance audits.

The purpose of an environmental compliance audit (ECA) is to collect and assess evidence to determine an organization's level of compliance with environmental statutes, regulations, local laws, and other identified criteria.

0.2 Uses of ECAs

0.2.1 Corrective action

An ECA can assist the user in identifying areas that are, or might become, out of compliance so that corrective or remedial action can be taken.

0.2.2 Benchmarking

An ECA can provide benchmarks for environmental performance that can be used as part of an organization's environmental management system or for the purpose of reporting environmental performance to third parties, such as lenders, community stakeholders, and customers.

0.2.3 Preventive action

Applied proactively, compliance audits can reduce the potential for environmental harm or risk, government enforcement action, or other consequences of inadequate environmental policy by identifying the circumstances that give rise to non-compliance. ECAs act as a proactive mechanism to avoid nonconformity by providing the organization with the knowledge necessary to meet legal requirements.

0.2.4 Due diligence

Used proactively, ECAs can assist in demonstrating that a party has acted with reasonable care and can, therefore, be an element of a due diligence defense in response to legal action.

0.2.5 Risk management

Organizations are faced with a variety of risks related to environmental compliance and performance, including risk to their financial, environmental, legal, and public accountability and reputation. An ECA provides a mechanism to identify risks so that the audit client can make informed decisions for risk management and control in property management, facility operations, and investment decisions.

0.3 Interrelationship between environmental compliance audits and environmental management systems

Environmental management systems (EMS), such as those in conformity with CAN/CSA-ISO 14001, can provide a framework for managing environmental issues. While the existence of an environmental

management system does not ensure compliance with legislation, and demonstrated full compliance is not required to register a management system with a third party, a management system provides a mechanism to identify and respond to compliance obligations, which include legal requirements applicable to the auditee. ECAs may be a component of the audit programme referenced in CAN/CSA-ISO 14001. Since CAN/CSA-ISO 14001 requires periodic evaluation of compliance, an ECA can provide evidence that the organization has met certain elements of the ISO, CSA Group, or other environmental system standards. Examples of these elements include

- a) identifying significant aspects and establishing objectives;
- b) monitoring and measuring;
- c) establishing policy commitments to fulfill compliance obligations; and
- d) satisfying the organization's need to evaluate fulfilment of its compliance obligations.

1 Scope

1.1 General

This Standard establishes the principles and practices of an environmental compliance audit. It is intended to provide a consistent framework and minimum requirements for conducting ECAs to ensure that the ECAs address regulatory, as well as site-specific requirements.

1.2 Application

This Standard may be applied to any organization, its sites or operations, or processes or parts thereof, regardless of size or sector. The Standard may be applied to ECAs conducted by internal personnel or by external auditors.

1.3 Limitations

This Standard does not include a specific audit protocol. This Standard does not attempt to provide direction for the decision-making that can follow an ECA. These business decisions are based on case-specific details that cannot be generalized for the purposes of this Standard. Decisions of this nature are best addressed on a case-by-case basis, in consultation with the appropriate environmental, legal, and business counsel.

1.4 Terminology

In this Standard, “shall” is used to express a requirement, i.e., a provision that the user is obliged to satisfy in order to comply with the Standard; “should” is used to express a recommendation or that which is advised but not required; and “may” is used to express an option or that which is permissible within the limits of the Standard.

Notes accompanying clauses do not include requirements or alternative requirements; the purpose of a note accompanying a clause is to separate from the text explanatory or informative material.

Notes to tables and figures are considered part of the table or figure and may be written as requirements.

Annexes are designated normative (mandatory) or informative (non-mandatory) to define their application.