



Information about performing internal audits



We at SCCM are convinced - and our experience has proven - that any organization, large or small, will achieve better environmental performance by using the 'plan-do-check-act' approach outlined in the ISO 14001 standard.

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The purpose of this publication

This publication is designed to help an organization better understand how to set up, prepare and perform an internal audit. Internal audits play an important part in improving an organization's environmental management system. This publication is meant as an aid; organizations are free to choose whether to use the suggestions in it or not.

The document consists of four chapters: goal of the internal audits, audit programme, performing the audit and the knowledge and skills of the internal auditor. After these chapters there are examples of an audit plan, audit report and an improvement programme.

CHAPTER 1

Goal of the internal audits

The internal audit is done to test the effectiveness of the environmental management system. During the audit an assessment will be made of to what extent everyone keeps the agreements laid down in the environmental management system (the performance assessment), or how the requirements of the ISO 14001 standard are being met (the system assessment) and how the system or procedures can be improved, with as the end goal improving the company's environmental performance.

1.1 Definition of the internal audit

The definition in the ISO 14001 standard can be explained as follows: An audit is an evaluation process in which evidence is used to determine whether or not a company is meeting the requirements laid down by the company in its environmental management system. In other words, the company is evaluated as to whether it is doing what it has described and agreed to do in its environmental management system. The internal audit procedure and the way in which the results are communicated to management must fulfil the criteria as described in the section on internal audits of the SCCM Certification System for ISO 14001 and the ISO 14001 standard.

1.2 ISO 19011

The ISO 19011 standard for performing audits of management systems (for both quality and environmental management) was published in October 2002. This standard gives a guideline for performing internal and external quality and environmental management audits. It also discusses the knowledge and skills of auditors. The ISO 19011 standard is a comprehensive standard, not only because it deals with both quality and the environment, but also because this standard can be used by companies for performing internal audits and by certification bodies for performing external audits.

ISO 19011 is a guideline; companies are not required to use it. For large companies, however, ISO 19011 provides many 'handles' for setting up, and perhaps improving, the internal audit process. This is also true for smaller companies, but the standard will be unnecessarily detailed on many points. In these cases the information in this document can help a company decide which of its elements apply.

1.3 Differences between an internal and an external audit

The principles behind an internal and an external audit are the same. In both cases there is an evaluation during the audit of whether the management system meets the requirements, has been properly implemented and is achieving the desired results.

Besides the actual evaluation, an internal audit will see if improvements are possible in the system and/or its implementation. In an external audit for certification, the possibilities for improvement are not scrutinized as closely. The auditor evaluates the improvement process of the management system, but does not perform an analysis of which improvements in environmental performance can actually be made. Before an external certification audit can be done, the company must have performed internal audits. During an internal audit, the implementation of all elements of the standard must be evaluated for at least all significant environmental aspects and organizational elements. It must also be visible to the external auditor that based on the results of the internal audits a process of improvement has been started, and that the results of the audits are used in the management review. This means that the internal audit process must be started quite some time before the certification process.

CHAPTER 2

The audit programme

As a preparation for performing the internal audits, an audit programme is drawn up indicating which audits are to be performed in the next period. An environmental audit programme can be drawn up for a year or for as long as it takes to perform a complete audit cycle. The audit programme lays down all the environmental audits that will be performed in the course of the programme. These audits can also be combined with those for other standards. In addition to a schedule of the audits to be performed, the programme contains an overview of the means needed, for example, auditors needed to perform the audits within the established period of time. The auditors must be more or less independent of the element of the company to be audited, so as not to influence the results of the audit. Also see chapter 4, knowledge and skills of auditors.

The procedure for informing top management of results of the internal audits must be laid down in the audit programme (or elsewhere in the environmental management system). The audit programme will be set by top management during the management review. Discussions of the audits performed can result in modifications being made to the programme.

When setting up an audit programme it is important to think beforehand about the objectives of the programme. The content of the programme will depend on such things as the priorities of upper management and the goal for which the results of the audits will be used (internal communication, improving the system, meeting legal requirements, requirements of customers, managing environmental risks). For example: the objective of the programme is an annual audit of all divisions with significant environmental aspects or requirements from the licence and biannual audit of other divisions. But it can also contain, for example: an improvement plan will be drawn up within a week for any critical nonconformities identified during an audit.

An audit programme is not a checklist indicating which month the audit will be performed in what division. It is worthwhile to making a clear choice in the programme for performing audits of either a division or a process. If a process is being audited, the auditors will look beyond the borders of the divisions and will also look at the transfer and communication points between the various divisions and/or steps in the process. This is an element for which improvements are often possible.

The audit programme includes at least the following:

- › Which officials will be audited;
- › Who will perform the audit (optional);
- › Which elements of the process will be discussed;
- › Which elements of the system and/or the standard will be evaluated;
- › Specific points for attention for a given division (for example, significant environmental aspects, legal requirements, etc.)

This gives the programme greater depth, and gives the audit team leader a clear structure with which to work out the details of the audit plan. A small company's audit programme, with 1 or 2 auditors, will look very different from one for a large company with many auditors. A small company may even put the audit programme and audit plan (section 3.3) together and still have a workable plan. For a large company, for which several audit teams will be performing a large number of division- and/or process-oriented audits, it is wise to work out the details of the audits in an audit plan, separately from the programme.

Once the objective of the audit is clear, the scope of the programme can be determined. The factors determining the scope include:

- › The complexity of the processes and the degree of environmental influence;
- › The frequency of the internal audits;
- › The duration (number of days/hours) of the audit;
- › Legal and other requirements;
- › Results of previous audits (internal and/or external);
- › The need for certification.

The ISO 14001 standard does not set quantitative guidelines for the frequency of the internal audits. The organization must determine this itself. The frequency will depend on, among other things, the following factors:

- › The nature and scope of the environmental aspects and their associated environmental impacts.
- › The changes in the environmental impacts which occur or could occur.
- › The functioning of the environmental management system in the past.
- › Changes in legislation and regulations.

Since it is assumed that the maximum validity of a certificate is three years, the internal audit cycle must also be completed within three years. All the elements of the standard must have been audited within the period of the audit cycle. However, it may be necessary to subject some elements of the standard or certain environmental aspects to a greater frequency of audits, such as production divisions which play a large part in controlling environmental aspects, divisions playing a large part in complying with legislation and regulations or a purchasing department which buys products and services. An annual internal audit is recommended in these cases.

Responsibilities

The responsibilities for the audit programme are at various levels.

The responsibility for drawing up the programme will usually rest with the environmental co-ordinator or environmental manager of an organization. The environmental co-ordinator or manager is also responsible for modifying the programme if that turns out to be necessary during its execution, and for coordinating its execution. The environmental co-ordinator or manager must be familiar with audit principles and techniques. In addition, he (she) must be able to evaluate whether the auditors are competent to perform the internal audits. The environmental co-ordinator or manager is also responsible for communicating the plan to the organization.

The organization's upper management also has a significant responsibility with regard to the internal audits. Upper management are responsible for setting the programme (usually during the management review) and making the means available (training, time, opportunities for development). To ensure a support base it is expected that the upper management disseminate the importance of the programme and give the environmental co-ordinator sufficient responsibilities and authorization to carry out the programme. It is also important that upper management have direct involvement in planning and execution, as it shows others the importance they attach to the environmental management system and the internal audits.

CHAPTER 3

Performing the audit

Performing the audit consists of a number of sequential steps:

- › Initiating the audit;
- › The document assessment;
- › Preparing and performing the audit activities in the workplace;
- › Drawing up, approving and distributing the audit report;
- › Follow-up of the audit.

The degree of detail of all the steps of the audit will depend on the size and complexity of the organization and its environmental aspects.

3.1 Initiating the audit

Before the audit, the official responsible for the audit programme will appoint the leader of the audit team. Together they will determine the objective and scope of the audit and the composition of the audit team.

The audit team leader makes contact with the auditee(s) (those who are being audited) and makes agreements about the subjects of the audit, documents to evaluate (including records of monitoring), scheduling times for the audit, etc.

In a small organization, this initial step will be relatively informal compared to a large company, for one thing because the officials will probably know each other and the audit in most cases will be carried out by the person responsible for the audit programme, the environmental co-ordinator him- or herself. Nevertheless, sufficient attention must be paid to the preparation, to make sure the audit does not fall short of its objectives, or produce inadequate results.

3.2 Performing the document assessment

A document assessment, evaluating whether the system meets the audit criteria and the requirements in the ISO 14001 standard, is performed in each audit cycle. In practice, the document assessment comes down to an assessment on paper of the manual for the environmental management system. This assessment will determine if the elements of ISO 14001 are sufficiently covered in the system and whether the most important records, such as management review, audit programme, measurements and records, are present. The performance assessment that follows will examine whether the implementation is taking place according to the procedures described in the system and if agreements are being kept about measurements and recording.

There is no fixed procedure for performing the document assessment. Given that the standard consists of many requirements, in many cases the internal auditor uses a checklist to test the system against the standard. If the document assessment finds that the organization is not meeting the requirements of the ISO 14001 standard, the system will have to be modified. The organization may decide to postpone the performance audit in the event of large-scale modifications to the system. Documents may be examined during the performance audit: does the performance follow the procedure described and does this procedure meet the requirements in the ISO 14001 standard?

3.3 Preparing the audit activities in the workplace

The first thing to be thought about is to draw up an audit plan. Among other things, the following should be given attention:

- › The scope of the audit;
- › Dates and locations where the audit is to be performed;
- › Duration and schedule of the audit (who is available and when);
- › The structure of the audit report and agreements about reporting;
- › Agreements regarding any follow-up of the audit.

With smaller organizations, the most important information is often included in the audit programme for each audit or an appendix to the audit programme and there is no separate audit plan. This is acceptable, especially if the audits are performed by one or two people. An audit plan is important, for example, for audits performed by an audit team in which several divisions and/or locations are to be audited.

When working with an audit team, the procedures and responsibilities within the audit team will be discussed and set down during the preparation phase. Larger-scale audits are also characterized by a start-up meeting in which the management is informed about the audits to be performed. In cases where a start-up meeting is held, a final meeting is also held during which the findings are discussed.

3.4 Performing the internal audit

The audit itself revolves around gathering information and facts which make it clear whether or not the environmental management system has been properly implemented and is effective, i.e., that the environmental aspects are being controlled and the objectives are being met and are efficient. During an internal audit, the auditors will also look for possibilities for improvement. The internal audit can be an important method for finding points for improvement. During an audit of a certified institution, the system for making improvements will be assessed.

In larger audits, an audit plan is drawn up in preparation for performing the audit (see 3.3).

The audit is performed by means of an interview between the auditor and auditee. An external audit is often somewhat more formal than an internal audit. An internal audit may be more informal, as long as it provides the needed information.

Some companies use checklists, with all the questions the auditor must ask, in performing internal audits. Although this can be a useful aid to carrying out the audit, often auditors forget to ask more detailed questions about elements not mentioned in the checklist. It is therefore recommended to use points to consider instead of checklists. Which elements must be included in the audit? For example, the elements in assessing a production process should include:

- › Assessing the environmental aspects (including which aspects are present, whether people are aware of them, do they know what to do to control them).
- › Assessing the legal requirements (including which are applicable, are people familiar with them, what to do in event of nonconformities).
- › Assessing the recording (including what measurements have been agreed upon, if records are kept, are people aware of responsibilities, are the records analysed, are measures taken in response to the results).
- › Tasks and responsibilities (including what has been set down, is everyone kept abreast of them, are they adequately laid down for the system to work properly).
- › Procedures and instructions (including whether they are known, are they complied with, in other words, how is the implementation in that division?).
- › Transfer points between one process/division and another (including which there are between divisions and officials, are they laid down, how are they carried out).
- › Corrective measures (including if previously observed measures are observed during the procedures).

Possibilities for improvement will be looked for in all of these areas.

In short, the interview with the auditee can be structured as follows:

- › Introduce auditor/auditee;
- › What is the element being audited;
- › Let the auditee describe the course of the process (activity, production process);
- › Also, observe whether procedures are followed as described;
- › Explore the process step by step, if necessary using a list of points to consider:
 - What nonconformities are found and why;
 - What possibilities for improvement does the auditee observe;
- › Is the management system effective for the elements being audited; are the policy and objectives being met;
- › At the end of the audit indicate clearly what findings will be incorporated in the audit report.

An important element of the audit is the verification of the nonconformities found in the previous audit that have not been checked in an additional audit. During the preparation, the auditor will assess whether there are nonconformities not dealt with that must be checked. These nonconformities will then be checked during the audit. The inspection involves both assessing the relevant documents and assessing the performance and compliance with agreements made and/or modifications.

3.5 The audit report

All of the findings from the audit are set down in the audit report. As a minimum, the following information should be included in the audit report:

- › Date of the audit;
- › Names of auditor(s) and auditee(s);
- › Objective of the audit;
- › Scope of the audit (what has been assessed);
- › Locations visited;
- › The audit findings;
- › Audit conclusions.

The following may be included in the audit report as well:

- › Audit plan;
- › Elements not inspected during the audit, although they did fall within the scope;
- › Points for discussion / differences of opinion between auditor and auditee.

3.6 Follow-up of the audit

The internal audit can result in an overview of various measures:

- › Corrective measures: corrective measures must be taken where nonconformities with regard to the ISO 14001 standard have been identified, or where it was not implemented according to the requirements and procedures described in the environmental management system.
- › Preventive measures: No nonconformities were identified during the audit, but auditors found that a nonconformity can be expected if current procedures continue and/or if no modifications are made to the system. In these cases, preventive measures should be taken.
- › Measures for improvement should be implemented if the audit finds that although the requirements from the system and the standard are being met, their implementation or the system can be improved by modification.

Measures for improvement can also be identified at a later point in time than the audit, for example if the internal auditor submits the report to the environmental co-ordinator, who sees an opportunity for improvement which had not been found during the discussion of the audit results during the management assessment.

For all measures formulated as a result of the audit, it is a good idea to lay down a fixed deadline for implementation and appoint a person responsible for implementation. One way to do this is to set out all measures in a separate improvement programme in which someone is appointed as responsible for verifying implementation of the measures for improvement. Time-consuming or very expensive measures, or those which can only be implemented over the long term, can also be included in the environmental programme. Procedures for implementing the measures for improvement are included in of the environmental management system. Implementing the measures to be taken originating from the audit and how this is to take place is not a part of the audit. During the audit the parties may opt for an additional audit to assess these measures.

Verification is an important part of the audit process. Depending on the significance of the nonconformity, an additional audit can be planned. This audit must be added to the audit plan. A deadline for rectifying the nonconformity can also be agreed upon, on which date the auditor comes to inspect the results. In all audits there is an inspection of nonconformities which have not been inspected to see how they have been rectified.

CHAPTER 4

Knowledge and skills of the internal auditors

To properly perform the internal audits, the auditors must be familiar with audit procedures and techniques, the environmental management system and assessing environmental performance, and be familiar with production technologies. The depth of knowledge required will strongly depend on the complexity of the audits.

The ISO 19011 states that an auditor must have taken an auditor training course. The training can be either internal, given by another auditor working in that organization or an outside party. The auditor training must include as a minimum:

- › The principles and objectives of an audit;
- › Knowledge of the standard;
- › The processes within an audit (such as preparation, execution, reporting);
- › Information-gathering methods -and interview techniques;
- › Implications of attitude and behaviour.

An auditor with work experience and background knowledge giving him/her enough competence to perform internal audits does not have to take a training course. In the case of small organizations with short and more informal lines of communication, an auditor training is not strictly necessary. However, an auditor training can ensure that the auditor can operate more independently and confidently and/or will improve the auditor's status and appreciation within the organization. Regardless of training, the organization must be able to demonstrate that the internal auditor has sufficient knowledge to perform the internal audits.

An auditor must have sufficient communication skills to perform the audit. The success of the audit is largely determined by the way questions are asked. This means that the following qualities are often desired in an auditor:

- › Impartiality, honesty, sincerity;
- › Tactfulness;
- › Good powers of observation;
- › Attentiveness;
- › Perseverance;
- › Decisiveness.

The task of the auditor is to assess a process, detect and identify any nonconformities and report about them. The auditor does not have to be attached to a given division, but must have specific knowledge and skills. This means that in practice, employees with little training or a lower position within the company do not usually perform audits.

In all cases, an auditor must be more or less independent of the element of the company to be audited, to prevent a conflict of interest. This means that in principle, the audit is not performed by the official responsible for drawing up the documents of the environmental management system. An impartial auditor will perform the audit in a neutral manner in which as many nonconformities as possible will be discovered. If a small organization finds it difficult to find an impartial auditor within the company, they may have to choose an auditor who is not completely impartial, or find an auditor outside the organization.

If an auditor does have the knowledge of audits necessary to perform the audit, but not the specific technical knowledge of, for instance, a process or division, the auditor can have support from a technical expert during the audit.

Someone may also be brought in from outside the organization to perform an audit, for example from another office of the company, a company from the same line of business or a neighbour company, a client or through a consulting firm. A company may choose to do this, for example, if it does not have trained auditors or if the auditor is not sufficiently impartial with regard to the company's elements to be audited. With an outside auditor as well, the company must be able to demonstrate that auditor has been trained and has sufficient knowledge to perform the audit.

Background information

This document was compiled using, among other things, the ISO 19011 standard and the practical guide 'Auditing: Aan de slag met ISO 19011' (in Dutch) from the NEN. Both publications can be ordered from the NEN in Delft: www.nen.nl or +31(0)15 2690 882

If you have any comments which could improve the quality of this document, please send them to SCCM: info@sccm.nl

Annex 1

Sample audit programme

Computer Inc. ISO 14001 audit programme 2004

dept. month	1	2	3	4	5	6	7	8	9	10	11	
January												
February												
March												
April												
May												
June												
July												
August												
September												
October												
November												
December												
	Performed by Piet Janssen								Performed by Jan Karelse			

DIVISION	OFFICIALS	PROCESS	SYSTEM OR STANDARD ELEMENTS	POINTS TO CONSIDER
1 Upper management	General manager and financial manager	Management responsibility for environmental management system	4.2, 4.3, 4.3-1, 4.3-3, 4.3-4, 4.4-2, 4.4-3, 4.5-4 and 4.6	-
2 Environmental division	Environmental co-ordinator	Tasks and responsibilities of environmental co-ordinator	All elements of the system and standard	Policy and planning cycles, improvement cycle and environmental aspects
3 Design division	Design team product M and P	Eco-design	4.3-1, 4.3-2, 4.4-2, 4.5-3	
4 Assembly	Assembly employee	Assembly and knowledge of environmental aspects and procedures	4.4-6, 4.4-2, 4.4-3, 4.5-2	
5 Testing unit	Testing unit employee	Product testing	4.4-6, 4.5-3, 5.4-2, 4.3-1	
6 Repairs	Head of repairs	Product repairs	4.4-6, 4.5-3, 4.3-1	Environmental concerns in considering repairs
7 Warehouse and distribution	Head of distribution	Distribution planning	4.4-6	(minimizing) environmental aspects of distribution
8 Purchasing	Chemicals purchaser	Purchasing chemicals	4.3-1, 4.3-2, 4.4-2, 4.4-6, 4.5-3	-
9 Sales	Seller of product N	Sales to customers	4.4-6	Knowledge of environmental aspects of product and alternatives for customers
10 Personnel	Training administrator	Environmental training	4.4-2	
11 Administration	Adm. assistant	Environmental aspects and records	4.3-1, 4.2, 4.5-3	Waste records

Annex 2

Sample internal audit report

Date of audit:	17 November 2003.
Name of auditor:	Jan Janssens.
Name of auditee:	Piet Klaasen, production manager, department X. Klaas Pieterse, production manager, department Y. Mr. X, production employee, department X. Mr. Y, production employee, department Y.
Objective of the audit:	Assess significant environmental aspects and transfer points between departments X and Y.
Elements assessed:	Procedures and instructions from both departments (from standard 4.6, 4.4.1). Records involving the significant environmental aspects and transfer points between departments (4.5.1, 4.3.1, 4.4.3). Communication between the departments and information and training in these departments (4.4.3, 4.4.2).
Locations visited:	Departments X and Y.
Audit findings:	Nonconformities: Department X is not being informed of minor nonconformities in the product by department Y, while dealing with the product requires more energy. Each of the two departments is separately reducing the significant environmental aspects, without considering the effects for the other department at an early stage.
Conclusion:	Both departments are keeping good records with regard to the significant environmental aspects. Communication between the departments and within each department were good in the environmental field, however with regard to the product, improvements are possible. There is also improvement possible regarding communication about reducing significant environmental impacts. Reducing an aspect's impact can have an effect on other departments. This nonconformity was only found for departments X and Y. It must be assessed whether this nonconformity is present in other departments as well.

Annex 3

Sample improvement programme

Improvement programme in response to internal audit of 17 November 2003.

The improvement programme was drawn up by the environmental co-ordinator in consultation with the production managers.

The following actions will be taken:

- › Investigate opportunities for improving environmental performance of the products of all production departments under responsibility of the production managers;
- › Assess feasibility of these opportunities for improvement (financial, time, effect, etc.) by a yet to be appointed of staff from all production departments;
- › Draw up a plan and submit to upper management for approval;
- › Introduce discussions of products during regular environmental meetings of the production departments;
- › Perform additional internal audit to assess nonconformity from audit report of 17 November 2003. The audit will be performed in all production departments by the environmental co-ordinator.

Improvement programme schedule:

- › Investigate opportunities for improvement – January 2004;
- › Feasibility study and planning – March 2004;
- › Approval of plan by upper management – April 2004;
- › Discussions of products starting in December 2003;
- › Perform additional audit – April 2004.

The environmental co-ordinator will make interim checks of the implementation of the improvement plan. Among the instruments he will use are the reports made during meetings with the production departments.

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