

Minimum requirements for environmental auditing

Onshore Petroleum Regulated Activities
Guidance Note

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Acronyms	Full form
EMP	Environment management plan
ISO	International Organization for Standardization

Relevant Legislation
Petroleum (Environment) Regulations 2016 (NT)

Disclaimer: This Guidance Note does not constitute legal advice, is not intended to be a substitute for legal advice and should not be relied upon as such.

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1. Introduction

The Petroleum (Environment) Regulations 2016 (the Regulations) require an interest holder to retain records of audits undertaken on a regulated activity as described in an Environment Management Plan (EMP).¹ These audits must be described in the implementation strategy,² and support the performance against the environmental performance standards and measurement criteria for a regulated activity as specified in the EMP.³

Company culture, as opposed to regulatory compliance, should be the motivation for undertaking internal or third party audits, which are a key tool for actively managing the environmental impacts of a regulated activity and driving continual improvement.

2. Purpose and scope

This guidance note summarises the minimum requirements for operational environmental auditing.

This guidance note should be read in conjunction with ISO 19011:2018 *Guidelines for auditing management systems*.

3. Who are auditors?

Auditors usually consist of teams of individuals that have the expertise and qualifications to assess the level of conformity of a management system to certain audit criteria within specific subject matters. In the case of independent auditors, these individuals are considered impartial with no commercial affiliation to the organisation that is being audited. Selected auditors should have personal attributes such as ethics, moral standards, perceptiveness and objectivity.

Specific details of the auditors should be provided to the regulator, including education, training, knowledge and experience.

4. Audit methods and expectations

ISO 19011 outlines a number of methods available to auditors to verify the quality of a management system and operational processes.⁴ These methods can be undertaken through human interaction or no human interaction and either via onsite contact with auditees or remotely via interactive communication media.

Information to support the audit is collated from various sources, including but not limited to: meetings, interviews; diaries, databases, reports, spreadsheets; websites; inspection records; raw data; etc.

Audits follow a systematic approach of: “plan, do, check, act”; using a range of techniques from the first advice of an impending audit through to final reporting and following-up actions.

¹ Petroleum (Environment) Regulations 2016 (NT) reg 36(3)(c).

² Petroleum (Environment) Regulations 2016 (NT) sch 1 item 6(1)(b).

³ Petroleum (Environment) Regulations 2016 (NT) reg 8(4)(g); sch 1 6(2)(b)(iii).

⁴ Refer ISO 19011 Table A.1 – Audit methods.

5. Expectations

The expectation is that any audit report submitted to the Department for the purpose of meeting environmental performance standards and measurement criteria and demonstrating robust processes and controls, as described in an EMP will meet the following:

- demonstrate the audit has been completed in accordance with best practice (e.g. ISO 19011),
- demonstrate the auditor scope and subsequent audit report is inclusive of any relevant commitments outlined in an EMP, and expressed as individual audit findings in relation to each commitment.
- include all individual audit findings and reference to the evidence used to support that finding, which could include multiple lines of evidence, such as:
 - interviews with employees (site and office-based),
 - observations of on-ground activities,
 - as-built site layout and infrastructure diagrams supported by site photos and/ or video showing time and date of capture,
 - documents such as plans, procedures, inspections, purchase orders, as-built drawings etc. that may verify a commitment has been implemented

6. Minimum content requirements of an audit report

Submissions of any audit report are, at a minimum, to including the following content:

- a) audit objectives;
- b) audit scope, including the specific identification of EMP sections, risk mitigation measures and EMP commitments included in the audit scope;
- c) identification of the audit team, the auditee (organisation) and auditee participants in the audit, including reference to their functional roles;
- d) dates and locations where the audit activities were conducted;
- e) audit methods used and compliance criteria adopted;
- f) audit findings for each line item of the audit scope and reference to the supporting evidence for those findings, and any in-field validation, if undertaken;
- g) audit conclusions including recommended way forward to achieve compliance (if not achieved) and next scheduled audit/review;
- h) a statement on the degree to which the audit criteria have been fulfilled; and
- i) details of any unresolved or divergent opinions between the audit team and the auditee.

Appendix A: Example evidence register

Audit grading (example)

1 = Cat 1 non-compliance	An identified activity is not in compliance with the recommendation, approval document or applicable legislation and could result in a high risk or is a persistent Category 2 non-conformance. Management must immediately take action to minimise or eliminate the identified risk.
2 = Cat 2 non-compliance	Isolated lapse of control or an identified activity that is not in compliance with the recommendation, approval document or applicable legislation that could result in a low or moderate risk. Remedial action is required by the interest holder by a due date. Any item ranked Cat 2 non-compliance is subject to follow-up at the next audit.
3 = Partial compliance	Action to meet the commitment has commenced but is yet to be completed. A firm deadline must be set by the interest holder to complete implementation of the item. Any item ranked in this category is automatically followed up in the next audit.
4 = Full compliance	The commitment has been met and verified.
N/A	Not applicable
Obs = observation	An area which has improved or has the potential to be improved, or is outside the scope of the audit but is notable.

Summary of audit findings – dd mmm yyyy (example)

Ministerial recommendation	Recommendation description	Score	Compliance level	Evidence	Comments
1	The interest holder must provide to DEPWS within 6 weeks of completion of well flowback operations at the well site on EPxxx, a report on the risk assessment of flowback wastewater from the hydraulic fracturing phase via Onshoregas.DEPWS@nt.gov.au . The risk assessment must be:	4	Full compliance	1) Final consultant's report, dated 10 January 2021, submitted to DEPWS on 12 January 2021.	Obs: The interest holder has a geospatial register of all existing and proposed disposal sites for treated solid wastes generated from hydraulic fracturing. Flowback currently being treated via open tanks to promote evaporation. Flowback volumes actively managed through real-time telemetry. All flowback tanks are double-lined with leak detection.
1i	prepared by a suitably qualified person; and	4	Full compliance	1) Final consultant's report, dated 10 January 2021, submitted to DEPWS on 12 January 2021.	The consultant has 25 years of relevant environmental experience in industrial wastewater management and chemistry risk assessment.
1ii	prepared in accordance with the monitoring wastewater analytes specified in section C.3 of the Code.	4	Full compliance	1) Final consultant's report, dated 10 January 2021, submitted to DEPWS on 12 January 2021.	The report indicates that the full suite of analytes have been analysed. The final analysis indicates low concentrations for radionuclides, BTEX and other constituents of potential concern, below NEPM, reducing potential impacts to soils.