

# Module 1: Introduction to Environmental Auditing



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**Institut Alam Sekitar Malaysia**  
*Environment Institute of Malaysia*



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# 1.0 INTRODUCTION



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# INTRODUCTION

Environmental Auditing follows a process similar to financial auditing, but there are many differences between them.

- ◆ Financial audit: Recorded in the history of many countries;  
First conducted in England in 1314;  
Now a requirement for every registered organization in every country.
  
- ◆ Environmental Audit: Only started in the 1970's in the USA, mainly to check compliance with laws  
Now widely practiced in many countries (USA, UK, Canada, Australia....);  
Now encouraged as a self-regulatory tool.



# The Environmental Auditor



## DEPARTMENT OF ENVIRONMENT MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

### NOTIFICATION

#### ENVIRONMENTAL AUDIT UNDER SECTION 33A, ENVIRONMENTAL QUALITY ACT 1974

- i) To fulfill the requirement of Section 33A, Environmental Quality Act 1974, DOE has established the Environmental Auditor Registration Scheme. The list of environmental auditors can be obtained at [www.doe.gov.my](http://www.doe.gov.my).
- ii) All EIA Projects that have been approved under Section 34A, with requirement for Third Party Audit (as stated in the EIA Conditions of Approval) shall initiate the audit as specified. For this purpose, only audit reports prepared by Registered Environmental Auditor will be accepted.
- iii) For EIA Projects without the audit requirement stated in the EIA Conditions of Approval, initiation of audit is subject to Written Notification from DOE.
- iv) For non EIA activities; initiation of audit is subject to Written Notification from DOE.
- v) The environmental audit process shall be conducted in accordance with the Environmental Audit Guidance Manual which is available at [www.doe.gov.my](http://www.doe.gov.my).
- vi) Please be advised that failure to comply with the audit requirements is a violation against the Environmental Quality Act, 1974.

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# Defining the Scope and Intent of an Audit

- ◆ Scope:        Extent or boundaries
- ◆ Intent:        Purpose or objective

*An environmental audit with a well defined scope and intent will allow the audit to be well planned and will help avoid misunderstandings.*



# Defining the Scope and Intent of an Audit (cont'd)

## **Audit Against the Criteria Set**

Audit criteria must be set.

### Example:

1. *Environmental Quality Act 1974 and relevant regulations*
2. *Company policies and procedures*
3. *Industrial standards*
4. *International standards on environmental protection*



# Defining the Scope and Intent of an Audit (cont'd)

## Audit Process

An audit has three (3) main phases:

- ◆ Pre-Audit
- ◆ On-Site Audit
- ◆ Post-Audit



# Different Types of Environmental Audits

There are many types of environmental audits. The first 3 are listed in the EQA Section 33A.

1. Compliance Audit
2. Environmental Management Systems Audit
3. Risk Audit



## Different Types of Environmental Audits (cont'd)

4. Due Diligence Audit
5. Certification Audit
6. Suppliers/Contractors Audit
7. Energy Audit
8. Cleaner Production Audit
9. Environmental Marketing Audit



# Different Types of Environmental Audits (cont'd)

## Classes of Environmental Audits:

- ◆ **First Party:** Sometimes called internal audit; conducted by the organization itself for management review and other internal purposes.
- ◆ **Second Party:** Auditing that is done on a contractor or supplier which has business interests.
- ◆ **Third Party:** Auditing by an external and independent body, such as a certification body or government body



# Principles of Auditing

(extracted from ISO 19011:2002)

**There are five (5) main principles of environmental auditing:**

- 1. Ethical conduct:**  
the foundation of professionalism

*Trust, integrity, confidentiality and discretion are essential to auditing.*



# Principles of Auditing

(extracted from ISO 19011:2002)

- 2. Fair presentation:**  
the obligation to report truthfully and accurately

*Audit findings, audit conclusions and audit reports reflect truthfully and accurately the audit objectives. Significant obstacles encountered during the audit and unresolved diverging opinions between the audit team and the auditee are reported.*



# Principles of Auditing

(extracted from ISO 19011:2002)

- 3. Due Professional Care:**  
the application of diligence and judgement in auditing

*Auditors exercise care in accordance with the importance of the task they perform and the confidence placed in them by audit clients and other interested parties.*



# Principles of Auditing

(extracted from ISO 19011:2002)

## 4. **Independence:**

the basis for the impartiality of the audit and objectivity of the audit conclusions.

*Auditors are independent of the activity being audited and are free from bias and conflict of interest.*



# Principles of Auditing

(extracted from ISO 19011:2002)

- 5. Evidence-based approach:**  
Audit evidence is verifiable.

*The appropriate use of sampling is closely related to the confidence that can be placed in the audit conclusions.*



# Benefits of Conducting Environmental Audits

- Promotes self regulation
- Reduce burden of enforcement
- Ensures compliance with legislation
- Measures environmental performance
- Initiates a process of continuous improvement
- Improves relationships with interested parties



# Competency of Environmental Auditors

A competent auditor:

- Registered under the Environmental Audit Registration Scheme;
- Is qualified and experienced;
- Is unbiased and independent;
- Always abides by the good principles of auditing;
- Uses appropriate techniques and tools for auditing;
- Is always systematic and consistent;
- Can highlight noteworthy efforts and areas for improvement.

**End of Module 1**

**Thank You**



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