ABSTRACT

Regulations and standards, from OSHA Process Safety Management (29 CFR 1910.119) and EPA Risk Management Program (40 CFR Part 68) to ISO 9000/14000 and CMA Responsible Care®, require periodic ES&H audits to be conducted. Internal corporate policies also require a review of EH&S operations. A basic intent of an audit program is to identify strengths and weaknesses in a system or process and to initiate appropriate corrective actions as required. In a perfect world of unlimited resources, a simple gap analysis comparing where a company is and where it wants to be with respect to audit criteria would suffice. However, fiscal reality includes limited budgets and finite time and resources. Expenditures for continuous improvement require justification. The question becomes "What is the return on the investment for improving a rating from 'satisfactory' to 'excellent', from 'partial implementation' to 'practice in place'?"

This paper describes an approach that takes auditing to a new level, providing risk reduction estimates for use in cost-benefit analysis of improvement recommendations. By evaluating EH&S audits from a risk assessment perspective, this method obtains real risk values. This allows an auditor to determine, in economic terms, what it means to the company if a facility is non-compliant or only partially compliant with regulations, corporate policies, and/or management system requirements. Knowledge of that value gives the auditor a basis for making a rational recommendation and allows plant management to determine investment decisions. This approach treats EH&S in the same manner as other business issues. The audit stresses the value of EH&S to the organization rather than treating it in purely compliance terms.