In recent years we have seen the increasing application of environmental management systems, industry operating standards, legislation, policy and codes of practice - all influencing sustainable environmental performance in the resources sector.

As the mining industry's burden of obligations and expectations increases to demonstrate compliance with these commitments, there has been a general trend toward self-regulation and internal assurance to ensure legal and voluntary obligations are met. Systems, standards and codes are excellent tools and platforms that can drive improving environmental performance and assist in aligning stakeholders' expectations with an industry's environmental management outcomes. Companies, industry bodies and regulators are investing significantly in developing standards, codes of practice and the management systems within which they are implemented.

There is a growing trend to commission external audits to verify that stated environmental performance meets stakeholder expectations and company commitments.

**Increasing audit application**

Throughout the last decade, audits have been introduced to assess the managerial and technical performance of operations. There are few, if any, individuals working in the mining industry today who have not experienced some type of environmental audit.

The definition of audit in the environmental context and the various types of specific focus audits (such as management systems, compliance and performance) is well understood and does not need repeating here. Within the realm of auditing and for the purpose of this article, it is necessary to clarify the difference between assurance and verification, because they are commonly used interchangeably.

Assurance is an internal governance process to remove any doubt about the accuracy of information reported up the line. Corporations commonly delegate these tasks to an internal audit group. Verification is an independent audit to objectively confirm the truth of a company's performance and assertions, based on evidence. This role is delegated to an external, impartial auditor qualified to verify the subject under audit.

The scope of verification is increasing across the breadth of environmental, financial and community reporting. The diagram below illustrates examples of the various types of reports driving this increasing scope.

The Australian Minerals Industry Code for Environmental Management 2000 is a good example of the emerging role verification auditing has in the mining industry. With the release of the revised Code in 2000, requirements for self assessment were introduced.
This annual requirement is verified as follows. Signatories are required to verify their Code Implementation Survey return at least every three years using a suitably accredited auditor (e.g. QSA certified). The verifier should be external to the operation, but can be internal to the company. The Code Secretariat will be moving to strengthen this requirement this year. As such, the triennial requirement will be modified to ensure that the Survey is verified by a certified external auditor, completely independent of the auditee. There is, however, another level of verification arising from commitment to the Code. In signing up to the Code's principles, the signatory is committed to publishing an external environmental report within two years. While it is not a Code requirement to have the assertions, statements and data in the external report verified, virtually all companies who publish environmental reports have wisely chosen to do so. It is worth noting that the articles of membership of the MCA have now been amended requiring all members to commit to the Code.

Organising the verification

When organising your verification audit, there are a number of issues to consider, to ensure that the needs of relevant stakeholders and your business are met.

The priority issues are:

Clearly understand the verification requirements: time period covered (1 year or 3), completion deadline, qualifications and degree of impartiality of the verifying...
auditor, report or statement format, and contents.

Document a verification audit plan. It is advisable to discuss the plan with stakeholders to ensure the plan will fulfil their expectations and your commitments.

Review and compile the relevant documentation that auditors will need to verify performance data, management system procedures, plans and relevant communications. They will require original evidence of the source, collection and processing methods and the chain of reporting through the organisation management hierarchy and to external stakeholders.

Discuss your verification requirements with potential service providers. Appoint auditors that professionally meet all qualification requirements, have experience in verification audits and, ideally, experience in your industry sector or business process.

Include your verification requirements into annual business plans and advise all relevant internal staff of their roles and requirements at the earliest opportunity. Completing these steps well in advance of the verification will ensure the audit is completed efficiently and with minimal disruption to the daily routine at your site.

**Verifying the organisation**

There is currently no published Australian or international standard for conducting environmental or a broader sustainability verification. However, based on tried and true auditing methods, there are still clear process requirements for verification to be completed by auditors. Following the principles laid down in the draft ISO/DIS 19011:2001 'Guidelines on Quality and Environmental Management Systems Auditing' is a sound starting point. The critical process steps for the auditor are:

- Establish clear objectives for the verification.
- Clearly define the scope and boundaries.
- Agree the starting and completion dates.
- Ensure these arrangements meet the auditee's verification requirements.
- Request the documentation required, interviews with key personnel and visits to site areas and processes to be inspected.
- Draft an audit plan that is approved and signed off by the auditee. Where a verification audit plan proposes a significant departure from the 'norm' it is recommended the auditee discuss the plan with relevant stakeholders.

A clearly documented audit protocol is developed, or tailor a generic protocol to suit the auditee's verification requirements.

The verification is completed, in close liaison with the auditee at all times. The draft verification statement is reviewed by the auditee and any relevant issues resolved.

Finalise verification statement. Auditors retain all working papers on file, including all records demonstrating the development of the auditor's published opinion.

In following these steps as a minimum, not only will the auditee successfully meet the obligations and expectations for external verification, the auditor can also demonstrate that the process is transparent, objective and repeatable. For example, the
recent publication of BP Australia's Triple Bottom Line (TBL) Report is a first in several respects. It was verified through an integrated, comprehensive audit and includes the attestation of verification by Ernst & Young.

The process of verification is rapidly gaining prominence as an operating requirement and, to some degree, business opportunity. Externally verified performance carries some weight, influencing consumer choice, community opinion and investor confidence. With the intensive rate at which mining operations are continually audited across the spectrum of environment, health, safety and community issues, the last thing management and the workforce want is another audit. However, verification requirements can be integrated into a designed and planned multi-function, multi-purpose audit program.

Conclusion

Verification is a type of audit with a specific purpose and outcomes. Verification is the process of determining whether the products or assertions of an enterprise fulfil a set of established requirements and providing attestation of that validity.

The future for verification audits is certain and they will be used more frequently. The Code will be reviewed in 2004 and quite possibly will result in the introduction of mandatory annual, fully external verification audits. More companies are publishing external reports in addition to their annual financial reports and in the same way as the accounting auditor's opinion underwrites the veracity of financial statements, the environmental auditor's opinion is increasingly sought to verify a company's environmental performance.

Local communities and other stakeholders are becoming increasingly demanding of a more transparent mining industry. They are seeking not only regular reports revealing environmental and social performance but verification of those reports by an independent third party.

With the move toward integrating the 'triple bottom line' in Australia, the opportunity to design and implement a sustainability strategy, encompassing the economic, social and environmental factors influencing and influenced by your business is at hand. In an Australian first, the recent Ernst & Young triple bottom line verification of BP's report demonstrates integrated verification is not only possible, but practical and value adding.

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Thanks are given to Australian Minerals & Energy Environment Foundation for permission to reproduce this article which originally appeared in Groundwork, March 2002 7(2), pp.12-13.

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