

SRIMAAN COACHING CENTRE-TRICHY-TRB-ASSISTANT

2024-25

PROFESSOR IN GOVT.ARTS & SCIENCE COLLEGES -COMMERCE

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UNIT-2 STUDY MATERIAL -TO CONTACT:8072230063.

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**Recent Trends in Auditing: Management audit; Energy audit;
Environment audit; Systems audit; Safety audit.
Trends in Auditing:**

Auditing historical roots lie in validating spoken claims, but it has transformed into an assessment of written reports, ensuring financial accuracy and rule adherence. It establishes trust by offering stakeholders credible insights. These audits optimise management, energy, environmental practices, system efficiency, and workplace safety, enhancing operational excellence and trustworthiness.

Meaning of Auditing

Auditing originates from the Latin term “Audre”, which means “to hear,”- just as in ancient times adjudicators used to hear officers and people of authority to confirm the validity of their words. Over the time, the part of auditing evolved to vindicating written reports specifically, the fiscal records of individualities and businesses.

Auditing, or a fiscal inspection, is a sanctioned examination and verification of a business’s fiscal records. The main aim of auditing is to make sure that a company’s fiscal statements are accurate and follow nonsupervisory guidelines. Auditing also gives investors, creditors, and other stakeholder’s reasonable assurance that they can calculate a company and its integrity.

Recent Trends in Auditing

Recent auditing trends encompass specialized areas including management, energy, environmental, system, and safety audits. Management audits emphasize assessing management effectiveness across all levels and providing recommendations for improvement. Energy audits focus on optimizing energy usage and reducing costs, and environmental impact by identifying waste and inefficiency.

Environmental audits ensure compliance with regulations and sustainability goals. System audits rigorously examine planned arrangements and their effectiveness. Safety audits evaluate workplace health and safety systems, promoting compliance and improvements. These trends reflect the evolving auditing landscape in response to the multifaceted demands of modern businesses.

Management Audit

In accordance with Taylor and Perry, “management audit” refers to a methodology employed to assess the effectiveness of management across all levels within an organisation. This entails an independent evaluation of the business from the highest executive tier downward, aimed at determining the prevalence of effective management throughout the organisation. The outcome of this evaluation highlights the efficiency of management and offers recommendations for enhancing effectiveness in cases where improvements are needed.

Who performs Management Audits?

Management Operation is generally conducted by the hand of the company or by the independent adviser and concentrates on the critical evaluation of the operation as a whole rather than the appraisal of individuals.

The Scope of Management Audit:

A management audit is vast as compared to a financial review because it not only evaluates finance but also other features of a company. It has an efficiency for assessing management from top to lower level. Few main scopes of management audit are described below:

- **Calculate the Effectiveness of the Management-** It audits the entire level of management of a company.
- **Execution of Principals and Policies-** It reviews whether the policies and the principles deployed by the company is effective and successful.
- **Locate and Examine the Differences-**It helps to identify the differences in productivity and if the pattern set by the company is not fulfilled.
- **Suggest for Improvement-** The management audit suggests improvement in areas, e.g. purchase, sale, finance, administration, human resources, etc.,

Objectives of Management Audit

The objectives of a Management Audit are as follows:

- 1. To Evaluate Management Effectiveness:** The primary objective of a management audit is to assess the effectiveness of the organisation's management practices, including planning, organising, directing, and controlling, in achieving the organisation's goals and objectives.
- 2. To Identify Strengths and Weaknesses:** A management audit aims to identify the strengths and weaknesses of the organisation's management processes and practices. This helps in leveraging the strengths and addressing the weaknesses to improve overall performance.
- 3. To Assess Efficiency and Resource Utilization:** The audit evaluates how efficiently the organisation is utilizing its resources, including financial, human, and other assets. It seeks to identify areas where resources can be optimized for better outcomes.
- 4. To Review Decision-Making Processes:** The audit examines the decision-making processes within the organisation to determine their effectiveness, timeliness, and alignment with the organisation's objectives.
- 5. To Analyse Leadership and Organizational Structure:** Management audits assess the leadership capabilities and the organisational structure to ensure they support effective communication, collaboration, and accountability.
- 6. To Evaluate Risk Management Practices:** The audit evaluates the organisation's risk management practices, including how risks are identified, assessed, and mitigated.
- 7. Ensure Compliance and Governance:** Management audits may also review the organisation's compliance with laws, regulations, and internal governance policies to identify potential gaps and areas for improvement.

Features of Management Audit

Some of the features of a Management Audit include:

- 1. Comprehensive Evaluation:** Management Audits involve a thorough assessment of various aspects of management practices, processes, and performance within an organisation. It aims to provide a holistic view of how the organisation is managed.
- 2. Objective Analysis:** The audit is conducted with objectivity and impartiality. The auditors or consultants conducting the management audit should not have any bias that could influence their findings and recommendations.
- 3. Systematic Approach:** Management audits follow a structured and systematic approach to gather relevant data, analyse information, and identify areas of improvement. It ensures that the audit is conducted in a methodical manner.
- 4. Focus on Effectiveness and Efficiency:** The primary focus of a management audit is to evaluate the effectiveness and efficiency of management practices in achieving the organisation's goals and objectives.

- 5. Identification of Strengths and Weaknesses:** Management audits identify the organisation's strengths, which can be leveraged, and weaknesses that need to be addressed to enhance overall performance.
- 6. Risk Assessment:** Management audits assess potential risks and vulnerabilities in management practices and offer recommendations to mitigate these risks.
- 7. Benchmarking:** The audit may involve benchmarking the organisation's management practices against industry best practices or against its previous performance to identify areas for improvement.
- 8. Employee Feedback:** Management audits often include gathering feedback from employees at various organisational levels to understand their perspectives and experiences with management practices.

Uses of Management Audit

Management Audit serves various useful purposes for organisations. Some of the key uses of management audits are:

- 1. Performance Evaluation:** Management audit helps evaluate the performance of management practices, processes, and personnel. It provides an objective assessment of how well the organisation is managed and identifies areas for improvement.
- 2. Identify Inefficiencies:** The audit helps in identifying inefficiencies in management processes, resource allocation, and decision-making. It highlights areas where resources are being underutilized or wasted.
- 3. Improve Decision-making:** By evaluating decision-making processes, a management audit provides insights into the effectiveness of decisions taken at various levels of the organisation. It helps in making informed decisions that align with the organisation's goals.
- 4. Risk Assessment:** Management audit assesses risk management practices and identifies potential risks and vulnerabilities. It allows the organisation to strengthen risk management strategies and minimize potential threats.
- 5. Enhance Organisational Structure:** The audit examines the organisational structure and identifies opportunities for streamlining communication, improving collaboration, and increasing efficiency.
- 6. Benchmarking:** Management audit often involves benchmarking against industry best practices or successful competitors. This allows the organisation to learn from others' experiences and adopt proven management strategies.
- 7. Strategic Planning:** The findings of the management audit can inform the strategic planning process, enabling the organisation to set realistic goals and create action plans based on its management capabilities.
- 8. Strengthen Internal Controls:** The audit assesses the effectiveness of internal controls and governance mechanisms, ensuring compliance with policies, laws, and regulations.

Energy Audit

An energy audit is a regular analysis of energy use and energy consumption within a defined energy examination compass, in order to identify, quantify and report on the openings for better performance. It may include a process or system to reduce the quantum of energy input into the system without negatively affecting the affair.

Objective of Energy Audit

The objects of energy inspection can be explained compactly through the pointers below:

- ❖ Identify areas of energy waste: Energy check-ups tend to identify areas where energy is wasted and identify ways to optimise energy operation.
- ❖ Determine energy effectiveness: Energy check-ups help to determine the energy effectiveness of a structure, system, or process and identify areas where advancements can be made to increase effectiveness.

- ❖ Reduce energy consumption: The ultimate ideal of energy check-ups is to reduce energy consumption by relating areas where energy can be saved, thereby saving money and reducing environmental impact.
- ❖ Assess outfit performance: Energy check-ups also involve assessing outfit performance, similar to HVAC systems and lighting, and relating ways to optimise their performance and reduce energy operation.
- ❖ Review of energy saving opportunities and measures implemented in the audit sites.
- ❖ Identification of additional various energy conservation measures and saving opportunities.
- ❖ Implementation of alternative energy resources for energy saving opportunities and decision making in the field of energy management.
- ❖ Providing a technical information on how to build an energy balance as well as guidance to be sought for particular applications.
- ❖ Detailed analysis on the calculation of energy consumption, analysis of latest electricity bill of the campus, understanding the tariff plan provided by the central and State Electricity Board.
- ❖ List ways that the use of energy in terms of electricity, electric stove, kettle, microwave, LPG, firewood, Petrol, diesel and others.
- ❖ Analysis of electricity bill amount for the last two to three years, amount paid for LPG cylinders for last one year and amount paid for water consumption for human beings and watering to the plants.
- ❖ Use of incandescent (tungsten) bulb and CFL bulbs, fans, air conditioners, cooling apparatus, heaters, computers, photo copiers, inverter, generators and laboratory equipment and instruments installed in the organization (for example- 60 watt bulb x 4hours x number of bulbs = kwh).
- ❖ Alternative energy sources / nonconventional energy sources are employed / installed in the organization (photovoltaic cells for solar energy, windmill, energy efficient stoves, Biogas, etc.).
- ❖ Creating awareness among the stakeholders on energy conservation and utilization.

Benefits of an Energy Audit

- ❖ **Reduced Energy Expenses:** The most obvious benefit is that the less energy the Organization uses, the less money that the Organization will have to spend on energy costs.
- ❖ **Identify Problems:** An energy audit can also help to identify any issues that the equipment might have. For example, the auditor could find small leaks in the compressed air system. These leaks would cost a significant amount of money if it is not noticed. Auditors can also detect dangerous health risks like the carbon monoxide that's emitted from equipment that hasn't been vented properly. With a regular energy audit, the organization will be able to address these kinds of issues promptly to help ensure the health and safety of the staff members.
- ❖ **Increased Employee Comfort:** During the audit, the Organization might learn about changes that have been made regarding insulation and air sealing. Completing these enhancements will help create a more reliable and more efficiently cooled or heated space for the employees. In turn, more comfortable employees tend to be more productive, so not only will the Organization save on energy costs, but may also improve overall well-being.
- ❖ **Personalized Recommendations:** Working with an energy expert can help learn about new energy-efficient technologies. The professional will customize a plan, recommending which upgrades will give the most return on investment. These might include updated lighting systems, a new HVAC system, weatherization measures like insulation and air sealing, and more. While some of the recommendations might have a substantial up-front cost that many of them will pay for themselves in a short period of time with significantly reduced energy expenses.
- ❖ **Show Environmental Concern:** By taking steps to be more energy efficient, the Organization will be showing the employees and clients that the organization cares about the impact on the environment.
- ❖ **Increased Property Value:** Using the recommendations of an energy auditor to make facility more energy efficient could also help to increase its overall worth. Things like solar panels, high-efficiency LED lighting, and weatherization procedures are all things that contribute to a higher property value.
- ❖ **Longer Equipment Lifespan:** An energy auditor might recommend to update some of the equipment for maximum energy savings. If the Organization decide to upgrade, it will not only save on energy costs, but

also expect the equipment to last a long time. This is because newer, more energy-efficient equipment doesn't have to work as hard as older, outdated units to provide the same level of performance.

- ❖ **Energy audit evaluation:** Energy audits will evaluate the Organization "as a whole", the goal is not to evaluate single measures but to consider a wide range of available alternatives (Electrical, Mechanical, Envelope and Water).
- ❖ **Energy audit Opportunities:** The audit will not only inform about the opportunities but also provide information with financial analysis. This will enable prioritization based on financial benefit and return on investment. It provides technical information regarding the proposed energy conservation measures.
- ❖ **Energy audit quality analysis:** A good quality audit will analyse the historical energy use and find potential issues using statistical methods. Provide information with emissions analysis to help understand the benefits of the decisions from an environmental standpoint. Understand where energy is used and which areas are worth focusing on the most. Provide benchmark information to help understand the energy use performance compared to others.

Types of Energy Audit

The type of Energy Audit to be performed depends on:

- Function and type of industry
- Depth to which final audit is needed, and

Potential and magnitude of cost reduction desired Thus Energy Audit can be classified into the following two types.

- I. Preliminary Energy Audit
- II. Detailed Energy Audit
- III. Potential and magnitude of Energy Audit
- IV. Comprehensive Energy Audit

Preliminary Energy Audit Methodology Preliminary energy audit is a relatively quick exercise to:

- Establish energy consumption in the organization
 - Estimate the scope for saving
 - Identify the most likely (and the easiest areas for attention
 - Identify immediate (especially no-/low-cost) improvements/ savings
 - Set a 'reference point'
 - Identify areas for more detailed study/measurement
 - Preliminary energy audit uses existing, or easily obtained data.

Detailed Energy Audit Methodology

A comprehensive audit provides a detailed energy project implementation plan for a facility, since it evaluates all major energy using systems. This type of audit offers the most accurate estimate of energy savings and cost. It considers the interactive effects of all projects, accounts for the energy use of all major equipment, and includes detailed energy cost saving calculations and project cost. In a comprehensive audit, one of the key elements is the energy balance. This is based on an inventory of energy using systems, assumptions of current operating conditions and calculations of energy use. This estimated use is then compared to utility bill charges.

Detailed energy auditing is carried out in three phases: Phase I, II and III. Phase I - Pre Audit Phase Phase II - Audit Phase Phase III - Post Audit Phase 6.3. Potential and Magnitude of Energy Audit A structured

methodology to carry out an energy audit is necessary for efficient working. An initial study of the site should always be carried out, as the planning of the procedures necessary for an audit is most important.

Environment Audit

The International Chamber of Commerce (ICC, 1991) defines environmental auditing as, "an operation tool comprising a regular, proved, periodic and objective evaluation of how well environmental organisation, operation and outfit are performing with the end of contributing to securing the environment by-

Easing operation control of environmental practices; and Assessing compliance with company programs, which would include meeting nonsupervisory conditions

Objectives of Environmental Audit

- To reduce exposure to pitfalls from environmental health and safety problems
- To corroborate compliance with applicable laws and regulations
- Types of Environmental Check-ups

There are three essential types of Environmental check-ups that are mentioned below-

Environmental Compliance Audit- The Environmental Compliance audit are authorised to review the aspirant company's compliance measures, whether they're being followed in agreement with the State and National rules and regulations established by the Government of India and if the compliance measures are fairly binding.

Environmental Management Audits- The Environmental Management Audits help the aspirant company understand the procedure of operating their company in agreement with the Environmental Performance norms.

Functional Environmental Audits- Functional Environmental audits are responsible for measuring the consequences of specific environmental pollution or hazards caused. This particular auditing is authorised for probing specific concern areas similar to the evaluation of the monitoring of the conservation of the air quality, waste operation, etc. Functional Environmental check-ups are relatively infrequently conducted and are frequently included as a part of both Environmental Compliance Auditing and Environmental Management Auditing.

DEFINING AN ENVIRONMENTAL AUDIT

Just as the scope of the term 'environment' is wide, so is the definition for 'environmental audit'. However, as the field of environmental auditing has matured so has the definition, and it is considered that the definition as drafted in the EC Regulation No. 761/2001 of the European Council and Parliament (commonly referred to as EMAS II) is the most accurate; "Environmental audit shall mean a management tool comprising a systematic, documented periodic and objective evaluation of the performance of the organisation, management system and processes designed to protect the environment with the aim of;

- (i) Facilitating management control of practices which may have an impact on the environment;
- (ii) Assessing compliance with the environmental policy. Including environmental objectives and targets of the organisation.

- (ii) In effect the definition when broken down to its key constituents states that an environmental audit is a mechanism by which the environmental impact of a company's activities can be determined, the ultimate aim of the exercise being the assistance to management of controlling these impacts and subsequently safeguarding the environment.

Procedures followed in Environment Audit

1. Environment Systems Audit Environmental audit involves monitoring an Organization concerning about the green campus, environment, sanitation and hygiene policies. It is a regular process that is conducted periodically by a regulated entity to check whether an Organization meets the requirements of environmental compliance. The process of environmental audit includes examining, collecting, evaluating, documenting data and analysing various components related to environmental aspects (IGBC, 2021; WGBC, 2021).

The environmental audit possesses the following characteristic features in which various aspects of wastes generation and steps taken by the Organization to reduce both solid and liquid wastes without harming the environment.

- Identification of various sources to generate wastes and types of degradable and non-degradable wastes in the campus.
- Collection of information related to type of operations, use of various raw materials and products that generate wastes.
- Finding the highlights of inefficiencies in the process that generate wastes and areas that are to be monitored with extra care.
- Setting up the target for reduction of wastes and source of waste generation without affecting the environmental health.
- Steps taken to minimize the environmental pollution and degradation by means of developing internal policy methods.
- Suggestion of cost effective waste management strategies and zero waste discharge in the Organization.
- Creation of awareness among stakeholders on the benefits of reducing wastes without damaging the ecosystem.
- Aids in increase of process efficiency and status report with regards to environmental compliance and management.
- Converting the waste materials into fertilizing materials by following the method of recycling and composting processes.

TYPES OF ENVIRONMENTAL AUDIT

Considering that auditing the environmental impact of companies' activities may at this stage be perceived to be opening 'Pandora's Box', it should be considered that as the field of auditing has blossomed, so has the development of the generic types of audit.

Phase 1 or Contaminated Land Audit

The purpose of a Phase I or Contaminated Land Audit is to identify liabilities arising from contamination of (soil and/or) groundwater on a site or within a building. Phase I audits could typically be conducted in the event of suspect storage integrity of hazardous material or in the currently topical event of the suspicion of illegal landfilling. Phase I audits are the initial step in what can ultimately result in a three phase audit. The second step in this three phase audit process is a Phase II survey or intrusive qualitative/quantities investigation if deemed necessary following the findings of the Phase I survey. The final phase encompasses delineating necessary remedial action identified as a result of the conclusions drawn on the Phase I audit and confirmed by the Phase II audit. (McKenna & Co., 1993).

Property Transfer/Takeover or Due Diligence Audit

Environmental due diligence is the exercise conducted by a purchaser, underwriter, or lender in a wide range of commercial transactions, including public offering of shares, re-financing, asset purchase, share purchase or merger (McKenna & Co., 1993). The purpose of the audit is to identify any liabilities or residuals associated with the subject of the commercial transaction which may influence the value of the subject of the audit (e.g. property or company).

Compliance Audit

Compliance audits focus on the operation of an activity and/or management of an organisation to determine, for example, compliance with pertinent environmental legislation (e.g. Waste Management Act, 1996, Environmental Protection Agency Act, 1992) or even compliance with a parent company's environmental policy.

Environmental Management System Audit

- ✓ An environmental management system as defined as; 'that overall part of the management system which includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy' (ISO, 1996)
- ✓ Due to the increased focus on environmental best-practice in industry, a number of management standards have been drafted.
- ✓ The British Standards Institute (BSI) published the first environmental management standard in 1992, namely BS7750. In September 1996, the International Organization for Standardization (ISO) on the recommendations of the technical committee (TC 207) set up by its Strategic Advisory Group on the Environment (SAGE), published two environmental management system standards, ISO 14001 and ISO 14004.
- ✓ In June 1993, the European Council adopted a proposal from the European Community allowing voluntary participation by companies in selected industrial sectors in an EU Eco-management and Audit Scheme commonly referred to as EMAS (Official Journal of the European Communities, 1993). This regulation was revised in 2001 (Regulation [EC] No. 761 of 2001).
- ✓ These management systems are available to facilitate the demonstration of companies' commitment to effectively managing the environmental aspects of the companies' operations.
- ✓ An environmental management system audit is conducted to check the conformance of the system with a standard (ISO 14001 or EMAS) in the case of a 'formal' environmental management system. In the case of an 'informal' environmental management system, the purpose of the audit is to check the effectiveness of the environmental management system in implementing the company environmental policy.

Corporate Environmental Audit:

A corporate environmental audit can be considered as an internal examination conducted by a company with reference to its own environmental operations as a means of assessing its environmental compliance and performance. Its aim is to assess whether the company is complying with environmental regulations, its own environmental standards and environmental management systems where these are in operation (McKenna & Co., 1993). To this extent a corporate environmental audit can be considered as being the amalgamation of compliance and environmental management systems audits.

Associate Audit

Associate audits are conventionally audits conducted to assess the environmental management of associate companies. The term associate generally refers to suppliers, distributors (or agents) or licensees. The 'association' with the company is either by their provision of company inputs (e.g. raw materials, goods

or services) or by dealing with the company's outputs (e.g. products or wastes). One of the main driving forces behind the development of associate audits is the Business Charter for Sustainable Development (ICC, 1989/ This charter states that contractors and suppliers acting on behalf of a company subscribing to the Charter should be actively encouraged and, where appropriate, required to improve their practices so as to make them consistent with those of the company itself. (McKenna & Co., 1993).

Issue/Product Audit

Issue audits are conducted to assess the environmental impact of products as well as the production processes from which they are generated. Issue audits are commonly referred to as 'Life-Cycle Analysis' audits. The principle of 'Life-Cycle Analysis' is that all environmental aspects associated with the generation of a product from its raw material through to its final disposal are addressed. This principle is core to the completion of the issue audit.

BENEFITS OF ENVIRONMENTAL AUDITING

- Environmental audit provides the following benefits to the Organization:
- Discover various issues related to the environment in the Organization.
- Compute the issues, identify and assess the impact of the issues.
- Provide suggestions to minimize the issues found in the Organization. On conducting an Environmental audit, it provides the following results:
- Conservation of resources and reduction of raw materials.
- Minimizing wastes, control of pollution and reduction of costs.
- Improvement in working conditions and improvement in process efficiency.
- Corporate image and marketing opportunities.
- Concern about the environmental impact of the Organization.
- Development of ownership, personal and social responsibility for the College and its environment.
- Preparation of Environmental management plan and monitoring.
- Assessment of environmental input and risks to the ecosystem.
- Identifying areas of strength and weakness for improvements.
- Evaluation of pollution control status in the campus.
- Verification of compliance with environment laws.
- Assuring safety of plant, environment and human beings.
- Enhancement of loss prevention, manpower development and marketing.
- Budgeting for pollution control, waste prevention, reduction, recycling and reuse methods.
- Providing an opportunity for management to give credit for good environmental performance.
- As a whole environmental audit plays an important role in minimizing the environmental problem locally, regionally, nationally and internationally.
- Identification of various sources to generate wastes and types of wastes
- Types of degradable and non-degradable wastes in the campus.
- Setting up the target for reduction of wastes and source of waste generation without affecting the environmental health through policy.

Components of an Environmental Audit Environmental audit has five components, namely:

1. Sanitation and hygiene policy
2. Green and Environment policy
3. Water conservation policy
4. Water management policy
5. Waste management policy
6. Rainwater harvesting policy
7. Environment conservation policy

8. Waste management initiatives
9. Environment management policy
10. Environment monitoring policy

Sanitation and Hygiene Policy In this component, the following are being considered:

- * Physical appearance and overall ambience
- * Adequacy of toilets (Student/Employee: toilet ratio)
- * Gender balance and disabled-friendly toilets (Male: Women)
- * Water taps and sanitation plumbing, adequacy and efficiency
- * Adequate clean drinking water facilities
- * Kitchen staff apparel and hygiene
- * Canteen and hostel hygiene maintenance
- * Kitchen hygiene and fly proof condition
- * Cutlery, crockery and utensils hygiene
- * Dining hall hygiene and bad odour free
- * Cleaning equipment and consumables

There are numerous benefits to environmental auditing. The primary benefits are the attainment of the specified objective(s) of the audit conducted (e.g. life-cycle information, liability delineation). However, there are a number of secondary benefits which the company may enjoy including;

Compliance with Environmental Legislation

One of the immediate benefits of environmental auditing is that management can determine their compliance status with all pertinent environmental legislation related to the activities conducted within the company. Due to the wide scope of environmental legislation, not only are companies frequently not in compliance, but frequently are not aware of the existence of certain environmental legislative implements.

Improved Management Awareness of Environmental Issues

In conducting an environmental audit, management awareness can be increased regarding the possible negative environmental implications of certain 'standard operating procedures' as well as potential liabilities arising there from.

Cost Minimisation through Improved Environmental Performance

Environmental audits can identify cost recovery and saving opportunities through minimisation of wastes, recycling, energy saving, reduction in use of raw materials, sale of by-products, etc. (European Commission, 2000).

Competitive Advantage

Through the implementation of improved in-house manufacturing and management practices identified by means of an environmental audit, benefits can be reaped through the associated competitive advantage. This competitive advantage can arise directly through tangible cost savings of improved manufacturing process and minimisation of waste generation or intangible benefits such as 'green marketing'.

Compliance with Company Policy

As is the case in many large-scale multinationals, corporate environmental policies may have been drafted in the absence of personnel from daughter companies. Environmental auditing can determine the compliance of daughter companies' management and activities with the parent company's policies.

Reduced Insurance Premiums

Through externally validated environmental audits, a company that has identified its existing and potential environmental liabilities and established corrective actions to address same, can expect to enjoy a reduction in the premium it pays for insurance cover. However, it must be acknowledged that due to the historical liabilities accrued from environmental 'catastrophes' some form of environmental liabilities risk assessment is a generally accepted prerequisite to receiving environmental impairment cover.

System Audit

It's a methodical and independent examination to determine whether conditioning and related results misbehave with planned arrangements and whether those are enforced effectively. It's an investigation to review the performance of a functional system.

Objectives of System Audit

The objectives of conducting a system audit are as follows –

- To compare factual and planned performance.
- To corroborate that the stated objects of the system are still valid in the current terrain. ideal estimate organisation system against certain norms
- Determine the effectiveness of the enforced system in meeting the specified ideal
- To meet the statutory and nonsupervisory conditions

Safety Audit

It's a structured process whereby information is collected relating to the effectiveness, effectiveness and trust ability of a company's total health and safety operation system

A safety audit is a process that evaluates the health and safety of a work setting.

During an inspection, a group gathers data about a position's operations. They identify hazards and illustrate how to make the area safer for workers.

Importance of Safety Audit

A safety audit is critical for all organizations and businesses, regardless of size. By gauging compliance with safety policies, protocols, and regulations. Safety inspection aids in identifying potential hazards and vulnerabilities in safety management systems. We will explore why safety audits are so important-

Identifying Potential Hazards

- One of the foremost advantages of undertaking a safety audit is the identification of potential hazards. The potential hazards can be inherent in an organization or process.

- These hazards encompass physical hazards. Unprotected machinery or electrical equipment are examples of physical hazards. Additionally, environmental hazards like deficient ventilation or hazardous materials can pose risks.
- By discerning these hazards, a safety audit can assist organizations. It implements measures to prevent mishaps. A safety audit can also assist organizations in implementing measures to prevent injuries.

Improving Safety Management Systems

A safety review can also recognize flaws in safety administration structures. These inadequacies may include deficient safety guidelines, insufficient resources, and management supervision. By identifying insufficiencies, entities can construct efficient approaches. These approaches can rectify the insufficiencies and elevate safety administration structures.

Ensuring Compliance with Regulations

Conducting safety audits provides a crucial advantage. It assures adherence to safety regulations and standards.

Organizations face legal and financial penalties for non-compliance. Safety audits help detect and correct issues. Non-compliance can harm an organization's reputation. Audits identify areas to improve compliance.

Preventing Accidents and Injuries

The utmost goal of a safety audit is to preclude mishaps and harm in the workplace. Conducting safety audits has a crucial advantage. It facilitates organizations in creating a secure working milieu. The identification of prospective perils can help achieve this goal. Enhancement of safety management systems can also help achieve this goal. Assurance of conformity can help achieve this goal.

Types of Safety Audit

There are many **safety audit types**, and each type serves a unique purpose and can provide valuable insights.

Compliance Audits

The goal of a compliance audit is to ensure safety regulations are met. Governing bodies set laws and regulations that organizations must follow. Compliance audits are conducted to determine if organizations are following these regulations. The audit focuses on checking if the organization meets all safety requirements. The purpose is to identify any areas where improvements are needed. This type of audit ensures that the company does everything possible to protect its employees from harm and comply with the law.

Management System Audits

A management system audit focuses on assessing an organization's safety management system. This type of audit reviews the policies, procedures, and processes in place to manage safety within the company. Management system audits help identify areas where the organization can improve. Management system audits also recommend changes.

Operational Audits

Operational audits focus on examining the safety practices in the day-to-day operations. This type of audit looks at how employees perform their tasks and identifies potential hazards or risks. Operational audits identify areas of improvement. Also, additional training or equipment can enhance safety.

Behaviour-Based Safety Audits

Behaviour-based safety audits focus on the behaviour of employees and how it impacts safety in the workplace. This type of audit examines employees' actions. It focuses on how their behaviour affects safety. Behaviour-based safety audits can identify patterns of behaviour contributing to accidents. The audits can make recommendations for changes.

Risk Assessments

A risk assessment comprehensively evaluates an organization's risk exposure. This type of audit evaluates the likelihood and severity of potential hazards and risks and identifies ways to mitigate them. Risk assessments can help organizations prioritize safety initiatives and make informed decisions.

Program audit

A program audit is a method for scrutinizing and appraising the effectiveness of a software program or system. The primary goal of conducting such an audit is to detect inadequacies. These inadequacies can pertain to the software's performance, functionality, or security. An audit team evaluates the program code, documentation, and other elements. Additionally, they must execute an array of tests to gauge performance. These tests include load, stress, and security testing.

Additionally, they must execute an array of tests to gauge performance. These tests include load, stress, and security testing. This includes an evaluation of the development approach employed. The calibre of the development squad and the effectiveness of the testing and validation procedures.

Road Safety audit

Road safety is a critical aspect that exerts a pervasive influence on the lives of all. Ensuring the road infrastructure is designed to minimize accidents. Also, safeguard road users' lives is paramount. To this end, a road safety audit (RSA) is a plausible approach that can prove beneficial in achieving the goal, as mentioned earlier.

The Objective of Road Safety Audit

A road safety audit aims to independently review a road or traffic project. A team of qualified professionals does it to identify issues and improvements.

Identifying Potential Hazards on Roadways

One of the cardinal aims of a road safety audit is to discern and pinpoint latent perils and risks. The audit focuses on the safety and well-being of drivers, pedestrians, and other road users. To achieve this, auditors scrutinize and evaluate various factors. Factors evaluated include the design and configuration of the road. Factors evaluated also include the clarity and conspicuousness of road signs and markings. Auditors identify and expose potential dangers to proffer recommendations and counsel. These recommendations aim to mitigate and diminish the probability of accidents and injuries. Recommendations

may entail ameliorating the visibility and legibility of road signs. It may also entail integrating additional and supplementary pedestrian crossings. Road safety auditors play a critical role in improving road safety.

Assessing the Effectiveness of Safety Measures

Another aim of a road safety audit is to evaluate the efficacy of the safety measures that are in place on the roadways. This encompasses scrutinizing safety measures such as barriers and speed restrictions. By examining safety measures, auditors can pinpoint areas that need improvement. Suggestions can then be made to increase safety performance.

Improving Safety Culture among Road Users

Safety culture among road users is an important objective of road safety audits. This includes assessing the attitudes of drivers, pedestrians and users by improving road safety culture. Reduce accidents and injuries and improve efficiency. Create a safer transportation system.

Moving forward, we will delve into the advantages and disadvantages of the road safety audit. And how it can contribute to enhancing road safety.

Advantages of Road Safety Audit

A well-planned and executed road safety audit can provide numerous advantages. In this part of the article, we will discuss some of the advantages of road safety audits.

Improved Safety for Road Users

The foremost benefit of a road safety audit is improving road safety. Auditors evaluate and identify possible hazards for all road users. They provide suggestions to reduce the likelihood of accidents and injuries. Road safety auditors play a critical role in preventing accidents and saving lives. Their recommendations can make significant contributions towards accident prevention.

Reduced Costs Associated with Accidents and Injuries

Roadway incidents can lead to significant expenses. A road safety audit can detect possible hazards. Issuing recommendations can help avert mishaps and injuries. By enacting the guidance of a road safety audit, transportation organizations. It can reduce the likelihood and economic burden of such events.

Increased Compliance with Safety Regulations and Standards

Transportation entities can ensure safety compliance through road safety audits. These audits help identify hazards and suggest ways to reduce the risk of accidents and injuries. Road safety auditors gives advice for better results. Transportation entities can exceed regulatory requirements and prioritize safety. Such an approach build trust and enhance the organization's reputation. It can boost overall safety performance for stakeholders.

Enhanced Efficiency and Effectiveness of Transportation Systems

Road safety assessment can bolster the efficacy and potency of transportation systems. RSA pinpoint potential dangers on roads. Provide suggestions to mitigate mishaps and injuries. Auditors can assist in improving thoroughfares, markers, and indicators. Augment well-being and productivity of transportation systems.

Disadvantages of Road Safety Audit

While road safety audit has many advantages, there are also some potential disadvantages associated with this process.

Time and Cost Constraints

Transportation organizations face challenges in ensuring road safety. Road safety audits are a major and costly obstacle to this goal. These audits are comprehensive and require significant investment. This further strains the already limited resources of these organizations.

Limited Scope

Road safety audit needs to be improved as it is confined to a limited scope. Typically, it concentrates only on the physical attributes of roadways. Such as their design and layout, signs, and markings. Hence, it overlooks other crucial factors contributing to road safety. This deficiency results in an inadequate assessment of the safety of the roadways.

Limited Effectiveness

Road safety audits' efficacy in minimizing road accidents and injuries is still being determined. Audit detects potential hazards and provides suggestions. Implementation rests with transportation organizations. Prioritizing road safety is crucial for effectiveness. Failure to put in place proposals compromises audit.

How to Plan and Conduct Safety Audits

Performing a safety audit is crucial in ensuring that your workplace is safe for everyone. The process involves assessing potential hazards and identifying areas that may require improvement. Here's a step-by-step guide on planning and conducting a safety audit in your workplace.

Step 1: Designate your audit team

The first step in planning a safety audit is to designate a team responsible for conducting the assessment. It's important to choose people who are not biased toward their settings and can provide objective feedback. A team comprising three to five members is typically suitable for conducting a safety audit.

Step 2: Prepare for the safety audit

Before the audit, make a comprehensive checklist. The checklist should include many areas for evaluation. These areas include protective gear, machinery, and more. The audit crew should review the checklist and OSHA standards. The areas for review include vehicles, fire hazards, and more. Additionally, the crew should assess maintenance and examination procedures. Vertical conveyances, storage facilities, and stairways should also be evaluated.

Step 3: Visit the work environment

The next step is to visit the workplace you plan to check. The team should examine the lighting, equipment placement, and signage during the visit. Observing the work environment can help identify potential hazards and areas requiring improvement.

Step 4: Observe teams working

While observing teams working, the audit team can evaluate how they handle and maintain machinery. The audit team can also check if they're wearing protective gear. Taking samples to test for hazardous materials before the end of the visit can also help identify potential hazards.

Step 5: Interview team members

It's important to interview the location's supervisor for insight. Learn how they manage and train. Ask about safety protocols and standards. Understand heavy machinery operation requirements.

Step 6: Evaluate the data

After the visit, the audit team should evaluate their findings and rank the data from most to least urgent. Sharing the results and concerns with the rest of the team can help identify areas requiring immediate attention. It can also help develop recommendations for improvement.

What to Include in a Safety Audit Checklist?

A comprehensive checklist ensures that all potential hazards are identified and addressed. So, what should be included on this all-important checklist?

Fire/Explosion

One of the most crucial areas to concentrate on during a safety audit is the potential danger of fire or explosion. A safety audit should include an assessment of fire safety. This involves evaluating fire suppression systems and storage of combustible substances. The audit should also consider potential ignition sources. These could include inadequately maintained machinery and smoking areas. The audit should scrutinize the effectiveness of measures to prevent fires. This includes fire suppression systems and appropriate storage of combustible materials. It is important to evaluate whether these measures are sufficient. The goal is to minimize the risk of fires in the workplace.

Emergency Preparedness

The second constituent is the evaluation of emergency preparedness. This includes contingency plans, escape routes, and fire safety. The audit must assess the sufficiency and effectiveness of the emergency response. This covers warning and evacuating personnel and access to supplies. Education of personnel in emergency response is also important. The audit should ensure the presence of flame detectors and extinguishers. Emergency response protocols should be in place for all scenarios.

Equipment and machinery

During a safety audit, the fourth element evaluates the state and upkeep of workplace equipment and machinery. Scrutiny should focus on signs of damage that can cause accidents or injuries. The audit must assess all equipment and machinery, including tools and vehicles. Furthermore, the audit should evaluate the effectiveness of safety guards, warning labels, and other safety measures that are in place. Analysing the situation and maintenance of all workplace equipment and machinery is important.

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