

## NBP Third Party Audit Administrative Procedures

### NBP Certified and Recognized Biosolids Management Programs

#### Background

**General** - The purpose of this document is to provide organizations that aspire to or that have achieved NBP certification or recognition of their Biosolids Management Program (BMP) with guidance on administrative procedures for the program's third party audits. NBP third-party audits must be conducted by auditors that have been certified by the NBP. This document describes the roles of the organization, the third-party auditors, and the NBP in the administration of the audit process. The document covers administrative procedures for both initial (verification) audits; interim audits; and re-verification audits.

**Audit Timing** - Initial verification audits take place after the organization has been operating an NBP BMP for approximately six months. In order to allow for audit contracting and scheduling, the NBP encourages organizations to begin planning for the third party audit before the six months have elapsed and to submit an application two to three months before the intended audit date. To maintain certification, organizations must arrange for interim audits to be performed every year. In the first and third years after verification, those audits must be performed by a third-party auditor. The organization has the option of substituting internal audits for third party audits in years 2 and 4. A re-verification audit must be performed before the 5<sup>th</sup> anniversary of the initial verification audit.

**Audit Scope** - Initial (verification) and re-verification audits must cover all 17 NBP EMS elements, including the overall performance of the biosolids management program relative to the four outcomes of environmental performance, regulatory compliance, quality management practices and relations with interested parties. Each of the four interim audits covers only a portion of the 17 EMS elements but these four audits together must cover all of the elements.<sup>1</sup>

**Full Background** - For full background on NBP audits refer to Chapter 11 of the *NBP Guidance Manual*.

#### Verification Audit

1. The organization submits an application for NBP certification to the NBP (attention Lisa McFadden, tel. 1-703-684-2400; e-mail [lmcfadden@wef.org](mailto:lmcfadden@wef.org)). The application consists of:
  - a) A completed BMP verification application form (see <http://www.wef.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=8589935300&libID=8589935292>)
  - b) A copy of the signed letter of understanding between the organization and the NBP
  - c) A copy of the organization's biosolids management policy.
  - d) A copy of the most recent internal audit report.
  - e) Documentation of notice to interested parties about the intent to receive an audit and a discussion with interested parties about approaches to observe the audit
  - f) A copy of the organization's EMS manual.
2. The NBP reviews the application for completeness and notifies the organization that the application form is ready to be forwarded to the audit company for development of a draft scope of work and a cost proposal. Agencies should check with their own internal procurement processes in developing a contract with the audit company. The NBP recommends but does not require that the organization obtain two cost proposals for the audit. The following resources are provided by the NBP to help organizations with third-party audit contracting:
  - a) Audit company contact information (Attachment A).

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<sup>1</sup> This document describes the standard NBP audit administrative procedures. For agencies that wish to contract for a third-party audit through the NBP, there is a 15% administrative fee for this service. Contact the NBP for more information.

- b) Sample agreement language for third- party audit services. (Attachment B)
- 3. After the audit is complete the audit company will notify the NBP that conformance with the NBP requirements have been verified and will provide a copy of the final audit report to the agency and the NBP. The NBP recommends that this report is posted on the NBP and the certified or recognized organization website.
- 4. The NBP issues a certificate indicating that the organization's biosolids management program has been certified or recognized in meeting all NBP requirements.

#### **Interim Audits**

- 1. Certified and Gold level recognized organizations are responsible for maintaining a schedule of interim audits that complies with NBP requirements. As a courtesy, the NBP maintains a list of certified and recognized agencies with their certification or recognized date on the NBP website and also contacts NBP certified organizations six months in advance of the date of their next required external audit. Responsibility for adherence to the required schedules, however, rests with the certified or recognized organization.
- 2. Certified organizations should allow ample time to schedule and contract for third party audit service (at least 3 months based on program experience).
- 3. Agencies should check with their own internal procurement processes in developing a contract with the audit company. The following resources are provided by the NBP to help organizations with third-party audit contracting:
  - Audit company contact information (Attachment A).
  - Sample agreement language for third party audit services. (Attachment B)
- 4. After the audit, a copy of the audit report should be provided to the NBP.

#### **Re-verification Audit**

- 1. The organization submits an application for NBP certification to the NBP (attention: Lisa McFadden, tel. 1-703-684-2400 ext. 7060; e-mail [lmcfadden@wef.org](mailto:lmcfadden@wef.org)). The application consists of
  - a) A completed BMP verification application form (see <http://www.wef.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=8589935300&libID=8589935292>)
  - b) A copy of the signed letter of understanding between the organization and the NBP
  - c) A copy of the organization's biosolids management policy.
  - d) A copy of the most recent internal audit report.
  - e) Documentation of notice to interested parties about the intent to receive an audit and a discussion with interested parties about approaches to observe the audit
  - f) A copy of the organization's EMS manual (other supporting documentation?).
- 2. The NBP reviews the application for completeness and notifies the organization that the application form is ready to be forwarded to the audit company for development of a draft scope of work and a cost proposal. Agencies should check with their own internal procurement processes in developing a contract with the audit company. The NBP recommends but does not require that the organization obtain two cost proposals for the audit. The following resources are provided by the NBP to help organizations with third-party audit contracting:
  - a) Audit company contact information (Attachment A).
  - b) Sample agreement language for third party audit services. (Attachment B)
- 3. After the audit is complete the audit company will notify the NBP that conformance with the NBP standard has been verified and will provide a copy of the final audit report to the agency and the NBP. The NBP recommends that this report is posted on the NBP and the certified organization website.
- 4. After the audit, a copy of the audit report should be provided to the NBP.



## ATTACHMENT A

### NBP Third Party Audit Administrative Procedures

#### Audit Firms with Certified NBP Auditors

#### DEKRA Certification, Inc.

4377 County Line Rd  
Chalfont, PA 19446  
(215) 997-4519

Contact:

Jon Shaver  
Lead Auditor  
Phone: (610) 742-0379  
e-mail: [jon.shaver@dekra.com](mailto:jon.shaver@dekra.com)

#### NSF International Strategic Registrations

789 N. Dixboro Rd.  
Ann Arbor, MI 48105  
Toll Free: (888) 673-9000, ext. 6881  
Direct Phone: (734) 827-6881  
Fax: (734) 827-7829  
Email: [information@nsf-isr.org](mailto:information@nsf-isr.org)

Contacts:

Jeanette Halliday, Business Development Manager  
(CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT, DC)  
Phone: (734) 827-3804  
Fax: (734) 827-7164  
Email: [halliday@nsf.org](mailto:halliday@nsf.org)

Bill Hancuff  
Lead Auditor  
Phone: (703) 860-8889  
Mobile: (703) 585-4799  
Email: [whancuff@aol.com](mailto:whancuff@aol.com)

# NBP Third Party Audit Administrative Procedures

## Attachment B

### SAMPLE AUDIT AGREEMENT LANGUAGE

*Note – this sample language is provided to assist in the development of third-party audits that meet NBP requirements and policies. Nothing is this "Sample Audit Agreement Language" document should be considered legal advice. Any Agreement between Organizations and Audit Firms should be conducted in consultation with competent legal counsel representing the Organization and Audit Firm respectively.*

The agreement is entered into this **day** of **month, year** by and between the **Name of Biosolids Management Utility or Organization** (Organization) with its principal place of business located at **[Organization's address]** and **Audit Company Name** (Audit Firm) with its principal place of business at **Audit Company Address**.

WHEREAS, Audit Firm represents and warrants to Organization that it has expertise in conducting third-party audits of public utilities and private companies, and provides access to auditors that are certified by the National Biosolids Partnership (NBP) to perform independent audits of Biosolids Management Programs (BMPs),

WHEREAS, the **Name of Organization** desires an independent third-party audit (Audit) of its Biosolids BMP:

THEREFORE **[name of Organization]** and **[name of audit firm]** agree as follows:

1. **Audit Company Name Rights and Responsibilities.** **Audit Company** will arrange for and complete a **Type of Audit [Verification, Interim, and Re-Verification]** of Organization's biosolids management system using the protocol described in the NBP Audit Guidance Document, as amended and posted at [www.biosolids.org](http://www.biosolids.org). Specifically, Audit Firm agrees to:
  - a. develop an audit plan and schedule based on the attached Description of Work and Cost [Attachment A] and consistent with application and background information provided by the Organization and NBP requirements for a **[insert Verification/Interim/Re-Verification as appropriate]** audit ;
  - b. provide an NBP Certified Biosolids and Lead EMS Auditor (Lead Auditor) who are employees or sub-contractors of the Audit Firm;
  - c. complete a Phase 1 Desk Audit, and submit results to the Organization and specifically notify the Organization, via a written recommendation from its Lead Auditor, in the event that the desk audit reveals major non-conformances that need to be corrected before on-site Audit can be conducted;
  - d. in the event the Phase 1 Desk Audit reveals minor or no non-conformances, work with the Organization to schedule on-site (Phase 2) Audit;
  - e. provide, through its Lead Auditor, a written audit plan to include agenda, schedule, names and titles of audit team, and list of materials to be made available during on site visit;
  - f. conduct on-site Audit including engaging in discussions with interested parties on the subject of this Agreement, including local regulators and other parties upon agreement with the Organization.
  - g. prepare a working draft summary and detailed findings report within two weeks of the Phase 2 on-site Audit based on a verification determination by the Lead Auditor;
  - h. on a mutually-agreed upon schedule, prepare a final audit summary and detailed Audit Report, after the Organization has reviewed draft report and provided input to ensure the technical accuracy of audit findings and note any observations for inclusion in the final summary and Audit;
  - i. submit final audit summary and Audit Report [including Organization's comments as an attachment] simultaneously to NBP and Organization; and
  - j. review and approve the Organization's corrective action plan for any minor non-conformances identified during the Audit and review the effectiveness of the corrective actions pursuant to the Auditor Guidance as amended.

Audit Firm acknowledges and agrees that,

- a. in the event that the Organization contests the Audit findings, Organization may request that the NBP initiate a review of any major non-conformance finding via the NBP Appeals Board and process; and
- b. the assessment may involve access to information that is non-public, confidential, and/or proprietary in nature. Such confidential information may include, but is not limited to, trade secrets, business plans, copyrights, logos, and trademarks, financial and operational information. Audit firm expressly agrees not to use or disclose such information in any manner or for any purpose at any time during or after the effective term of this Agreement, except as required by law or as required during the course of Audit Firm's work for Organization unless authorized in writing by Organization. Any and all uses of Organization's confidential or proprietary information, materials, or property shall be subject to advance review and approval by Organization. This provision shall survive termination of this agreement; and
- c. auditors will abide by appropriate codes of conduct to maintain independence as well as confidentiality of the assessment performed.

Audit Firm agrees that it shall

- a. maintain risk, general liability, and insurance and automobile public liability insurance acceptable to Organization and provide proof of such insurance to Organization upon request; and
- b. defend and save [name of Organization] and the harmless and indemnify [name of Organization] and its directors, employees, and agents from and against any and all causes of action, claims, rights, demands, liabilities, attorney fees, damages, or losses of any kind on account of or arising from actions (or failure to act) of Audit Firm or its contractors or agents with respect to this Agreement. The provisions of this Paragraph shall survive the termination of this Agreement.

2. **Name of Organization Rights and Responsibilities.** Organization will work cooperatively with Auditor including but not limited to providing access to facilities, staff, materials or data required to perform the assessment services in compliance with NBP Guidance and also to and review draft Report and provide any observations.

Organization acknowledges and agrees that

- a. based on audit findings and Final Report and conformance with all other EMS requirements, Auditor and NBP will determine if Organization remains certified in the NBP Program;
  - b. to the extent permitted by law, Organization shall defend, save harmless and indemnify Audit Firm and its directors, employees and agents from and against any and all causes of action, claims, rights, demands, liabilities, attorney fees, damages, or losses of any kind on account of or arising from actions (or failure to act) of Organization with respect to this Agreement. The provisions of this Paragraph shall survive the termination of this Agreement;
  - c. the audit will be conducted using appropriate codes of conduct to maintain independence as well as confidentiality of the assessment performed;
  - d. Organization will compensate the Audit Firm as described in paragraph 5; and that the
  - e. Organization will determine whether audit findings and Audit Report will be made public but that the contents of these documents can only be released word for word and in the language in which they were written.
3. **Audit Duration.** This Agreement shall commence on [Date] or on signature by both parties. The NBP biosolids EMS audit is part of a five-year program. This contract and Description of Work is for the [Type of Audit]. In the care of verification/re-verification audits, arrangements and plans for interim audits will be discussed following this audit but are not covered by this Agreement.
4. **Licenses.** Audit Firm shall obtain all business licenses required by federal, state, and local government agencies to conduct business in Organization's jurisdiction. Audit Firm specifically represents that it has registered as a corporation authorized to do business in the state of [name of state in which Organization is located], or that it will become so registered prior to its commencement of the audit.
5. **Project Costs.** Audit costs depend on a number of factors that pertain to the audit, such as need for offsite audits, number and complexity of open non-conformances, and changes at Organization. Requirements for and schedule of major and minor non-conformance audits are covered in the Auditor Guidance Document and may be included as necessary work during Interim Audits. Costs for this audit are provided in detail in Attachment A and total [note estimated total cost here]. The Organization will compensate Audit Company up to [note estimated total cost here] for

audit services described here. Compensation above this amount will require written agreement in advance. Compensation for review of any required corrective action will be covered in a separate agreement.

6. **Applicable Law.** This agreement shall be governed by, interpreted, and construed in accordance with the laws of State in which Organization is located. All claims, actions, proceedings, and disputes arising out of this agreement shall be commenced exclusively in State in which Organization is located and all parties consent to personal jurisdiction in State in which Organization is located.
7. **Assignments.** This Agreement may not be assigned by either party without the written consent of both parties.
8. **Amendment.** This Agreement constitutes the entire Agreement between the parties and supersedes all prior writings or oral agreements. This Agreement may be amended only by a written document clearly setting forth the amendments and signed by both parties.
9. **Waiver:** Either party's waiver or failure to exercise any right provided for in this agreement shall not be deemed a waiver of any further or future right under this agreement.
10. **Terms:** If any provision of this agreement is determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not invalidate or render invalid any other provision hereof.

IN WITNESS THEREOF, this Agreement has been executed, as of the day and year written below.

Audit Firm Name

Organization Name

By: \_\_\_\_\_  
Name, Title

By: \_\_\_\_\_  
Name, Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_