

The Necessity for Environmental Auditing of Hospitals

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A hospital management team's confidence that the hospital's balance sheet fairly states the financial position of the hospital is enhanced if the financial statement has been audited by an independent certified public accountant. The hospital management team should have similar confidence that the hospital is operating in compliance with federal and state environmental regulations if the hospital has undergone a periodic review of the hospital's environmental operations. While independent financial audits are part of a hospital's business cycle, environmental audits are becoming more common at hospitals because their value is being affirmed in practice.

The U.S. Environmental Protection Agency (EPA) has, for much of the past decade, raised its level of scrutiny of and enforcement against hospitals. Hospital preparedness for the EPA inspection or inquiry is enhanced where the hospital has in place an audit protocol, a practice of conducting environmental audits. These audits, like financial internal control audits, detect systemic weaknesses in the hospital's procedures which presently may have led to no problems but are at risk to lead to a troubled future. Environmental audits provide the hospital—which shores up internal control weaknesses to guard against fraud—with opportunity to improve procedures, conduct employee training or acquire updated equipment to lessen the risk of an environmental violation.