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Letter from OFEE on Organizational-level EMSs
October 31, 2008

From: Office of the Federal Environmental Executive
To: Senior Agency Officials
Subject: Organizational-level EMSs (E.O. 13423)

Dear SAOs:

First of all, let me thank those of you that came to the October 16 meeting at EEOB. We had excellent attendance that I take as a clear indication of your continued interest in the mandates of E.O. 13423, particularly with reference to the implementation of EMSs at "appropriate organizational levels." After the meeting, some of you sent corrections or additions to the information on EMS status and plans that you had previously submitted to my office. Those of you that have not, please check the data in the tables we distributed and send any amendments as soon as possible since we will be incorporating this data in the transition package for the incoming Administration.

This memo also transmits guidance on the types of EMSs that should be developed in response to the requirements of E.O. 13423. That guidance on organizational-level EMSs contains explanations and definitions that can be helpful in checking your data on the three types of EMSs that are now recognized under E.O. 13423.

When deciding on appropriate EMS types and levels, please consider:

1. Where management responsibility actually exists and warrants higher-tier EMS(s);
2. That higher-tier EMSs need not address each of the ISO 14001 elements but should at least consider addressing organizational-level: Policy; objectives, targets and metrics; allocation of resources; accountability; monitoring and reporting; and management review,
3. That a higher-tier EMS should be audited periodically by a qualified party from within the organization (also called an *internal* or *first-party* audit) to ensure its elements are carried out as planned, but need not be audited by a qualified party outside of the control or scope of the EMS (also called an *external* or *second-party* audit) as otherwise required by E.O. 13423 for facility and multi-site organizational EMSs. This exemption applies as long as the higher-tier EMS is designed to address a limited number of elements that support the

implementation of complete, lower-level facility and/or multi-site organizational EMSs;

4. That a Multi-site Organizational EMS can span multiple organizational levels including a Federal agency headquarters; and
5. That use of a sample-based methodology for conducting external audits of a Multi-Site Organizational EMS is permitted if it meets either the requirements and constraints of IAF Mandatory Document for the Certification of Multiple Sites Based on Sampling (IAF MD 1:2007) or receives written approval from the Office of the Federal Environmental Executive.

Finally, please understand that this guidance on the further elaboration of EMSs in your organizations is in no way meant to encourage or sanction the undoing of existing EMSs, especially if they are already working well.

Sincerely,

Joe Cascio
Federal Environmental Executive

Guidance on Implementing Environmental Management Systems "At All Appropriate Organizational Levels" of a Federal Agency pursuant to Executive Order 13423
October 31, 2008

1. Purpose of This Guidance

This document is provided as guidance to assist federal agencies in meeting the Executive Order (E.O.) 13423 *Strengthening Federal Environmental, Energy, and Transportation Management* requirement to implement an environmental management system (EMS) at all appropriate organizational levels. This document does *not* provide policy, either new or interpretive.

Executive Order (E.O.) 13423 and the E.O. 13423 Implementing Instructions issued by the Chairman of the Council on Environmental Quality (*Instructions*) require that:

> "each [federal] agency shall, at all appropriate organizational levels, including agency, sub-agency, bureau, service, command, and/or facility, develop, implement, and maintain an environmental management system (EMS) to be used to identify and address agency environmental, transportation, and energy issues."
>
> – CEQ *Instructions,* pp 6-7

This guidance is provided to assist federal agencies in:

- identifying how they manage their environmental responsibilities throughout their agency, and
- determining at what level or levels of their agency it is appropriate to implement an EMS or EMSs.

2. Managing Federal Agency Environmental Responsibilities

Federal agencies manage their environmental responsibilities at multiple levels. These levels generally include:

- Highest level: federal agency or department headquarters-level (the cabinet-level or other top management level);
- Middle level(s): bureaus, services, commands, administrations, or other sub-agency organizations (there may be more than one level here); and
- Lowest level: field facilities or field-level organizations.

At the highest level, a federal agency headquarters has some inherent environmental management responsibilities relative to implementation of E.O. 13423. These responsibilities include:

- establish agency-wide policies;
- establish agency-wide objectives and targets (e.g., environment, energy, fleet);
- communicate how the agency is organized and managed on a day-by-day basis including identification of responsibility for addressing objectives and targets;

- ensure accountability for environmental management, and establish performance measures;
- establish reporting mechanisms that promote accountability for environmental management and measures performance;
- collect, analyze and report agency-wide performance information;
- establish a process to ensure that all agency EMSs are in conformance with E.O. 13423.

The agency headquarters may also choose to provide procedural guidance (model procedures, templates, spreadsheets), or establish agency-wide management programs to address certain environmental aspects, such as environmental aspects of energy use, acquisition and procurement, and fleet, facilities, and electronics management.

At the middle level(s) between the highest and lowest levels, the bureaus, services, commands, administrations, or other sub-agency organizations also assume roles in managing the environmental responsibilities of the agency. The middle level(s) should adopt or make reference to agency requirements, and may also:

- establish environmental policy for the sub-agency, within the agency-wide policy,
- establish sub-agency objectives and targets to address agency-wide objectives and targets,
- address its unique set of significant environmental aspects,
- establish procedures for the sub-agency organization
- allocate resources necessary to ensure EMS implementation and successful pursuit of objectives and targets, and
- collect, analyze, and report sub-agency performance information.

There may be more than one tier of such "sub-agency" management organizations.

The bureau, service, command, administration, or other sub-agency organization may also choose to provide guidance (model procedures, training, templates, spreadsheets), or to establish sub-agency management programs to address certain environmental aspects.

At the lowest level, field facilities or field-level organizations are where most agency activities are performed, products are created, and services are provided. The lowest level should adopt or make reference to higher level requirements, and may, for its specific circumstances, also:

- establish environmental policy for the facility or field level organization, within the agency-wide policy and that of any applicable middle level(s);
- identify environmental aspects of its activities (including energy and fleet);
- identify legal and other requirements applicable to that organization's aspects;
- establish environmental objectives and targets;
- implement environmental programs to achieve those objectives and targets;

- implement operational controls for activities which could cause significant environmental impacts;
- provide training to employees whose activities could cause significant environmental impacts;
- conduct internal audits of the EMS; and
- conduct annual reviews with top management (at that level) to ensure the continuing adequacy, suitability, and effectiveness of the EMS.

As an agency examines the levels at which management functions are best-accomplished and where implementation of an EMS would be appropriate, there are several factors and issues to consider. The following list provides examples of questions that an agency can use to consider in determining the levels at which management functions are best-accomplished. (These may be different for different agencies, and may be different for different bureaus, services, or commands within the same agency.)

- How are other management functions, such as budget or strategic planning, carried out? Are they centralized? Decentralized?
- Are operations and activities somewhat standardized and uniform throughout the agency or sub-organization?
- Does the agency or any of its sub-agencies have facilities with significant environmental aspects with on-site staff?
- Does the agency or any of its sub-agencies have many facilities conducting similar activities?
- At what level(s) do significant environmental aspects occur?
- At what level(s) are significant environmental aspects controlled (including budget and resource allocation and operational decisions)?
- Are some environmental aspects of functions managed at different levels than others (e.g., hazardous chemicals, fleet management, and building design and construction)?
- What level(s) is (are) most appropriate for providing guidance?
- What level(s) would benefit from established, common procedures?
- What level(s) are appropriate to establish such common procedures?
- What are opportunities for economies of scale and to reduce duplication of effort, and at what level(s) do those opportunities exist?
- What actions can be taken, and at which level(s), to best ensure ownership of the EMS at the operational level?

3. Appropriate Organizational Levels for EMS

E.O. 13423 requires federal agencies to implement EMSs "at all appropriate organizational levels." To meet this requirement, federal agencies must examine how the EMS process can be used to better manage their environmental responsibilities and compare it to how environmental responsibilities are currently managed. That examination includes identifying and focusing on the functions of organizational levels above the "appropriate facility" level(s) specified in E.O. 13148. That examination is intended to identify any gaps in their agency-wide system for managing environment responsibilities and identify ways to improve the efficiency and effectiveness of the EMSs they implemented previously. Results of that effort may indicate a need to implement an EMS or EMSs at the higher or middle levels of the agency.

The purpose of implementing EMSs at organizational level(s) higher than those at which EMSs were established under E.O. 13148 would generally be to document and address environmental functions that are performed at those higher organizational levels. Such EMS's would then simply *overarch* but not replace any of those lower level EMSs. Please see Section 4, *EMS Typology*, below, for additional guidance on EMS structuring.

Higher-level organizational EMSs, may better align environmental policies and goals throughout an agency. They also provide opportunities to realize economies of scale such as developing and providing training, tools, and templates for one or more higher organizational levels, instead of independently developing those materials for each EMS. For example, EMS procedures can be centrally-developed and provided to lower level EMSs to tailor for their own specific needs, as can training for the leadership, policy, general awareness, and environmental management representative elements of the EMS. Agencies can also choose to standardize nomenclature to help foster a better and more common understanding of the environmental risks associated with its activities, products, and services and those of its contractors and concessionaires.

The CEQ *Instructions* provide criteria for an agency to use in deciding what level(s) are appropriate to implement EMSs. The criteria focus on identifying the level(s) of an agency at which:

> Where an agency's environmental issues, including the goals identified in section 2 of the E.O., are *best addressed in management of the operational elements of its facilities or organizations*, and/or
> where pursuit of sustainable practices is *best carried out at the facility or organizational level*,"
> [then] the agency shall ensure that all appropriate facilities or organizations develop, implement, and maintain an EMS.
>
> "Where an agency's environmental issues, including the goals identified in the E.O., are primarily represented in the *administrative, decision-making, and/or*

> *business infrastructure actions* of that agency or its component organizations, and/or
>
> where pursuit of sustainable practices is *best carried out at the agency or component level,*
>
> [then] the agency shall develop, implement, and maintain an EMS at that level to respond to those issues and opportunities."
>
> "Where appropriate, agencies may develop, implement, and maintain an EMS at both the organizational or facility level and at the agency or component level."
>
> – CEQ *Instructions,* p 7 [italics and indents added]

As the last sentence above indicates, an agency may find it appropriate to develop EMSs at the facility level and at higher organizational levels, even at the highest level, the agency. In the end, it is each Federal agency that, based upon its missions and needs, determines the level or levels at which it will establish its EMSs.

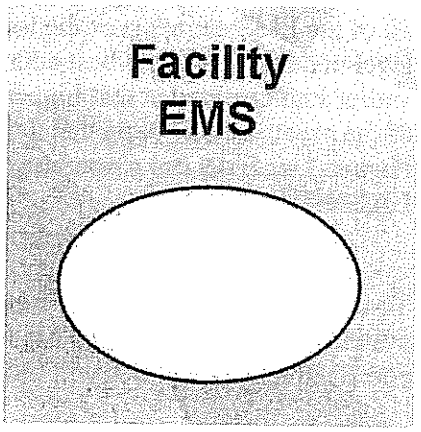
4. EMS Typology

This guidance identifies and describes three basic, generic types of the environmental management system. These types provide a consistent conceptual framework, and consistent terminology, to support an agency's analysis of the appropriate level(s) of the organization to implement EMS(s). The intent is to provide flexibility across the federal sector for agencies to establish and implement EMSs, and to follow the fundamental ISO 14001 approach of implementing EMS within any form of an "organization," rather than to prescribe a rigid box or redefine that approach.

The typology set out below is intended to encompass both existing EMSs and new and/or additional EMSs that might be used to fill the gaps in an agency's overall management system.

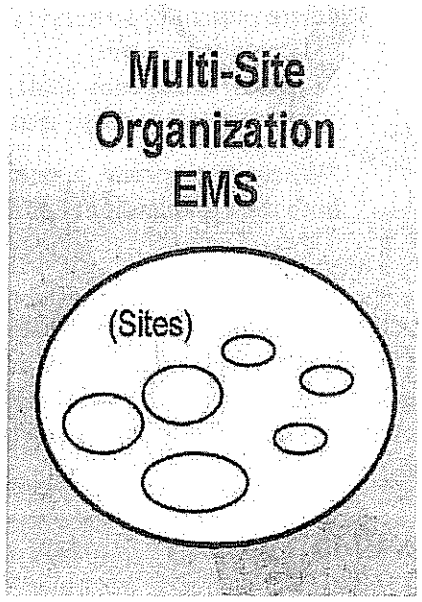
Facility EMS:

This is the traditional facility-level or site-level EMS. The scope is typically defined by a single organization, with its activities defined by a discrete "fence-line." In ISO 14001 terms, the "organization" covered is located at a single site. Under E.O. 13148 this was known as an "appropriate facility" EMS. However, under E.O. 13423, this could also be a headquarters facility EMS where headquarters personnel work and the focus of the EMS is on the headquarters facility operations, as opposed to the headquarters programmatic (e.g., policy-making or resource allocation) authorities.



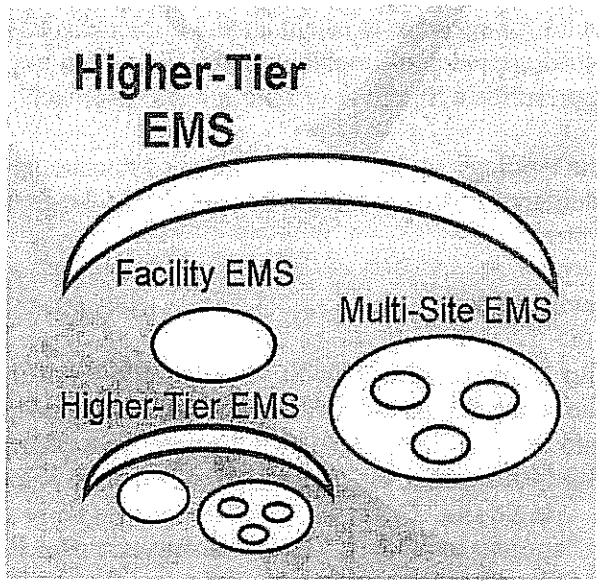
Multi-Site Organization EMS:

The scope of this EMS is an organization that has multiple facilities or operating units or subordinate organizations. (Individually they may or may not each have been considered to be an *appropriate facility* under E.O. 13148.) The key attribute for a Multi-Site Organization EMS is that the environmental aspects of all the activities, products and services of all the units are managed as part of a single EMS. This is due to the organization having a defined central function at which certain activities are planned controlled and managed, and a network of local offices, branches or locations at which such standardized activities are fully or partially carried out. Functionally, this EMS must still reach workers at all of the facilities, units, subordinate organizations, and the activities, products, and services performed and provided by the organization.



Higher-Tier EMS:

In this typology, the lowest level (i.e., the field facilities or field-level multi-site organizations) maintain their own EMSs. However, an additional Higher-Tier EMS is created to address issues which are best addressed at that higher level, which can be either a middle level or the highest level of the agency. The scope of the Higher-Tier EMS does not necessarily encompass all of the EMS elements of the lowest level under it, just those best addressed and/or implemented at that higher level of the organization. Note that a Higher-Tier EMS can overarch another Higher-Tier EMS.



To summarize, this Typology describes three basic, generic types of management systems that together can be used to depict the architecture for how an agency's EMSs and EMS responsibilities will be deployed throughout their agency.