



National Biosolids Partnership

Biosolids Management Program Interim Audit Report

South Kern Compost Manufacturing Facility

Taft, California

Audit Dates: May 23 & 24, 2016

Audit Conducted By: DEKRA Certification, Inc. (Chalfont, PA)

DEKRA Reference: 381652100

Audit Team: Mr. Jon Shaver, Biosolids EMS Lead Auditor / Biosolids Auditor

Report Date: Final June 17, 2016

Reviewed By: Mr. Jeff Faust, Synagro Environmental Compliance Director

Approved By: Michelle Hunn, DEKRA Certification (June 16, 2016)

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1. SUMMARY

DEKRA Certification, Inc. (DEKRA) conducted an independent audit of the biosolids management program (BMP) being used by the South Kern Compost Manufacturing Facility (SKCMF). The audit was conducted onsite May 23 and 24, 2016 at SKCMF's request and was Interim Audit #1-3 following DEKRA's Verification of SKCMF's BMP in January 2013.

Audit Purposes

This interim audit was conducted to:

- Verify that the management system being used by SKCMF in managing its biosolids program activities meets National Biosolids Partnership (NBP) expectations and requirements of the NBP BMP Elements.
- Confirm that SKCMF is managing its biosolids program effectively, with practices and procedures being performed as documented.
- Examine outcomes that SKCMF is achieving through the use of their biosolids management systematic.
- Review the effectiveness of corrective action taken in response to nonconformances from the previous DEKRA third party audit.

The audit scope covered parts of the SKCMF biosolids program, including activities within their biosolids value chain, consistent with NBP requirements and the Interim Audits Program previously agreed by SKCMF and DEKRA. Audit criteria included requirements of the 17 NBP BMP Elements and SKCMF's biosolids program.

Summary of Audit Results and Conclusions

The nonconformance from DEKRA's Interim Audit in March 2015 have been effectively corrected and is now closed.

Two minor nonconformances were found during this audit. SKCMF has prepared corrective action plans for these nonconformances that have been approved by DEKRA's Lead Auditor. Verification of effective corrective action for the minor nonconformance will be included in the next DEKRA audit.

Based on the results of this audit, DEKRA has determined that:

- SKCMF's biosolids activities are consistent with NBP expectations and meets requirements of the NBP BMP Elements.
- Use of a management system approach continues to generate positive outcomes for SKCMF's biosolids program in the areas of regulatory compliance, environmental performance, quality practices and relations with interested parties.
- DEKRA recommends continuing "Platinum" certification of SKCMF's biosolids program within NBP Biosolids Management Program.

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2. AUDIT DETAILS

2A. Auditee Information and Biosolids Program

Organization Details

Name: Synagro South Kern Compost Manufacturing Facility (referred to as SKCMF in this report)

Number of Employees = 26

Biosolids Production Sites: South Kern Compost Manufacturing Facility Taft California

SKCMF Biosolids Program

SKCMF's Biosolids Program includes processes for procurement, compost preparation, maintenance, compost sale and distribution and control of contractors. All compost produced at the plant is used in agriculture applications.

SKCMF manages their biosolids program using a management system approach based on the NBP BMP Elements. SKCMF's Biosolids Management Policy provides commitment and direction for the program.

2B. Audit Team

DEKRA conducted this audit at the request of the South Kern Compost Manufacturing Facility. Mr. Jon Shaver led the audit on behalf of DEKRA. Mr. Shaver is certified as a Biosolids EMS Lead Auditor and Biosolids Auditor by NBP. DEKRA and our auditor have an independent relationship with SKCMF that meets NBP criteria for Third Party Audit Companies and Auditors.

2C. Audit Criteria, Scope and Methodology

Audit Criteria

Requirements stipulated in the NBP BMP Elements (July 2011) and the SKCMF "Biosolids Management Program" were used as criteria for this audit.

Audit Scope

This audit covered parts of the SKCMF biosolids management program, with special attention to practices and management activities that directly support biosolids-related operations, processes and activities. The audit covered the following topics, consistent with NBP requirements for interim audits, the interim audits program and Scope of Work agreed by DEKRA and SKCMF.

1. Management System Dynamics (+Effectiveness Review)
 - Review of changes affecting the biosolids management program
 - Biosolids Policy
 - Review of Effectiveness:
 - Corrective & Preventive Action Process
 - Goals & Objectives Process
 - Management Review Process
 - Review of Internal Audits (& related Corrective Action)

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2. Process Audits, consistent with Interim Audits Program:
 - Communication Program (internal & external)
 - Control of Suppliers & Contractors
 - Emergency Preparedness
 - Goals & Objectives (process audit)
 - Internal Audits (process audit)
 - Biosolids Procurement
 - Product Sales & Distribution
 - Maintenance
3. Verification of effective correction of open nonconformances from previous DEKRA third-party audits (March 2015)
4. Examination of EMS Outcomes

Audit Methodology

The audit was conducted by interviewing key SKCMF personnel with biosolids responsibilities, observing practices in place and reviewing pertinent documents and records. It was performed in a manner that is consistent with the NBP Auditor Guidance, with standard audit sampling techniques used.

Transactions were tested to help verify the health and effectiveness of the management system. Interested parties were interviewed to verify the effectiveness of the external communications and public participation programs.

2D. Definitions of Audit Findings & Required Corrective Action

Major Nonconformance – a serious omission from requirements and/or other departure that represents, or could cause, a systemic failure, or the existence of multiple related minor nonconformances, or failure to effectively correct a nonconformance in a timely manner. For verification to proceed, correction of major nonconformances must be verified by a third party audit within 90 days.

Minor Nonconformance – an isolated departure from requirements that does not represent a systemic failure. Minor nonconformances require timely and effective correction by the agency and verification by a Third Party Auditor during the next third party audit.

Opportunity (for improvement) – possible improvement in the EMS based on auditor observations. There is no obligation for action in response to these observations.

2E. Reference Materials

The following documents were used as references during this audit:

- SKCMF BMP Manual (current version)
- NBP BMP Elements (July 2011)
- NBP Third Party Auditor Guidance (August 2011)
- NBP Code of Good Practice
- NBP Manual of Good Practice

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2F. Appeals

The NBP provides an appeals process for biosolids organizations and interested parties that disagree with the findings of a third party EMS audit. The verification appeals process involves an Appeals Board; representing a balance of biosolids management interested parties, including an environmental advocacy group, and wastewater industry professionals. An appeal must be submitted within 30 days of the official verification decision or interim audit decision by the Audit Company. Information about the appeals process is available from the NBP. Contact Ms. Lisa McFadden at lmcfadden@wef.org).

2G. Additional Information

Further information about this audit and/or the National Biosolids Partnership Biosolids Management Program can be obtained from the South Kern Compost Manufacturing Facility. Contact Mr. Jeff Faust (jfaust@synagro.com)

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3. SUMMARY OF AUDIT RESULTS

3A. Verification Conclusion

Based on the results of this audit, DEKRA has verified that the SKCMF BMP continues to meet the expectations and requirements of the NBP Biosolids Management Program. Continuing "Platinum" certification within the NBP Biosolids Management Program is recommended.

3B. Strengths

During this audit, DEKRA noted the following strengths in the SKCMF biosolids management program.

- External communications from SKCMF personnel, including response to requests and proactive participation in community events, demonstrates Synagro values for community outreach and openness

3C. Closure of Open Nonconformances

The nonconformance from DEKRA's third party audit in March 2015 has been effectively corrected. See section 4 of this report for details.

3D. Audit Findings – Nonconformances

Two minor nonconformances (stated below) were found during this audit. SKCMF has prepared Corrective Action Plans for the nonconformance and DEKRA's Lead Auditor has approved those plans. DEKRA will verify the effective correction of each nonconformance during the next Third Party Audit.

Minor Nonconformance JS/16-01/3 NBP BMP Element 3 requires the organization to identify and document critical control points of its biosolids management activities throughout the biosolids value chain consistent with NBP's National Manual of Good Practice and other authoritative sources on biosolids management. SKCMF identification of critical control points does not include unregulated compost sales and distribution

Minor Nonconformance JS/16-02/15 NBP BMP Element 15 requires the organization to complete a BMP performance report at least annually that contains summaries of results that demonstrate performance relative to legal requirements. The 2015 BMP Performance Report does not address performance against legal requirements.

3E. Agreements

SKCMF and DEKRA have agreed that the next Interim Audit (#1-4) will occur in April 2017 and be conducted as a third party audit. The audit dates and schedule will be agreed in advance. The Interim Audits Program covering 2014 through 2017 remains in effect and will provide a projected scope for the interim audits.

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4. MANAGEMENT PROGRAM DYNAMICS

Review of the biosolids management program dynamics and outcomes is conducted to verify that the biosolids management program is functioning effectively and generating positive outcomes and that changes are being incorporated consistent with BMP requirements. The following summarizes DEKRA's review of the dynamics of SKCMF's biosolids management program.

4A Significant Changes

The Plant Manager and Operations Manager were replaced in March 2016. Interim Managers are in place covering both Arizona Soils and SKCMF compost operations. In addition, Synagro changed the upper management structure creating a Compost Operations Division and Operations Director. Current management personnel attended this audit and demonstrated understanding of the Environmental Management System and National Biosolids Partnership BMP requirements.

4B Revisions to the Management System and Related Documentation

Minor changes were made in the SKCMF EMS Manual. These changes did not significantly affect the biosolids program.

4C Examination of Outcomes

The SKCMF Biosolids Management Program is improving through the use of a systematic approach to managing their biosolids activities. The following improvement outcomes within the past two years were confirmed.

Environmental Performance

The use of a positive aeration static pile (ASP) has reduced energy consumption by more than 30% in the past 2 years.

The positive ASP method is reducing air emissions (estimate 5% reduction).

Quality Practices

Suppliers / generators have recognized SKCMF as a premium site for handling biosolids. NBP Certification has helped that credibility.

Regulatory Compliance

The San Joaquin Air Pollution Control District was supportive of operational changes at the SKCMF plant, particularly use of a positive aeration static pile method. No additional California Environmental Quality Act review was needed to make this process change. A minor amendment in the air permit to document the change was successfully implemented.

Interested Party Relations

Public outreach activities by SKCMF personnel have increased. Positive comments have been received from local officials (e.g. Kern County Supervisor)

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4D Correction of Nonconformances from Previous Third Party Audits

Corrective action taken in response to the nonconformance from the DEKRA's Interim Audit of the SKCMF Biosolids Management Program in March 2015 and the status of the nonconformance is summarized below.

Minor Nonconformance JS 15-01/ 10 NBP BMP Element 10 requires that records link each critical control point and its potential environmental impacts with the corresponding operational control(s). The document linking risks / impacts at compost critical control points and operational controls does not clearly identify or reference SOPs and/or work instructions.

Corrective Action - SKCMF determined that this nonconformance was caused by an omission in identifying applicable operational controls in the critical control point table. In response, SKCMF added SOPs and Work Instructions as identified methods for controlling operations at critical control points. Review by DEKRA's Lead Auditor determined that this corrective action has been effectively implemented. This nonconformance is now closed.

4E Biosolids Policy Commitments

The SKCMF Biosolids Policy remains as approved June 28 2012 and was updated in November 2015 for approval by the current Synagro CEO. The Policy includes a commitment to follow principles consistent with the NBP Code of Good Practice. Review of performance in meeting commitments made in the policy demonstrated it has been incorporated into the facility's EMS.

4F Effectiveness Reviews

Communications Program

The SKCMF Communications Program includes proactive methods for communicating with interested parties through public meetings, tours and through their website. Complaints received are documented and investigated and responded to. A significant increase has occurred in participation in local community events (e.g. Chamber of Commerce). Interviews with interested parties confirmed that proactive communication channels are in place. Internal communications occurs through regular staff meetings. The change in management earlier this year was communicated to all staff in several meetings.

Biosolids Goals and Objectives Process

All 9 biosolids program objectives for 2015 were achieved or in progress. Objectives, targets and action plans are updated for 2016. The process is functioning effectively.

Corrective and Preventive Action Process

The Corrective and Preventive Action process is used to address nonconformances from previous Third Party Audits, internal audits and emergency incidents. The process is functioning effectively.

Management Review

Management involvement has been demonstrated through actions taken regarding issues raised in management reviews and programs for measurement and improvement. The actions taken are

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consistent with defined objectives. Follow-up actions are recorded. The Management Review process is functioning effectively.

4G Interested Party Interviews

During this audit, DEKRA interviewed representatives from the transportation contractor and from a biosolids generator (OCSD). Both were complimentary about SKCMF communication and cooperation.

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5. PROCESS AUDITS

5a. Summary

As part of this audit DEKRA audited the following processes that SKCMF uses within its biosolids management program and determined the level of conformance of each process with NBP expectations and requirements of the audit criteria.

Process	Primary BMP Elements	Conformance with Applicable BMP Elements
Biosolids Procurement	2, 4, 6, 7, 10	Conforms
Communication Program (internal & external)	6, 9, 15	Conforms, except as noted in section 3 of this report
Control of Suppliers & Contractors	various	Conforms
Emergency Preparedness	11, 14	Conforms
Goals & Objectives (process audit)	5	Conforms
Internal Audits (process audit)	14, 16	Conforms
Maintenance	3, 8, 10, 13	Conforms
Product Sales & Distribution	3, 10, 13	Conforms, except as noted in section 3 of this report

5b. Opportunities for Improvement

The following “opportunities” for improving the SKCMF biosolids program were noted during the audit. Opportunities do not represent nonconformances and SKCMF has no obligation to take any action in response to them.

- It may be appropriate to restrict communications to some potential interested parties. A process / procedure for determining such restrictions could be useful.
- Consider including additional compost customers to the list of interested parties.
- Emergency plans could include sections that address pre-emergency planning post-emergency actions (e.g. investigation, regulatory reporting, return to operation).
- Assessment of emergency drills (e.g. evacuation) could include evaluation of the effectiveness of written emergency plans
- Consider reducing the number of operational controls on the critical control point table and categorizing them as Administrative (e.g. SOPs, training) and Engineered (e.g. biofilter, alarms)
- Internal audits could focus more on individual processes and / or issues rather than broad conformance with NBP program.

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- The corrective action process could be used more frequently to address problems / issues so that trends can be monitored.
- Management reviews could focus on system effectiveness and opportunities for improvement base on results (i.e. more about outputs, less about inputs).

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APPENDICES

List of Participants

The following persons participated in this audit. Other persons provided additional explanations, as needed.

South Kern Compost Manufacturing Facility Personnel

Name	Position
Layne Baroldi	Director – Legislative & Regulatory Affairs
Nick Cagliano	Director of Composting Operations
Manuel Cuellar	Lead Mechanic
Jeff Faust	Environmental Compliance Director
Craig Geyer	Plant Manager (Interim)
Jamie Little	Transportation Supervisor
Sid Olia	EHS Manager
Rob Rankin	Operations Manager (Interim)
Ray Valde	Plant Manager – Sacramento Organic Fertilizer Company
Brian Voss	Business Development Manager

Interested Parties

Albert Cruz	Regional Manager GIC Transportation
Cindy Vellucci	Senior Environmental Specialist (OCSD)

List of Documents & Records Reviewed

Biosolids Policy 11/9/15	Internal audit October 19-21, 2015
Biosolids spill response plans (on 2 trucks)	Internal audit plan – 4 year
BMP Procedure 5.0 Goals & Objectives 5/19/16	Land application guidance permit
Community response program	Leadership Transition Plan 3/8/16
Critical control points & operational controls table	Management review of performance 2015 (11/25/15)
Emergency action plan 3/14/16	Management system “setting the cadence” presentation
Emergency contact information	Performance report 2015
Emergency evacuation drill 6/23/15	RLH inspection – fire hydrants 7/2015
Employee suggestion form (various)	Safety violation write-up (trailer)
Goals & objectives (2016, 2015)	SOP – Positive ASP production 5/16/16
Information for high risk concerns	Visitor Safety Information sheet
Inquiry / request records (various)	

END OF REPORT