# SUMMARY OF RESEARCH PROJECT

**The Implementation of Environmental Auditing Practices in Local Governments in Malaysia**

**Abstract**

National Audit Department (NAD) (2015) highlighted the occurrence of environmental issues in its report in MLGs. It was notably found that environmental audit practices (EAP) in Malaysian local governments (MLGs) were conducted based on the five-year interval due to the high number of auditees, shortage of internal auditors, and time constraint. Hence, the responsibility to conduct EAPs is determined by the respective MLGs. The absence of uniform EAP for MLGs had compelled the internal auditors in MLGs to draft their own guideline for EAP, thus vastly differing in accordance with respective MLG jurisdiction. Moreover, exploration on the implementation of EAPs by MLGs across Malaysia in practical reality is in scarcity.

**Keywords**

*Environmental audit, local government, environmental programs*

**Introduction**

Rapid urbanization of the country and detrimental effect of the industrialization has created challenging environment for the local councils as citizens expect better services and accountability from its local council. It is not surprising to see local councils in Malaysia received criticisms on its service delivery and its inefficiency in discharging its accountability as cases on pollutions, poor sewage system and contagious disease such as dengue are on rise. Numerous initiatives have been enacted in many local councils as more information and greater transparency on environmental related activities conducted by the local councils are highly demanded. In line with the sustainable management practices, the implementation of environmental auditing in assessing the effectiveness of environmental programs and activities in local authorities are pertinent[[1]](#footnote-1) (Hakim and Yunus, 2017).

Current study aims to describe the emerging role of environmental audit practices in monitoring the implementation of environmental programs and activities in the local councils. Little is known on the mechanism and approaches adopted in performing the environmental audit in local authorities. The absence of uniform EAP for MLGs (Soh & Martinov-Bennie, 2015; Maltby, 1995) had compelled the internal auditors in MLGs to draft their own guideline for EAP, thus vastly differing in accordance with respective MLG jurisdiction. Besides, implementation of environmental audit practices is not a mandatory requirement for local authorities in Malaysia. Thus, it is interesting to explore specific determinants that encourage an effective implementation of environmental audit in local authorities.

One primary responsibility of the Malaysian local governments (MLGs) is maintaining the environment by organising a range of environmental programmes. The involvement of MLGs in combating the uprising environmental issues is in line with the requirement of the Local Government Act. The Act stipulates that the MLGs should maintain and manage the welfare of the community (Local Authorities Ordinance 1961, 1961; Local Government Act 1976, 1976; Local Government Ordinance 1996, 1996). Some of the activities include maintaining public amenities, as well as social and environmental matters (Parliament of Malaysia, 2009). Since they hold the power to manage their funds, MLGs are responsible for ensuring that all activities meet their objectives. In order to assess the achievement of their activities, the MLGs have set up their own internal audit department. This effort was initiated in year 2004 when the Director-General of Malaysia, through Treasury Circular No. 9, 2004, obliged the MLGs to establish their own internal audit department. The primary function of this internal audit department is to oversee the financial management of the MLGs (Ketua Setiausaha Perbendaharaan, 2004). Later in 2013, the Ministry of Finance issued the Malaysia Treasury Circular PS3/1 2013, which extended the role of the internal audit department to oversee the monitoring process of the operations within the organisations (Perbendaharaan Malaysia, 2013). Therefore, the internal audit department perform auditing for all the related environmental programmes. This auditing process is called environmental auditing practices (EAP). The literature depicts that EAP is a crucial component in monitoring environmental-related programmes (Hariz & Bahmed, 2013; Oviir, 2012; Viegas et al., 2013). In order to facilitate the process of EAP implementation, some MLGs have adopted a standard published by the International Standards Organisation (ISO), particularly ISO 14001. The ISO 14001 refers to a standard in managing environmental management systems (SIRIM QAS International Sdn. Bhd., 2017). This deployment had led to various settings for EAPs across different MLGs. This has certainly raised question about the differences in EAPs between MLGs with ISO 14001 certification and non-ISO 14001 certified MLGs.

A study by Yusoff (2013) had identified a significant gap in the implementation of EAP between private and public organisations. Organisations from the private sector are bound by various regulations concerning EAPs. Meanwhile, various New Public Management (NPM) reforms were introduced back in 1990 to give public organisations the freedom to design their own prevailing auditing practices (Buang, 2007; Haron, 2015; Othman et al., 2007). This has enabled the MLGs to adopt ISO 14001 in order to improve their environmental management systems. The insights from this study highlight the different forms of EAPs between certified and non-certified MLGs.

From the theoretical perspective, the qualitative findings offer greater insights on the mechanisms adopted by different MLGs in developing their EAP deployment. The MLGs are given the autonomy to craft their own organisational process and collect their own sources of revenue instead of depending totally on the state government. Hence, this study sheds light on the similarities and differences of EAPs deployment between public and private sectors. This study extends the discussion on EAPs by assessing the roles of other actors, such as those charged with governance (TCG) and involved in EAP implementation. This study outlines some prospects for multiple approaches in implementing EAP, besides assisting the management to better handle their environmental programmes. The findings are expected to provide insights for further improvements of implementation of EAP in other MLGs and become better inputs in development of EAP guidelines for MLGs in future.

**Research objectives**

Hence, the objective of the study is to explore how do MLGs implement their EAPs and how does the implementation process of EAPs differ.

**Literature review**

**Regulatory Context**

The Malaysian government released the Treasury Circular No. 2 in 1979 to mandate the audit practices, as well as to provide guidelines at the Federal government level (Yusof et al., 2016). The circular outlined the roles and responsibilities of the internal audit function in federal government, particularly in financial management aspects, types, and scope of the audit. During early 1980s, substantial reforms had influenced the accounting research development in the Malaysian public sector (Daud, 1999). This period coincided with the advent of performance auditing within the government sector. In conjunction with these developments, the internal audit department was established in the local government.

In the 1990s, the Malaysian government, upon responding to the public demands for better programme and accountability, had begun introducing various NPM systems-based reform within the public sector. This policy called for the public sector organisations to operate similarly to the private sector organisations by employing various management tools previously used only in the private sector. The primary focus of the NPM initiatives was to enhance the service delivery of public organisations that led the structure of the public sector auditing to evolve alongside other changes stemming from governmental policy (Office of the Auditor-General, 2007). The NPM reforms led to several changes in the roles of internal auditors and conventional auditing process (Yusof, Haron & Ismail, 2016). After that, the NAD shifted its attention from the auditing process in financial management to performance auditing in early 2000s (Omar et al., 2007).

Performance auditing refers to the auditing process and procedure that determine the extent a programme or a policy has achieved its objectives. The Treasury Circular No. 9, 2004 was released to substitute the Treasury Circular No. 2, 1979 as part of NPM initiative (Ketua Setiausaha Perbendaharaan, 2004). This new circular extended the requirement for the formation of internal audit unit or division to all ministries, inclusive of the state and local state governments. This circular included local governments, economic development units, and state agencies such as state companies. The circular extended the roles of internal auditors to embed performance auditing in organisations alongside IT system auditing. In 2005, the Malaysian government introduced the Ninth Malaysian Plan, which among otherwise, addressed sustainability. It stipulated that each governmental department must resolve sustainability issues that lurked within the public administration (Buang, 2007). As a result of this official announcement, NAD had refined its auditing process to incorporate environmental performance aspects. The NAD collaborated with the International Organisation of Supreme Audit Institution (INTOSAI) in 2007 to devise guidelines and training programmes (Buang, 2007). In support of this collaboration, the Ministry of Finance, through the Secretary-General of Treasury, released a circular to extend the internal audit process to embed both performance and compliance audits (Ketua Setiausaha Perbendaharaan, 2009).

Compliance audit denotes the auditing process that ascertains the adherence of organisations to legal, process, and systems requirements. The Treasury Circular No. 9, 2004 demanded the public organisations to establish audit committees to oversee auditing practices. The latest circular, Treasury Circular PS 3.1/2013, focuses on the role of internal auditors for financial management and performance audit to ensure that the money invested meets the objectives (Perbendaharaan Malaysia, 2013). The circular has redefined the relationship between NAD and internal audit department in each federal and state organisation. Earlier, NAD had functioned as the internal auditor to all government bodies and later changed to the external auditor as a result of the issuance of the current circulars. This is applicable for all government bodies, while the internal audit unit or department acts as internal auditors to oversee the internal control of the organisation. As part of the NPM reforms, the public sector organisations in Malaysia have adopted standards imposed by various certification bodies (Jidwin & Mail, 2015). The primary purpose of certification is to enhance public service delivery. Over this period, environmental issues have turned into a global concern, thus requiring auditors to undertake environmental audit. The NAD had documented the first policy by amalgamating training and activities in its strategic plan 2016-2020 to audit environmental programmes.

**Prior studies on environmental audit practices**

The EAP may be defined based on various perspectives. From the organisation stance, Maltby (1995, pg.5), based on the definition used by the Internal Chambers of Commerce (ICC), defined EAP as:

a management tool comprising a systematic, documented, periodic and objective evaluation of how well environmental organisation, management, and equipment are performing with the aim of helping to safeguard the environment by (i) facilitating management control of environmental practices; and (ii) assessing compliance with company policies, which would include meeting regulatory requirements.

Moor and Beelde (2005) asserted that the above definition emphasised on the process of environmental management systems and regulatory compliance. This means; environmental auditing embeds environmental compliance auditing process, which is based on how well organisations adhere to the environmental laws and regulations. Upon being a member of the INTOSAI (NAD, 2017), the Malaysian NAD defined the EAP as the auditing process that ascertains the environmental programmes comply with rules and regulations, which includes performance and financial aspects (Perbendaharaan Malaysia, 2013). Accordingly, the internal auditors in MLGs perform auditing on the environmental programmes since the core activity of the MLGs is managing environmental programmes and activities. In every five years, the NAD performs external audit on the performance of the MLGs, which includes reviewing the management of environmental programmes (Buang, 2007). The internal audit report serves as guidance for the NAD to perform the auditing process (Lulu, Joseph, & Nichol, 2014). The outcomes from the auditing process are reported in the Audit Report, wherein the findings highlight several issues on monitoring of environmental programmes in MLGs (Malaysian NAD, 2015). Typically, MLGs that plan to execute efficient management of the environmental programmes would take extra initiative by applying the ISO 14001 - certification on environmental management systems. It is mandatory for organisations with ISO 14001 certification to establish and conduct auditing process to verify the efficacy of implementing ISO 14001:2015.

As of December 2017, 690 Malaysian organisations received ISO 14001 certification (SIRIM QAS International Sdn. Bhd., 2017). This certification was received mostly by private companies, followed by 162 Malaysian Government Linked Companies (GLC) and 19 public offices, including forestry department, water and drainage department, environmental research institutes, and state departments. Nonetheless, only three MLGs had received ISO 14001 certification from the population of 156 MLGs. The ISO 19011:2011 auditing standard acts as a guide for auditors to prepare the auditing framework for environmental and management standard (ISO, 2011). Due to the escalating number of new management systems, this standard was introduced as an extension from the first edition published in 2002. This standard is applicable for auditors who manage the auditing programme for ISO 14001: Environmental Management System. Essentially, this standard is considered flexible (ISO, 2011). The practice of managing the audit programme may differ based on size, nature, and complexity of the organisation. This standard may be applied by a broad range of users, including internal and external auditors. The five stages embedded in the management audit programme are portrayed in Figure 1:

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Figure 1.The Flow of the Management Audit Programme (ISO, 2011, pg. 15)

The first stage is known as audit authority. In this stage, the organisation should determine the purpose of the auditing process, the persons in charge, and the resources in managing the audit programme. The second stage denotes the process of establishing an audit programme. The auditors have to plan the audit programme by including the process of delegating responsibilities, establishing the extent of the programme, as well as identifying and evaluating the audit programme risks. The internal auditors also have to establish auditing procedures and auditing programme resources. The third stage refers to the implementation of the audit programme. Here, the auditors define the objectives, the scope, and the criteria for individual audit. After selecting the auditing methods and teams, the auditors assign responsibilities for individual audit. The implementation process is composed of the process of managing and maintaining the audit programme outcomes and records. The next stage is the process of monitoring the audit programme. The person(s) assigned with the responsibilities for the individual audit should assess the conformity of the auditing programmes. This incorporates the performance of the auditing team, the ability of the auditing team, and the feedback obtained from the top management or auditees. The final stage refers to the process of reviewing and enhancing the audit programme. Those managing the audit programme should review the outcomes and the trends derived from the audit programme monitoring. This stage embeds the process of reviewing the continual professional development of auditors and reporting the findings of the audit programme to the top management.

This framework was employed as the basis for discussing the findings reported in this study. As such, this study had compared EAP deployment between ISO 14001 certified MLGs and non-ISO 14001 certified MLGs. The EAP is defined as the auditing process of environmental performance and compliance. The environmental performance auditing assesses the performance of environmental programmes. Meanwhile, environmental compliance auditing evaluates the adherence of an organisation to environmental regulations.

The EAP in the private sector is governed by two views; professionalization and protest (Power, 1997). The professionalization view explains the role of environmental auditing as monitoring specific criteria (Power, 1997) by associating environmental and financial auditing (Cook, Bommel & Turnhout, 2016). The auditing practices are related to a system of checks and balances to regulate the environmental financial or the costs incurred from environmental activities in an organisation. Next, the protest view looks into the operation of accounting and scientific cultures in environmental auditing (Power, 1997). Its role is beyond checks and balances as it covers environmental compliance, environmental performance, and environmental management system audits.

Most studies on EAP in the private sector have examined the second view, protest. Some papers have described the auditing process of the environmental management system, along with issues related to ISO 14001 certification (Campbell & Byington, 1998; Simon, Bernardo, Karapetrovic, & Casadesus, 2011; Viegas, Bond, Ribeiro, & Selig, 2013), while others have looked into the auditing process of environmental management systems by assessing ISO 14001 certification and non-ISO 14001 related issues (Carter, Ball, Baron, & Elliott, 1995; Viegas et al., 2013; Watson & Emery, 2004; Zutshi & Sohal, 2003). ISO 14001 certification is a framework for organisations to manage environmental management systems (Campbell & Byington, 1998). Environmental auditing is a mandatory requirement for this certification, which advocates the command-and-control approach. The auditing process in ISO 14001 is more economical than the environmental auditing (Watson & Emery, 2004). The former places more focus if the process had met its objective(s).

On the contrary, another view sees the auditing process for this certification as a set of advertising tools for the societal stakeholders, whereby the organisation is involved in managing environmental issues (Byington & Campbell, 1997; Watson & Emery, 2004). Turning to this present study, it upholds the protest view, in which the EAP is defined as the process of managing ISO 14001. ISO 14001 serves as a tool that mitigates environmental issues that arise in an organisation. The EAP can be easily integrated into the existing audit procedures in an organisation upon adopting the ISO 14001 standard (Boiral & Gendron, 2011; Simon et al., 2011). This is because; environmental auditing is similar to the conventional auditing in terms of procedures and legal requirements. Nevertheless, the main difference between these two is the certification process. Environmental auditing is a primary process for ISO 14001 certification (Simon et al., 2011), as it is a procedural auditing instead of substantive auditing (Heras-Saizarbitoria et al., 2013). For instance, the auditors need to place emphasis on documentation to comply with ISO 14001 guidelines rather than looking at the real impact on environmental performance. The shortcoming of this standard is that the ISO guidelines dismiss the actual state of the environment (Heras-Saizarbitoria et al., 2013).

While disregarding regulatory standard, most private organisations view environmental monitoring as an aspect of the EAP (Carter et al., 1995; Viegas et al., 2013; Zutshi & Sohal, 2003). The regular monitoring by the organisations can minimise the overall audit risk. According to Carter et al., (1995), at the end of the auditing or monitoring procedure, the follow-up reports are published for future considerations. Viegas et al., (2013) outlined the variances between environmental monitoring practices and EAP. They differ in terms of hierarchy, scope, risk issue, and timeliness. In terms of hierarchy, environmental monitoring practices include a comprehensive procedure that assesses the full business cycle, whereas EAP examines any specific procedure or practice based on the identified objectives. In terms of scope, environmental monitoring is deployed for internal purposes, while EAP is used to provide transparency for users.

On the risk issue, environmental monitoring is meant to reduce environmental risks that arise due to violation of environmental regulations. The EAP, on the other hand, concentrates on minimising compliance risks. As for timeliness, environmental monitoring is a short-term process where data are gathered during the internal process in the organisation. Meanwhile, the EAP is a long-term process where the data are not only derived from internal documents, but also from third parties including suppliers, regulators, and investors.

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**Methodology**

Past studies have not provided details pertaining to the implementation of EAPs in practical reality, particularly within the context of MLGs (Bae & Seol, 2006; Byington & Campbell, 1997; Campbell & Byington, 1998; Earnhart & Leonard, 2013; Evans et al., 2011). According to Hartley (2004), the qualititative apporach and interpretive case study method is the most suitable technique to gather rich data and to comprehend the process of EAP implementation in a particular context. The case study approach enables the researcher to acquire in-depth understanding regarding EAP deployment. The single unit analysis with multiple-case design was selected for this study (Baxter & Jack, 2008; Scapens, 1990). The single unit analysis refers to EAP implementation in respective MLG, while multiple-case design enables the comparison between the two certified and non-certified MLGs. Hence, data will be collected based on the conduct of semi structured interviews, document analysis, and on-site informal observation.

**Findings and Discussion**

This study is an interpretative study that examined the Environmental Auditing Practices (EAP) in two Malaysian Local Governments (MLGs). The data were gathered through interview sessions, document analyses and informal observation at the premises. This study also analysed 252 documents. A single unit analysis with multiple case study design in reporting was employed focusing specifically on how the internal auditors constructed their roles in EAP.

The findings indicated that the flow for EAP in both MLGS was similar except in five conditions. The first condition was the initiator. EAP in ALPHA was initiated from the ISO 14001 requirement while BETA was derived from unresolved complaints from the previous year. Due to the requirement from ALPHA, the coverage for audit was extensive, but, for BETA, the coverage was limited. It is the second condition. The next condition is the composition of the audit team. The audit team comprised of various departments in ALPHA but only the Internal Audit Section for BETA. The next condition is audit checklist. Audit checklists were prepared together with the quality officer for ALPHA but for BETA, the audit checklist was prepared based on the previous year. The last condition is the reporting of audit findings. The reporting of audit findings was submitted to Review Committee (Review Committee) for ALPHA and Audit and Corporate Management Committee (ACMC) for BETA.

Meanwhile in functional perspective, it discusses the roles derived from the characteristics of role senders, characteristics of focal persons and characteristics of the relationship between them. There were five characteristics of the role senders in this study, role authority, the role of set’s latitude and resources, the role of diversifying, member variability and expectation strategist. The ‘those charged with governance (TCWG)’ played the role of authority in order to deliver their expectations at the planning stage of EAP. In both organisations, role authority was played by the State Government and the Yang Dipertua (YDP). There was an additional actor which played the role of authority who was the NGO Watchdog group in ALPHA.

The YDP in both organisations played the role of set’s latitude and resources to the Head of Audit Secretariat (HAS) or the Head of Internal Auditors (HIA) by providing resources including budget. Meanwhile, the HAS and HIA played the role of set’s latitude and resources through providing consultations for the internal auditors to facilitate them in performing the EAP. The HAS played the role of diversifying in ALPHA by designing multiple job descriptions for the internal auditors.

Member variability existed in ALPHA when the internal auditors were appointed from various backgrounds. The internal auditors were able to share their knowledge in their departments in EAP. The HAS or HIA played the role as of expectation strategist. The HAS or HIA then delivered the expectations to TCG in determining the solutions for any significant findings for EAP. There were three characteristics of the focal persons which were risk orientation, achievement motivation and power motivation. The role of risk orientation existed when the HAS or HIA tried to solve complaints in both MLGs and reduce the risk of non-compliance for ISO 14001 in ALPHA. The ACMC and Review Committee provided solutions to solve the problems during the finalisation stage.

The internal auditors played achievement motivation by following the job descriptions stated by the HAS for ALPHA. Meanwhile, the internal auditors performed the action based on the previous audit reports for BETA. During the implementation of EA programs, the auditees were able to justify their jobs based on the evidence in both organisations, a reflection of achievement motivation. The HAS or HIA also exercised power motivation by reviewing the works performed by the internal auditor during monitoring and reviewing the audit programme. There were four characteristics of the relationship between the focal persons and the role senders, namely relative power and influence, interpersonal interaction, task interdependence and interpersonal attractions. Firstly, relative power and influence were identified in this study due to the mandatory instructions by TCG in both MLGs. Secondly, the previous audit practices helped the interpersonal interaction between the focal persons and the role senders in MLGs.

Next, task interdependence was identified through the concept of “friend”. This concept facilitated the relationship between the internal auditors and auditees during the implementation of the audit programme. Meanwhile, the relationship between the internal auditors and the HAS or HIA was strengthened through task interdependence during the process of audit programme review. Besides that, interpersonal attraction happened in ALPHA when there were continuous communications between the TCG and the Secretariat Audit during the audit programme review process.

In relation to interaction in the EAP, the study found that there were seven areas of interaction during EAP implementation, which are Annual Work Plan, Audit Secretariat, Training, Letter of Audit or Memorandum of Audit, Technology, Exit Meetings and Review or ACMC Meetings. Firstly, the Annual Work Plan was the platform where communication between TCG and the HAS or HIA occurred. Secondly, ALPHA set up an Audit Secretariat which comprised member with multiple backgrounds and provided a platform for the member to communicate. Next, trainingwas a tool for the internal auditors to update their knowledge on EAP. After that, Letter of Audit or Memorandum of Audit acted as a notice for the auditees before the internal auditors performed the audit programme. Besides that, technology eased the communication between the internal auditors and auditees during the implementation stage. They were able to reduce their workload in preparing the documentation. Also, the exit meeting was a process where the internal auditors were able to receive explanations from the auditees during the audit programme review stage. Finally, the Review or ACMC Meeting acted as a platform to discuss the areas of improvement for EAPs in both MLGs.

**Conclusion**

This study complements the EAP implementation by explaining the details of the process and the actors involved in this process. Most of the literature discuss the EAP implementation using a dichotomous analysis (Bae & Seol, 2006; Byington & Campbell, 1997; Campbell & Byington, 1998; Earnhart & Leonard, 2013; Evans, Liu, & Stafford, 2011). The dichotomous analysis merely measured whether the organisation implemented EAP or not, but unable to explain how the internal auditors crafted their roles during EAP implementation. The current study contributed to the existing literature by recognising the roles of different parties in EAP which is a dynamic role throughout the process. This is important because the dynamic role illustrated how internal auditors could craft their work to achieve the expectations of the TCG.

The findings in this study have highlighted that EAP was implemented due to the requirement from NGO Watchdogs, the non-profit organisation. Most studies indicated that EAP was implemented due to demands from the management (Campbell & Byington, 1998; Darus, Zain & Sawani, 2010; Moor & Beelde, 2005; Sinclair-Desgagne & Gabel, 1997; Zutshi & Sohal, 2003), regulatory bodies (Darnall, Seol, & Sarkis, 2009; Moor & Beelde, 2005; Rika, 2009; Watson & Emery, 2004; Yusoff, 2013; Yusoff, Mohamed, & Hadi, 2016; Yusof, Haron, & Ismail, 2016), accounting bodies (Chiang, 2010; Northcott & Chiang, 2012; Rika, 2009), certification bodies (Campbell & Byington, 1998; Darus, Zain, & Sawani, 2010;Dittenhofer, 1995) and suppliers (Darnall, Seol, & Sarkis, 2009; Stanwick & Stanwick, May/Jun 2001; Zutshi & Sohal, 2003). Prior studies did not explain the involvement of the watchdog group in EAP. The findings of this study contribute by acknowledging the involvement of the watchdog group in EAP as part of the initiator for EAP. However, there was no power to dictate any judgement on ALPHA. The finding is only applicable to ALPHA.

This study has revealed the flow of EAP implementation in two MLGs. Other local governments may refer to this study to set up EAP in their organisations. Practitioners may understand the complexities of EAP from these organisations. In addition, this study acts as a reference any organisation to choose which method that may suit them. The findings may act as a framework in developing EAP in other organisations. Different MLGs can adapt and customise their EAP based on their jurisdictions. Some attributes between these two MLGs can be used in planning their EA process.

Moreover, this study has concluded different enactment instruments in implementing this practice. The managers of other organisations can use this information to structure the process of delivering the outcome of EAP in their organisations. Besides that, this study helps the internal auditors in clarifying their roles in this practice. The internal auditors can identify appropriate approaches for each stage in order to drive the best outcome of the practice. This study has highlighted how different jurisdictions could customise EAP. The findings may assist regulators in setting up restrictive regulations by considering certain factors.

In term of limitation of the study, this study defines the role theory as dynamic where the definition of role keeps changing over time. However, the analyses were based on the observations from April 2014 until March 2018, hence, the findings were therefore limited for that particular time period with little changes known after March 2018. Whilst, future research may explore how to strengthen the roles of the Audit Committee in EAP of the MLGs. Moreover, future studies may replicate the framework used for other types of organisations such as statutory bodies, cooperatives and government-linked companies. It also should take into account how the community reacts to the implementation of EAP, as well as the impacts before and after EAP is implemented in those organizations.

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