



# Audit

## Standard Operating Procedure

Valid from 16/12/2014

Distribution: Public

Certifier for



**FAIRTRADE**  
INTERNATIONAL



## Table of Contents

<b>0</b>	<b>Purpose of this Document</b> .....	<b>4</b>
<b>1</b>	<b>Application</b> .....	<b>4</b>
<b>2</b>	<b>Use of the Document</b> .....	<b>4</b>
<b>3</b>	<b>Audit Types and Related Scope of Work</b> .....	<b>4</b>
<b>3.1</b>	<b>Initial Audit</b> .....	<b>5</b>
<b>3.2</b>	<b>Surveillance Audit</b> .....	<b>5</b>
<b>3.3</b>	<b>Follow-up audits</b> .....	<b>6</b>
<b>3.4</b>	<b>Scope Extension Audit</b> .....	<b>6</b>
<b>3.5</b>	<b>Unannounced Audit</b> .....	<b>6</b>
<b>3.6</b>	<b>Desktop Audit</b> .....	<b>7</b>
<b>4</b>	<b>Audit Structure</b> .....	<b>7</b>
<b>4.1</b>	<b>Audit Rationale</b> .....	<b>9</b>
<b>4.1.1</b>	<b>Interviews</b> .....	<b>9</b>
4.1.1.1	Number of member interviews – 1st Grade Producer Organisation .....	11
4.1.1.2	Number of worker interviews – 1st Grade Producer Organisation .....	11
4.1.1.3	Number of member interviews – 2nd/3rd Grade Producer Organisation .....	12
4.1.1.4	Number of worker interviews – 2nd/3rd Grade Producer Organisation .....	12
4.1.1.5	Number of interviews – Contract Production Project .....	12
4.1.1.6	Number of interviews – Single Plantation and Multi Estate (hired labour) .....	13
4.1.1.7	Number of interviews – ASMO/PPO .....	13
4.1.1.8	Number of interviews – Trade organisation .....	14
<b>4.1.2</b>	<b>Sample size of farms during a 1st Grade Producer Organisation or Contract Production Audit</b> .....	<b>14</b>
<b>4.1.3</b>	<b>Sample size of affiliates and estates</b> .....	<b>14</b>
4.1.3.1	Sample size on 2nd/3rd grade producer organisations .....	14
4.1.3.2	Sample size during a Major Structure audit (Gold Mining) .....	14
4.1.3.3	Sample Size on a Multi Estate audit .....	14
4.1.3.4	Sample Size for Out Growers Working with HL companies .....	15
<b>4.1.4</b>	<b>Sample Checking for the Verification of Mass Balance</b> .....	<b>15</b>
<b>4.1.5</b>	<b>Number of Samples on Processing Installations (only Producer Level)</b> .....	<b>15</b>
<b>4.1.6</b>	<b>Exporting Business (only Producer Level)</b> .....	<b>15</b>
<b>4.1.7</b>	<b>Sample Checking of Trading Information (only Trade Level)</b> .....	<b>15</b>



4.1.8	Number of Products .....	16
4.2	Documentation of Visited Entities .....	17
4.3	Selection of Auditors and Audit Teams .....	17
4.3.1	Selection of Auditors .....	17
4.3.2	Audit Teams.....	18
5	Relevance of Organic or other certifications.....	18
6	References .....	19
7	Change History .....	20

## 0 Purpose of this Document

FLOCERT is conducting audits against the Fairtrade Standards with the objective of controlling compliance of producers and traders with these standards. This document describes the basis on which an audit is planned and structured.

This document defines the composition of audit teams, the number and kind of interviews, the number of samples taken on affiliated organisations, and the documents that need to be checked.

The number of audit days based on the organisational or corporate structure is described in the *CERT AuditTime WI*.

A description of the certification system of FLOCERT is provided in the *CERT Certification SOP*. This document includes a description of the audit frequency both on the level of the master operator and on the level of the additional entity.

## 1 Application

This Standard Operating Procedure is binding for all FLOCERT certification staff members and auditors in Fairtrade Certification. Any deviation from this SOP must always be reported and clearly documented in the Ecert Auditor Webportal, Start Tab, Field "Deviation from Audit Procedure / ToRs".

## 2 Use of the Document

The document is divided into two sections: (3) Audit Types and (4) Audit Structure.

The third section describes the different audits conducted by FLOCERT.

The fourth section provides an overview on the composition of audit teams and the implication on the duration of an audit and a description of the rationale behind the audit structure of FLOCERT.

## 3 Audit Types and Related Scope of Work

There are seven different types of audits which are relevant for the certification cycle and are described in detail in the following section. Audit types such as "Shadow Audits", "Observed Audits" etc. are part of the FLOCERT system to ensure the quality of the work of the auditor and are described in detail in the *CERT AuditorRecruitmentTrainingEvaluation WI*.

- Initial Audit
- Surveillance Audit
- Renewal Audit
- Follow-up Audit
- Scope Extension Audit
- Unannounced Audit
- Desktop Audit

### 3.1 Initial Audit

Based on the information received during the application phase, the initial audit is planned. This information is part of the terms of reference of the auditor.

#### Scope Initial Audit

- Verification of information provided by the applicant during the application phase
- Verification of transactions traders made during the permission to trade phase
- Verification that no trade took place before the date of permission to trade
- Evaluation of compliance criteria valid for all operators

### 3.2 Surveillance Audit

A surveillance audit ensures the continued compliance with the Fairtrade Standards during a certification cycle (three year or six year cycle for Small Licensees). The auditor is requested to evaluate continued compliance with core compliance criteria (defined by FLOCERT) which were valid at the point the last certificate has been issued. See two examples below:

#### EXAMPLE 1:

A first certificate has been issued after an initial audit. At that point the operator was required to comply with compliance criteria valid at time 0. The auditor is requested to monitor continued compliance with compliance criteria according to the pre-defined checklist the auditor receives with the Ecert Audit Order.

#### EXAMPLE 2:

A new certificate has been issued after a renewal audit. At that point the operator was required to comply with compliance criteria valid at time 0 and 3. The auditor is requested to monitor continued compliance with compliance criteria 0 and 3 according to the pre-defined checklist the auditor receives with the Ecert Audit Order.

Furthermore, there are compliance criteria which come into effect within one or more years of certification.

Physical surveillance audits are selective audits focusing on continued compliance with core compliance criteria and are thus shorter and allow the certification body a limited flexibility in selecting the focus of the audit. In general, there is no difference between the 1<sup>st</sup> and 2<sup>nd</sup> surveillance audit of a certification cycle.

#### Scope Surveillance Audit

- Verification of continued compliance with compliance criteria (selected by FLOCERT) which were valid at the point the last certificate has been issued.
- Verification of compliance criteria that only got applicable at a certain point in time.
- The audit always includes the whole time period since the last physical audit.

#### Renewal Audit

A renewal audit has two objectives: first, to monitor continuous compliance with compliance criteria applicable for the valid certificate (past); and second, to verify compliance with upcoming compliance criteria which will be applicable for the next 3-year cycle (future). The second objective only applies to producer audits since traders in general have to fulfil all compliance criteria right from the beginning.

#### EXAMPLE:

The producer has been certified for 6 years. This means the operator has successfully passed the first certification cycle, the certificate has been renewed once (after 3 years) and compliance has been monitored during surveillance phase. At this point, the producer is preparing for another renewal audit in order to achieve a certificate for the next 3 years. The auditor is required to control all compliance valid at this point in time.

### Scope Renewal Audit

- Evaluation of continued compliance with compliance criteria **applicable at that point of time** for the respective operator. Depending upon whether if it is a first or a second renewal audit according to the pre-defined checklist the auditor receives with the Audit Order.
- The audit always includes the whole time period since the last physical audit.

## 3.3 Follow-up audits

A follow-up audit is the result of an evaluation or certification decision. The goal of a follow-up audit is to follow-up on all non-conformities which can only be verified during a physical audit. It is possible to include the verification of as many other non-conformities as possible within the time allocated. In the best case all non-conformities will be verified and the status of the Objective Evidence documented. A follow-up audit can also be scheduled when there is a high number of non-conformities identified during a regular audit. Follow-up audits can either be regular follow-up audits (on a date agreed between the auditor and customer) or unscheduled follow-up audits (within a flexible timeframe of the compliance period to check on difficult issues such as child labour). Unscheduled follow-up audit is not identical with an unannounced audit.

During a follow-up audit the auditor is requested to verify that the corrective measures suggested by the operator have been implemented.

### Scope Follow-up Audit

- Evaluation of compliance with the major and other compliance criteria where a non-conformity during the last audit was detected and which cannot be verified through documents, or in case of a very high number of non-conformities

## 3.4 Scope Extension Audit

A scope extension audit is carried out if the operator wants to add an additional product or entity to the certification scope before the next scheduled audit and the analyst has evaluated the application for scope extension with the condition of a previous audit.

The audit will only focus on the compliance criteria related to the new product(s) which were not covered by the last audit for the existing certification. In case of additional entities all compliance criteria valid in the respective cycle do apply but the scope of audit is limited to the additional entity applying. The result will be the acceptance or rejection of the scope extension. As there is no specific checklist type for scope extension audits, the certification determines the relevant checkpoints in the ToR for the auditor.

### Scope Extension Audit

- Evaluation of compliance criteria applicable to new product which is supposed to be covered by the certificate in the future.
- Evaluation of compliance of additional entity which is supposed to be covered by the certificate in the future.

## 3.5 Unannounced Audit

One activity that greatly improves the credibility of the Fairtrade certification system is the use of unannounced audits. Unannounced audits allow us to assess what is happening at an operator during a 'typical' day, in contrast to the potential artificial environment established for an announced audit.

The FLOCERT Regional Managers are to select those customers who will receive an Unannounced Audit relative to the number of Announced Audits planned annually as per the *CERT Certification WI*.

An unannounced audit will be scheduled in addition to the regular audit cycle and can only replace a surveillance audit when it is ensured that all relevant criteria will be checked. If the unannounced audit is not replacing a regular audit the focus of the audit is flexible and will be determined by the certification analyst and communicated to the auditor via the Terms of Reference.

FLOCERT Regional Managers either select customers for unannounced audits at random or may identify 'high-risk' operators and decide that an unannounced audit is the most effective means of managing that

risk. The 'high-risk' determination could be the result of an allegation, large growth projections, product or country specific identifiers or other factors affecting risk.

The audit is carried out as a 'spot-audit', focusing only on specific mainly major compliance criteria that were selected beforehand by the analyst and clearly described in the Terms of Reference. The auditor is then not requested to check other CC not being part of the ToR.

Unannounced audits should normally not exceed 1 day onsite. Under exceptional circumstances an unannounced audit may be a full audit (according to the audit schedule of the *CERT AuditTime WI* – see reference).

The details on why the customer was selected and any other relevant information are captured in Ecert.

If an operator refuses access for whatever reason, then this is ground for an immediate suspension of the certificate.

### Scope Unannounced Audit

- Check continued compliance of customers including high-risk operators.
- Checklist is defined by the responsible analyst.

## 3.6 Desktop Audit

A desktop surveillance audit of a producer or a trader can only be conducted as an exception if auditors cannot be sent into a region due to regional conflicts, natural disasters, outbreaks of disease, or other high-risk circumstances and there is a clear indication that the audit cannot be postponed or skipped. Any Initial or Renewal audits cannot be replaced by a desktop audit and always will be physical audits.

If the operator does not cooperate by sending in the required information, or fails to implement the imposed corrective measures resulting from non-conformities detected during the desktop surveillance audit, this might also lead to a suspension of the certificate of the operator.

### Scope Desktop Audit

- Evaluation of compliance in case a physical audit is not possible due to regional conflicts, natural disasters, outbreaks of disease, or other high-risk circumstances.

## 4 Audit Structure

The audit in general comprises the steps listed below. An audit is considered to be complete when all relevant steps and all relevant compliance criteria have been evaluated by the auditor. If the audit is an announced audit, all parts of announcement are not relevant.

Before conducting an audit, the auditors needs to:

- Agree with the customers on the audit dates and document this information in Ecert
- Send the Audit Preparation Letter including a detailed audit plan (this is valid for Traders and Producers) and the specific checklist not later than 10 work days before the audit
- Ensure the Terms of Reference are available in Ecert
- Ensure the information on previous non-conformities is available in Ecert

### (1) Opening Meeting

The opening meeting is a very important part of the audit. There should be allocated sufficient time to the opening meeting.



## Opening meeting

- In the opening meeting the auditor introduces her/himself, explains the audit plan, and verifies contact details including information on additional entities such as affiliated organizations or subcontractors.
- The auditor will request a brief description of the situation at the operator's premises, gain an overview of technical systems in place. The auditor will also try to understand any specific circumstances that might influence the audit situation.
- The auditor assures as well the access of the customer to the Ecert operator web portal and if not possible, will note the reason why it is not possible.

### (2) Interviews/Field Visits/Documentation Revision

In this part of the audit, depending upon whether it is a producer or trader audit, the auditor is generally requested to follow the guidelines listed below.

## Interviews/ field visits/ document revision

- conduct a certain number of interviews to draw a representative sample of members and/or workers (see section 4). The interviews are conducted to verify information received during other interviews, document reviews or during a physical audit of production sites/additional entities.
- to interview certain groups like members of one community, sprayers, workers' committee and board/management.
- to review certain documents and to review information available in the technical systems of the operator e.g. personnel accounting, ERP systems or any other system. It is always necessary to identify the most authentic source of written information.
- to physically audit processing installations, storages and production sites.
- to visit some individual members on their farms (applies only to small producer audits).
- Any field visit as well as the physical audit of production/processing or other relevant facilities must always take into consideration, what was reviewed in the previous audits. The certification body must ensure that the information is available in Ecert. Thus the auditor is requested to ensure that all parts of the organisation will be audited in the audit cycle. Furthermore the auditor should not limit himself to one physical visit. It makes sense to visit different areas at different times, and sometimes re-visit sites also within one audit.
- to do individual interviews with members and workers without any interference of other members or workers, board and management.
- to sample a representative number of affiliated member organisations/affiliated estates (applies only to multiple structures)
- to cross check a certain number of transactions/contracts/invoices.
- to interview certain groups such as representatives of the purchase, (if applicable) processing/manufacturing and sales department, quality management, warehouse staff, etc. In Trader audits interviews cannot be limited to the primary FLOCERT contact.

### (3) Closing Meeting

The closing meeting is also a very important part of the audit. There should be allocated sufficient time to the closing meeting and timelines in the audit plan must be kept or otherwise agreed with the operator.



## Closing Meeting

- During the closing meeting all non-conformities are presented and explained to the customer by the auditor. The closing report summarizes the non-conformities and is signed by the customer and the auditor on-site.
- In the closing meeting it is also desired that the customer proposes Corrective measures to all non-conformities identified, if necessary also to the development criteria whenever the Score system applies.
- In exceptional cases if the auditor finds additional information that may result in adding a non-conformity he/she is not allowed to add this to the signed closing report after the closing meeting has been finalized. The auditor is asked to enter this information in the comments column of the checklist indicating the nature of the non-conformity and explain why it was only identified after the closing meeting. The NC status field needs to be indicated as “yes” since this was the situation at the time of the closing meeting. The analyst will then decide whether to add/amend the non-conformity in the audit result list/corrective measure workflow. However, the auditor is requested to verify before the Closing meeting that she/he received and understood all information from the operator.

## 4.1 Audit Rationale

The audit system of FLOCERT is based on the principle that an auditor has sufficient time to conduct a Fairtrade audit which meets our high quality goals. A separate Work Instruction on audit time provides an overview on how many audit days are allocated for the four principle areas: preparation, travel, onsite visit and reporting.

The time the auditor needs to conduct a complete audit depends on a number of factors: (i) the structure and size of the customer to be audited, (ii) the number of Fairtrade products traded, (iii) the number of additional entities and (iv) the number of commercial functions of the operator (e.g. producer + processor + exporter, (v) the type of the audit.

An audit is considered to be complete when all relevant compliance criteria have been evaluated by the auditor and opening meeting and closing meeting have been conducted.

### 4.1.1 Interviews

Conducting interviews is an integral part of the audit routine for producer and trade audits. A representative sample of interviews should be conducted on different levels of an organisation/company. External interview partners like union representatives are selected on a case by case situation. The following table gives an overview about the main interview partners during a producer and a trade audit.

Category	Main Interview Partners
<b>1st grade producer organisation</b>	<ul style="list-style-type: none"> <li>• Individual members of the organisation (including board and committees)</li> <li>• Administrative staff</li> <li>• Workers hired by the organisation</li> <li>• Workers hired by individual members (if applicable)</li> <li>• Responsible person(s) for ICS</li> <li>• Responsible person(s) for Environmental Requirements</li> <li>• Worker's Representatives (if applicable)</li> </ul>
<b>2nd or 3rd grade producer organisations</b>	<ul style="list-style-type: none"> <li>• Delegates of the affiliated member organisation (including board and committees)</li> <li>• Individual members of the affiliated member organisation</li> <li>• Workers hired at all levels of the organization (3<sup>rd</sup>, 2<sup>nd</sup> &amp; 1<sup>st</sup> grade and individual members)</li> <li>• Responsible person(s) for ICS</li> <li>• Responsible person(s) for Environmental Requirements</li> <li>• Worker's Representatives (if applicable)</li> </ul>



<p><b>Contract Production Project</b></p>	<ul style="list-style-type: none"> <li>• Management of promoting body</li> <li>• Individual members of contract production project</li> <li>• Workers of contract production project</li> <li>• Responsible person(s) for ICS</li> <li>• Responsible person(s) for Environmental Requirements</li> </ul>
<p><b>Single Plantation (hired labour)</b></p>	<ul style="list-style-type: none"> <li>• Management</li> <li>• Workers</li> <li>• Fairtrade Premium Committee</li> <li>• Union/Elected workers representatives</li> <li>• Local Trade Unions (if applicable)</li> <li>• H&amp;S Officer</li> <li>• Responsible person(s) for Environmental Requirements</li> </ul>
<p><b>Multi Estate (hired labour)</b></p>	<ul style="list-style-type: none"> <li>• Management of central structure</li> <li>• Workers at central structure</li> <li>• Management of affiliated estates</li> <li>• Workers on affiliated estates</li> <li>• Fairtrade Premium Committee</li> <li>• Union/Elected workers representatives</li> <li>• Local Trade Unions (if applicable)</li> <li>• H&amp;S Officer</li> <li>• Responsible person(s) for Environmental Requirements</li> </ul>
<p><b>Artisanal and Small Scale Mining Organisation (ASMO)</b></p>	<ul style="list-style-type: none"> <li>• Individual miners of the ASMO (including board and committees)</li> <li>• Production Partners of the ASMO</li> <li>• Administrative staff</li> <li>• Workers hired by the ASMO or its processing facilities</li> <li>• Workers hired by Members and Production Partners (if applicable)</li> <li>• Responsible person(s) for ICS</li> <li>• Worker's Representatives (if applicable)</li> </ul>
<p><b>ASMO with Production Partner Organisations (PPO)</b></p>	<ul style="list-style-type: none"> <li>• Delegates of the PPO (including board and committees)</li> <li>• Individual miners of the PPO</li> <li>• Workers hired by a PPO</li> <li>• Responsible person(s) for ICS</li> <li>• Worker's Representatives (if applicable)</li> </ul>
<p><b>Small Scale Mining Organisations (SSMO)</b></p>	<ul style="list-style-type: none"> <li>• Management of the SSMO</li> <li>• Workers of the SSMO</li> </ul>
<p><b>Processing at ASMO level</b></p>	<ul style="list-style-type: none"> <li>• Domestic Processing Facilities (mills, amalgamation and melting) in the area of ASMO (applies to all type of mining)</li> <li>• Industrial processing (mineral stores, mills, amalgamation, cyanidation, absorption/ desorption).</li> </ul>
<p><b>Processor, Exporter, Importer, Manufacturer, Conveyor</b></p>	<ul style="list-style-type: none"> <li>• Facility Management</li> <li>• Purchase Management/responsible</li> <li>• Processing/Manufacturing responsible</li> <li>• Sales Management/responsible</li> <li>• Accounting Clerk</li> <li>• Workers in processing installation and storage</li> <li>• Quality Manager</li> <li>• Fairtrade Officer/Fairtrade contact person</li> <li>• Product Managers</li> </ul>

Interviews in general serve two purposes:

- a. fact finding
- b. cross checking (confirmation of findings written – verbal, verbal – verbal)

Interviews are an important means to verify compliance with the Fairtrade Standards, for both producers and traders. There are two different types of interviews conducted, namely “Focused Group Discussions” (group interviews) and “Semi Structured Interviews” (individual interviews). During a focused group discussion, a certain group of members or workers are interviewed regarding specific topics relevant to the group. Semi structured interviews are bilateral interviews following a comparable interview course each time and being randomly selected by the auditor.

Group and individual interviews are conducted with consideration being given to diversity and gender.

The sample numbers below are the minimum of interview partners to be talked to either in individual interviews or in group interviews (opening and closing meeting do not count as interview). The auditor is always free to choose more interview partners. In case the minimum participation cannot be reached, reasons for that have to be explained in the Auditor Webportal/Start tab/Deviation from Audit procedure/ToR.

Interviews on the trader level are in most cases individual interviews that mainly serve the purpose of cross checking information received during document and data control.

#### 4.1.1.1 Number of member interviews – 1st Grade Producer Organisation

The following number of members of a small producer organisation should be interviewed to have a representative sample:

Total number of members of the organisation	
< 50	Minimum 10 members
50 - 100	Minimum 15 members
101 – 250	Minimum 20 members
251 – 500	Minimum 25 members
501 – 1000	Minimum 30 members
> 1000	Minimum 40 members

#### 4.1.1.2 Number of worker interviews – 1st Grade Producer Organisation

In case small producer organisations own a processing plant where workers are hired and/or employ workers at the administrative or technical department, these workers should be interviewed to verify labour conditions. If the organisation hires more than 20 workers, additional and more detailed information about workers’ rights and working conditions have to be verified according to applicable compliance criteria. The following number of workers of a small producer organisation should be interviewed to have a representative sample:

Total number of workers hired by the organisation	
0-10	Minimum 5 workers
10-20	Minimum 8 workers
20-50	Minimum 10 workers
> 50	Minimum 15 workers

Worker interviews on the member level should be conducted on the individual farms sampled. If possible workers should be interviewed on all farms visited.

#### 4.1.1.3 Number of member interviews – 2nd/3rd Grade Producer Organisation

In the central structure, interviews must be conducted with members of the board, committees and management of the 2<sup>nd</sup>/3<sup>rd</sup> grade organisation.

Additionally to the central structure a certain number of 1<sup>st</sup> grade organisations are sampled as part of a 2<sup>nd</sup>/3<sup>rd</sup> grade audit (see section 4.1.3). The following number of members of each audited member organisation should be interviewed to have a representative sample:

Total number of individual members of the affiliated organisation	
< 50	Minimum 6 members
50 - 100	Minimum 8 members
101 – 250	Minimum 10 members
251 – 500	Minimum 12 members
501 – 1000	Minimum 15 members
> 1000	Minimum 20 members

#### 4.1.1.4 Number of worker interviews – 2nd/3rd Grade Producer Organisation

In case the organisation owns a processing plant at a central level where workers are hired and/or employs workers at the administrative or technical department, these workers should be interviewed to verify labour conditions. If the organisation hires more than 20 workers, additional and more detailed information about worker rights and working conditions have to be verified according to applicable compliance criteria. The following number of workers of a small producer organisation should be interviewed to have a representative sample:

Total number of workers hired by the organisation	
0-10	Minimum 5 workers
10-20	Minimum 8 workers
20-50	Minimum 10 workers
> 50	Minimum 15 workers

In case the affiliated member organisations employ workers, the interview sample should follow the same logic as described in 4.1.1.2 for the audited 1<sup>st</sup> grade organisation. Worker interviews on the individual member level should be conducted on the single farms sampled (see section 4.1.2). If possible workers should be interviewed on all farms visited.

#### 4.1.1.5 Number of interviews – Contract Production Project

At the promoting body, interviews must be conducted with management of the promoting body. The following number of individual members of the contract production project and workers hired by the contract production project should be interviewed to have a representative sample:

Total number of members and workers hired by the organisation	
< 50	Minimum 10 members/workers
50-100	Minimum 15 members/workers
101-500	Minimum 20 members/workers
501-1000	Minimum 25 members/workers
> 1000	Minimum 30 members/workers

**4.1.1.6 Number of interviews – Single Plantation and Multi Estate (hired labour)**

Management must be interviewed on all levels. The following number of workers hired by the company should be interviewed to have a representative sample:

<b>Total number of workers hired by the company</b>	
< 50	Minimum 10 workers
50-100	Minimum 15 workers
101-500	Minimum 20 workers
501-1000	Minimum 25 workers
> 1000	Minimum 30 workers

The interviews should be conducted on all estates visited.

**4.1.1.7 Number of interviews – ASMO/PPO**

Management must be interviewed on all levels. Furthermore the following number of miners must be interviewed to have a representative sample. All miners are registered by the ASMO. Registered miners refer to members of the organization, self-employed miners within the scope of the ASMO and workers hired by members, self-employed miners and the organisation.

<b>Total Number of miners (active members of the ASMO, production partners and workers of members, production partners, workers of the ASMO or workers of a processing facility hold by members of the ASMO)</b>	
< 25	> 90 % of all miners
26 – 500	Minimum 25 miners
500 – 2000	Minimum 5 % of all miners
> 2000	Maximum 100 miners

**4.1.1.7.1 Domestic Processing Installations under the umbrella of an ASMO**

The auditor is requested to physically audit domestic processing installations owned by miners, by their families or by third parties who are operating in the mining area of the ASMO. A group interview should be carried out with all persons working in a domestic processing plant and individual interviews if necessary.

<b>Total number of domestic processing plants</b>	
< 25	> 90 % of all processing plants
26 – 100	Minimum 20 processing plants
>200	Minimum 5 % of all processing plants

**4.1.1.7.2 Small Scale Mining Organisations (Hired Labour situations) that receive stand-alone audits**

<b>Total number of workers hired by the organisation</b>	
< 25	> 90 % of all workers
26 – 500	Minimum 25 workers
500 – 2000	Minimum 5 % of all workers
> 2000	Maximum 100 workers

#### 4.1.1.8 Number of interviews – Trade organisation

Management must be interviewed on all levels. To the extent that the functional areas/positions exist, interviews must be conducted with staff working/responsible for purchase, storage, transportation, sales, packaging and dispatch. Furthermore, workers should be interviewed about the production/manufacturing flow of products.

#### 4.1.2 Sample size of farms during a 1st Grade Producer Organisation or Contract Production Audit

The auditor is requested to physically audit a certain number of member farms to be able to see cultivation practices and to talk to farmers individually. This is the minimum number to be visited:

Total number of members of the organisation	
< 50	Minimum 2 farms
50 - 100	Minimum 5 farms
101 – 250	Minimum 5 farms
251 – 500	Minimum 5 farms
501 – 1000	Minimum 10 farms
> 1000	Minimum 10 farms

The auditor is always free to choose more farms visits in the allocated audit time.

#### 4.1.3 Sample size of affiliates and estates

##### 4.1.3.1 Sample size on 2nd/3rd grade producer organisations

The central structure of the 2<sup>nd</sup>/3<sup>rd</sup> grade organisation is always part of the audit scope. The auditor is requested to verify information obtained at the central structure at a representative number of affiliated member organisations:

- At a minimum, all or 3 member organisations (whichever is lesser) are audited in the first year (initial certification).
- The exact number of samples in all other audits is calculated using the square root of the total number of member organisations part of the Fairtrade Certification.
  - At a minimum the sample is comprised of 2 member organisations
  - At a maximum the sample is comprised of 10 member organisations

##### 4.1.3.2 Sample size during a Major Structure audit (Gold Mining)

The central structure is always part of the audit scope. The auditor is requested to verify information obtained at the central structure at a representative number of affiliated ASMOs:

- At a minimum, all or 3 ASMOs (whichever is lesser) are audited in the first year (initial certification).
- The exact number of samples in all other audits is calculated using the square root of the total number of ASMOs part of the Fairtrade Certification.
  - At a minimum the sample is comprised of 1 ASMO within the scope of the Major Structure
  - At a maximum the sample is comprised of 20 ASMOs

##### 4.1.3.3 Sample Size on a Multi Estate audit

The central estate of the Multi estate is always part of the audit scope. The auditor is requested to verify information obtained at the central structure at a representative number of affiliated estates part of the Fairtrade certification:

- All affiliated estates are audited in the first year (initial certification)
- All estates should be audited within the 3-year cycle



- To reduce the risk of not checking compliance at an SE in 3 years, follow-up audits are recommended to verify compliance where an increased risk is perceived (e.g. repeat non-conformities, deceiving OE documents previously provided, external factors such as news of strike etc.) As a risk mitigation measure it should be considered to carry out unannounced audits at multi estates that have been identified as high risk

#### 4.1.3.4 Sample Size for Out Growers Working with HL companies

If the operator is certified against the Fairtrade Standard for Hired Labour for Fresh Vegetables in Africa, the Hired Labour company will be working with small out-grower organisations supplying product to the central company.

The Hired Labour company will have an Internal Control System in place for constant supervision of Fairtrade compliance amongst the small out-growers' organisations. FLOCERT audit and certification will rely mainly on the proper functioning of this Internal Control System, which will be audited annually. In addition, the auditor is requested to verify information obtained at the central structure at a representative number of out-growers' organisations included in the Fairtrade certificate:

- At a minimum, all or 3 out-growers' organisations (whichever is lesser) are audited in the first year (initial certification).
- The exact number of samples in all other audits is calculated using the square root of the total number of out-growers' organisations part of the Fairtrade Certification.
  - At a minimum the sample is comprised of 2 out-growers' organisations
  - At a maximum the sample is comprised of 20 out-growers' organisations

#### 4.1.4 Sample Checking for the Verification of Mass Balance

Any reconciliation of the mass balance of the Fairtrade product has the aim that not more products are sold than produced and/or bought. If the organisation produces/trades more than one product, the auditor is requested to select the products with the highest volume and the highest value. The selected timeslots must include high peak trading or harvesting times.

#### 4.1.5 Number of Samples on Processing Installations (only Producer Level)

The auditor is requested to physically audit processing installations owned by the organisation/company in order to control the working conditions. To draw a representative number of samples, the auditor is requested to assess

- All processing installations in the first year (initial certification)
- All processing installations within a 3-year cycle.

#### 4.1.6 Exporting Business (only Producer Level)

If the operator runs an exporting business for themselves, the activities are always part of the audit scope.

In cases where producer organisations or companies export for other Fairtrade organisations, the auditor is requested to control that the operator is in compliance with trade certification requirements.

#### 4.1.7 Sample Checking of Trading Information (only Trade Level)

The auditor is requested to cross check or sample check certain trade information of the operator during an audit. Minimum levels are as follows:

Kind of Information	Sample
<b>Original Contracts, Shipment documents &amp; Delivery Notes</b>	One sample per buyer and seller At a minimum, one of each per trade chain At a maximum 12 of each
<b>Purchase invoices &amp; Payments</b>	One sample per buyer and seller At a minimum, one per trade chain At a maximum 12 payments



**Sales documentation  
including invoices**

One sample per buyer and seller  
At a minimum, one per trade chain  
At a maximum 10 invoices  
As an alternative it is also possible to monitor the process of invoicing in the ERP system of the customer

**4.1.8 Number of Products**

All products under Fairtrade certification are always part of the audit scope for producers and traders.



## 4.2 Documentation of Visited Entities

The auditor is requested to document what was inspected during the audit in order to ensure a balanced sampling throughout the certification cycle. The below table shows the documentation requirements for all organizational setups:

Type of organization	Visited part(s) of the organization	To be documented in
<b>Trader</b>	All facilities belonging to the company such as processing, warehouse or administration	Closing Report
<b>Trader</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities
<b>1<sup>st</sup> grade producer organization</b>	Visited member farms	Audit Annex "Member List"
<b>1<sup>st</sup> grade producer organization</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities
<b>2nd or 3rd grade producer organisations</b>	Visited Affiliates	Closing Report Ecert Tab preparation/additional entities  <i>Or</i> Audit Annex "Member List" (in case of large organizations)
<b>2nd or 3rd grade producer organisations</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities
<b>Contract Production Project</b>	Visited member farms	Audit Annex "Member List"
<b>Contract Production Project</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities
<b>HL – Single Plantation</b>	All facilities belonging to the company such as processing, warehouse or administration	Closing Report
<b>HL – Single Plantation</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities
<b>HL – Multi Estate</b>	All facilities belonging to the company such as processing, warehouse or administration	Closing Report
<b>HL – Multi Estate</b>	Visited Affiliates	Closing Report Ecert Tab preparation/additional entities
<b>HL – Multi Estate</b>	Additional entity	Closing Report Ecert Tab preparation/additional entities

## 4.3 Selection of Auditors and Audit Teams

### 4.3.1 Selection of Auditors

- FLOCERT auditors should not conduct more than 3 consecutive audits for the same customer. However, this can be allowed if he/she is the only auditor in a region or has the specific knowledge for the region such as language, legal restriction or other social, cultural or technical knowledge. It could also be permitted if due to clustering it is more efficient to use the same auditor) and if auditor's evaluations show solid good performance. The reasons for doing more than 3 consecutive audits will be documented.

- It is also advised that the same auditor should do consecutive audits as thus the knowledge of the organization will deepen. Especially in the case of an unannounced audit it is advantageous if the auditor knows the organization from before.

### 4.3.2 Audit Teams

The number of audit days set out in section 5 is based on the assumption that the audit is conducted by one auditor, which will be the case in the majority of audits.

A team of two auditors is sent in cases of

- Mid to large structures (2nd and 3rd grade organisations, contract production projects and multi estates)
- Large 1st grade organisations and plantations
- Traders with large volumes of annual purchases or complex trade structures
- Possibly conflict situations

The interviews/visits of the affiliated member organisations/estates can then be conducted in parallel. Another recommendation is to combine specific auditors expertise and experience (e.g. environmental and trade experience).

The lead auditor is responsible for audit preparation and reporting. Planning the number of days allocated for an audit conducted by an audit team results into the following changes:

- *Preparation* – no change (the preparation is only allocated to the lead auditor)
- *Travel* – two auditors have to travel to the organisation/company therefore the number of days allocated increases by 100%
- *Onsite Visit* – The time each auditor spends with the organisation/company onsite is nearly reduced to 50%. However, some parts of the audit, such as the opening and closing meetings and communication between the auditors, cannot be conducted in parallel. Thus up to two extra days for the second auditor can be allocated to the audit duration - Increase by 1 or 2 days.
- *Reporting* – no change (only allocated to the lead auditor)

## 5 Relevance of Organic or other certifications

The fact the organisation holds a valid organic certificate of an accredited organic certifier or any other certificate for the entire organisation has no influence on the audit time and scope or on the rationale of the audit. However, information from audits such as organic may be used for cross-checking of findings during the audit.



## **6 References**

- CERT Certification SOP
- CERT AuditorRecruitmentTrainingEvaluation WI
- CERT Audit Preparation Letter
- Public Compliance Criteria Lists
- TC FeeSys ED
- CERT AuditTime WI



## 7 Change History

Version	Author / Reviser	Date Approved	Changes
12	F. Bringe	04.12.2009	Content changes according to QM news sent out in week 50/2009
13	A. Zschocke	06.07.2010	Included processes for Small Licensees and Gold Mining, changed audit time for additional entities from 1 day to 0.5 days, changed on-site audit days for biggest category of Single Plantation from 4.5 to 4, included Unannounced Audits, Scope Extension Audits and Desktop Audits, included procedure for Mixed Structures, category B for traders with no transaction at their Initial Audit
14	J. Goss	09.06.2011	Section 6.2.7 Travel day calculation altered: description more general; responsibility of RM clarified / Section 6.3.4 added in order to clarify audit/travel time for trade audits / 6.3.3 Add entity: deleted the term sub operator / 6.1.7. Reduced Audit time / Section 4.1 Initial Audit deleted "As a result of the application evaluation process traders receive the preliminary Permission to Trade in Fairtrade products / Section 6.1.1 (1st Grade Organisations) comment added- As the '0'major requirements are checked in the Application Evaluation stage hence initial surplus from the Initial onsite audit will be removed. The same to be followed in case of all producers / Section 6.1.1, 6.1.2, 6.1.3, 6.1.4 & 6.1.5-Initial surplus removed / Section 3.1.: Amended 1st paragraph of about annual auditing of producers. / Section 3.2. Amended Audit Frequency for traders (removed desktop audits) / Section 4: Reference to Risk Classification in Cert WI added / Section 4.2. Deleted provision for desktop surveillance audits. / Section 4.7 Amended rules for desktop audits only in exceptional circumstances. / Section 4.6 on Unannounced Audits amended / Section 4.2, 5.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5, 6.1.7 & 6.2.10 - Onsite surveillance visit days and Total surveillance audit days added / Section 5.1.1 revised with regards to sampling sizes (excluding gold set ups) / Sections 6.1.1, 6.1.3, 6.1.4, 6.1.5 Reporting days for surveillance audits added.
15	J. Goss	16.10.2012	Audit Frequency was removed as this is covered in the CERT SOP / Description of UA changed according to current practice / Part of Fee Annex delete as no information should be doubled in QM documents
16	J. Goss	28.08.2013	Flexibility for focus of Unannounced audits described, More flexibility added to reasons for FU audits, Audit time removed from SOP and made a WI
17	J. Goss	16.12.2014	Clarification on Desktop Audits / Number of UAs changed / Documentation of visited entities added / List of Interview partners updated