

8. On-Site Audit Process

There are **nine** components of the EICC on site Validated Audit:

- 8.1 Audit Team Preparation Meeting
- 8.2 Opening Meeting
- 8.3 Orientation Tour
- 8.4 Detailed Evaluation
- 8.5 Management interviews
- 8.6 Worker Interviews
- 8.7 Analysis of Findings
- 8.8 Daily Wrap up meetings
- 8.9 Closing Meeting

8.1 Audit Team Preparation meeting

The Operations Manual is available to all EICC members and is made available to the Auditee during the scheduling of the EICC Audit by the APM.

The audit agenda will be sent to the Auditee by the Lead Auditor 14 calendar days before the opening meeting.

An Audit preparation meeting, led by the Lead Auditor and attended by all Audit team members, should take place the evening before the Audit. The purpose of the meeting is to ensure each member of the Audit team is introduced to one other as well as to align on team roles and responsibilities.

The preliminary interview schedule (who interviews whom and when) is also reviewed. However, changes to the schedule are possible as the Audit progresses and suspected nonconformances require further investigation.

The Lead Auditor will then review the EICC templates with the Audit team to ensure each Auditor understands their role, conduct and responsibilities during the course of the Audit as well as what is expected in terms of their output.

Note: If workers from onsite subcontractors are present, Lead Auditor will ensure that Auditee informs subcontractor **BEFORE** the onsite Audit that workers employed by them will be engaged (interviewed) and that working hours and wage/benefits review might take place. **Auditee will ensure that necessary information is available for review.**

8.2 Opening Meeting

The purpose of the opening meeting is for the Audit team to introduce themselves to Auditee management and staff and review important aspects of the Audit such as the schedule, the specific areas to be addressed, and how the report will be prepared and delivered.

8.2.1 Audit Team Presentation

The Lead Auditor will review the Audit agenda, Audit process and scope, and any other items as requested by the Auditee. The opening meeting with Auditee management should last no more than one hour.

The Lead Auditor should use the PowerPoint presentation template, "EICC Audit Opening Meeting Template." The slide set can be modified as needed. A typical agenda for the opening conference includes:

- Purpose and objectives of Audit
- Audit scope
- Audit approach
 - Tours, interviews, record reviews, taking of field notes
 - Emphasize the fact that not every record or operation will necessarily be reviewed in detail and that the team may only look at a representative sample of items to determine conformance.
 - Field notes will be reviewed by the Lead Auditor to ensure that they contain only statements of fact and not supposition or inappropriate comments
 - Scheduling the daily wrap-ups and closing meeting
- Audit schedule
- Report preparation and QA process
- Auditee management response process
- Audit process flow chart making certain that the Auditee understands the timeline

8.2.2 Auditee Presentation

The Auditee should present an overview of the facility, including:

- CR program organization
- Assignment of responsibilities
- CR issues, goals and performance
- A summary review of facility operations
- Identification of important site activities occurring during the week
- Major changes since the last Audit (for follow-up Audits)
- A review of the pre-Audit documentation including the SAQ and any previous Audit reports
- Identification of key interview candidates and availability (including relevant organization charts)
- Identification of the Audit teamwork room and phone protocol
- Identification of the site work hours and visitor safety and security protocols
- Identification of computer/prINTER support
- Discussion of the site escort protocol for visitors
- Other information of potential interest to the Auditors and attendees

8.3 Orientation Tour

The Auditee should lead the Audit team on a brief (no more than one hour) orientation tour, which should take place immediately after the opening meeting. The purpose of the tour is to:

- a) Familiarize the Audit team with the facility layout and key operations;
- b) Observe general physical and working conditions;
- c) Observe areas of potential high risk as identified in the Auditee self-assessment (SAQ) and other pre-Audit documentation; and
- d) Identify and prioritize other areas and aspects of local operations that may require more detailed inspection and review during the Audit.

The orientation tour should provide a general overview and walk-through of all buildings and operations within the scope of the Audit.

8.4 Detailed Evaluation

This Manual and the EICC Audit Criteria are intended as guides to the evaluation process.

Daily Audit planning and preparation for each day's Audit activities are critical to an effective Audit. Interviews, facility inspections and program reviews should be carefully scheduled based on the Audit scope, priorities identified during pre-Audit preparation, and on observations made during the site tour and records review.

Tours and interviews are intended to provide insight into CR policies and practices, implementation of procedures, awareness of roles and responsibilities, and management involvement.

Documentation and records review provides information on how well CR management systems are defined, implemented, and sustained.

8.4.1 Observable, Objective Evidence

When conducting interviews, making observations and reviewing relevant documents and records, Auditors must rely solely on observable, objective data and facts (not inference). A fact is information that is:

- Objective and verifiable;
- Stated or documented; and
- Unaffected by emotion or prejudice.

Although a fact can be easily verified by checking its source, an inference is an opinion or assumption based on incomplete information. Although both play a role in Audit observations and results, an inference requires further evaluation and verification before a conclusion can be made.

Data Corroboration

Multiple data points must be used to verify a finding of conformance or nonconformance. The purpose of this corroboration is to ensure that the Audit findings accurately reflect the facility's policies, practices and workplace conditions at the time of the Audit. Corroboration helps ensure that Audit findings will be credible and defensible.

One process for corroboration is triangulation, which involves the convergence of data from multiple data collection sources. The idea is that one can be more confident with a result if different sources and types of data lead to the same result. In addition, more data makes it easier for the Auditee to determine the root cause of the issue and implement effective corrective and preventive action.

In most cases, Audit **findings must be substantiated by at least three data points**. The data points can be either different types of data, or the same kind of data, but derived from **independent sources**.

Rule of thumb: Three data points are always required whenever either management statements or documentation contradicts information provided by workers.

Different types of data include: documents; records; management interviews; worker interviews; and physical observations. Independent sources mean that the data is obtained from different parts of the facility; different functional areas; or different work shifts.

Examples:

- A visual observation by the Auditor, a reviewed document and a management interview are three independent data points as they are three different types of data
- A document review and interviews with two workers from different departments are also three independent data points. Although two data points are of the same type (work interviews), they were obtained from different sources
- A physical observation and interviews of two workers in the same work area are not three data points. Two worker interviews from the same work area are of the same type and from the same source.

Number of Data Points required for different levels of conformance:

- Conformance or Minor Nonconformance: One data point is required for **each aspect** of the compliance statement
- Major Nonconformance or Priority Nonconformance conclusions: three data points are required.
- Risk of Nonconformance:
 - Three data points are required to demonstrate that current system does not allow to prove conformance or nonconformance because of weak management system
 - Situations where a suspected nonconformance that cannot be verified with at least three data points
- For N/A — one data point is needed and justification of N/A in conclusion

Supporting Evidence:

Supporting evidence is only required when a nonconformance is found

- If Auditors take more supporting evidence off site (even for conformance) then this should be provided to the APM when the draft VAR is submitted

Legal References:

- Legal references are only required when a legal nonconformance is identified

Exceptions

There are some situations where two independent data points are sufficient. The following criteria must be met whenever fewer than three data points are provided:

- For questions confirming the presence of a document (e.g. environmental permit), a third data point is not required. It is adequate to verify by a document review that a document was not in place along with a corroborating statement from management.
- For questions based on a physical observation by the Auditor (e.g. Are hazardous chemicals or substances labeled properly?), a third data point is not necessary. It is adequate to provide only the observation and a corroborating management statement.
- For questions requiring worker input; if either documentation or management statements corroborate information provided by workers, a third data point is not required.

- If documents and/or management statements contradict the information provided by a clear majority of workers, this indicates a possible system failure (implementation or effectiveness) and a third data point is required

8.4.2 Finding Root Cause

In evaluating information and evidence, **the Auditor must look for management system connections and root cause(s)**. Do not consider an identified issue in isolation.

The cause of an observed workplace issue is likely a deficiency in a management system process, such as an incomplete risk assessment or an inadequate corrective action process.

Getting to root cause and identifying system connections are important for both the Auditor and the Auditee. The primary reasons are that:

- Observations are often only symptoms of the real issue(s); and
- Problems can only be corrected and recurrence prevented by addressing the underlying system cause(s).

Example: Consider the case of a worker observed not wearing hearing protection in a high noise area. It may be easy to conclude that the reason was that hearing protection was not provided. However, upon a more thorough evaluation of the evidence, the Auditor may find that the Auditee was unfamiliar with the regulation requiring the use of hearing protection, or that the worker was not trained on the need to wear hearing protection, or the Auditee lacked an enforcement/reinforcement process. These are more fundamental or root causes of the observed deficiency.

8.4.3 Program Documentation and Records Review

As stated in the Audit Team chapter, Pre-Audit Planning section, the Audit team should review all available documents; such as self-assessments, previous Audit reports, corrective action plans, etc., prior to the onsite Audit. The reason for this is to target high risk/concern areas and to allow better utilization of limited on-site time.

Some on-site document review will be necessary, however, as confidential information, such as payroll records and timecards can typically not be provided in the pre-Audit phase.

It is important for the Audit team to spend some time reviewing the site's compliance records (e.g. permits, plans, procedures, records) before interviewing the staff or inspecting the operating facilities. This is because many of the compliance requirements are found in these records. The Audit team will review the records for the applicable requirements and verify compliance through interviews, inspections or a review of compliance data.

The Auditors should be thorough in the review of records. However, this does not mean that every record is to be evaluated. The Auditor is free to use statistical or otherwise representative sampling in the review. Where the Auditor does not review every record and there is a nonconformance finding, the Auditor must reflect the sampling method in the statement of finding.

The documents and records that must be available on-site for Auditors to review covering at least the previous 12 months is provided in **Section 7.3.13 AND Section 7.3.2.**

A minimum of three months of pay and time records (peak, valley and average month) will be reviewed for each worker for the 12-month period prior to the Audit. In the case of a

Closure Audit, three months of pay and time records will be reviewed for each worker from the period of corrective action implementation till date of Audit (not exceeding one year).

Note: The number of records per month reviewed must always equal at least the square root of the total number of workers at the site, even if you have interviewed less than that number.

Note: A Closure Audit **CANNOT** take place unless there are at least three months on consistent implementation data of the CAP (unless the Closure Audit is related to a Priority Nonconformance) or if the Closure Audit will take place **AFTER** the initial audit has expired (2 years after close meeting of Initial Audit). In the latter **a new Initial Audit is required.**

8.4.4 Facility Inspections

Inspections of the site, with special attention given to potential high risk/nonconformance areas, should be conducted following a review of records and interviews with Auditee management staff. Physical inspections may include areas concerned with:

- Air emissions and emission control systems;
- Hazardous waste generation and storage;
- Fuel, chemical and oil storage, transport and use;
- Wastewater treatment, discharge and sludge disposal;
- Hazardous materials storage and handling;
- Manufacturing and processing operations;
- Work stations;
- Worker canteen, kitchen and food storage facilities;
- Recreational facilities;
- Restroom/bathroom facilities;
- Medical center/clinic, and
- Dormitory facilities.

Worker interviews should be conducted while performing these detailed site tours. Also, with consent from the facility management, digital photographs might be taken to further support the data obtained.

8.5 Management Interviews (Auditee Staff)

Proper interviewing is perhaps the single most important element of the process. Auditors should focus on obtaining responses that enable accurate evaluation of past and current operating practices. Interviews should be done in a manner that is sensitive to interviewee apprehension and nervousness. Interview candidates should include senior managers, program managers, and supervisors.

Auditors should verify statements made by site staff through a review of documents, records, physical observations and worker interviews. This "verification" step is used routinely in Auditing and Auditors should ensure that site staff is aware that it is not meant to be a challenge to the veracity of their statements.

The Audit Team will conduct interviews, as appropriate, with:

- Site manager(s);
- Production manager(s);
- Environment manager(s);
- Health and Safety manager(s);
- Quality manager(s);
- Internal Audit Manager(s)/Auditor(s);
- Human resources manager(s);
- Finance manager/payroll manager(s);
- Legal;
- Procurement manager(s) (to understand any relevant supply chain CR policies);
- Supply chain manager; and
- Onsite medical staff as appropriate.

8.6 Worker Interviews

Worker interviews provide the Audit team with a critical complement to the opening meeting, staff interviews, site observation and documentation review. Listening to and understanding the workers can provide a realistic view of living and working conditions. Their views are critical to obtaining a full range of perspectives on facility programs and performance.

Worker interviews are a particularly sensitive topic. Auditors should always ask Auditee management to ensure that worker interviews can be conducted privately, without the presence of Auditee managers or other staff. Worker input must be confidential and the Auditee should agree at a senior level that they would encourage workers to be open and honest during interviews and actively protect any interviewed worker. Interviewed workers must remain anonymous and must not have their pay docked or suffer other penalties as a result. However, management may be suspicious of such activities and workers may be concerned about what will happen to them if management is aware of their participation. **APM should be immediately informed if site management is unwilling to allow interviews, or if the team feels that workers talking openly with Auditors will compromise the workers.** The APM will assess the situation, including contacting the Auditee, in order to determine if the Audit should continue or if the Auditors should use other methods of investigation where possible.

The EICC Audit Criteria and Audit Protocol contain typical worker interview questions for those sections that require worker feedback to verify facility conformance.

In order to provide statistically valid results, the number of worker interviews conducted and the number of worker records reviewed depends on the number of workers at the facility. The Audit team will select workers for interview throughout the Audit, and will require a confidential space to conduct the interviews. Interviewees will be drawn from a range of workers including permanent, temporary, subcontract labor, security, cleaners, food preparation, ... The pool of workers to be interviewed will include new workers at less skilled positions, workers from various departments and shifts, and workers of both genders. This should include worker representatives as appropriate. Auditors must use their discretion and consider industry, location, and individual facility knowledge when defining the number of employees to interview.

The **number of interviews** conducted should equal approximately the square root of the total number of workers (direct and indirect employed people excluding management staff) (e.g. 55 interviews for a factory with 3000 workers). This should be done with a mix of individual and small group interviews. Roughly half the workers should be interviewed individually, while the other half can be interviewed in small groups. The ratio of individual and group interviews is for guidance only, and may be modified depending on circumstances, but every effort should be made to achieve the total number recommended. Where this is not possible clear explanation for a lower number of interviews should be given in the report.

Rule of thumb: Regarding the number of workers to be interviewed, if you have interviewed at least half the target number (one half of the square root) and all worker feedback is consistent with information provided by management and documents reviewed, then it is not necessary to perform any additional interviews.

Interview time is estimated to be less than 10 minutes for individual interview with no issues and 20 minutes for individual interview where issues are raised. Group interviews are estimated at 30 minutes taking into account the additional time to get workers to attend and to give everyone an opportunity to express themselves. This length is only a guideline/suggested minimum. Auditors will rely on their training and experience to determine the length of actual interviews with individual employees. If issues are uncovered with a particular worker, the interview will be extended to fully explore the issue. Alternatively, if workers are consistently providing the same information, interviews may be the minimum timeframe.

Ensure to document the following information about worker interviews:

- Gender breakdown of interviews (e.g. 36 female, 32 male and 12 juveniles);
- The shift on which workers are engaged (if applicable);
- Any issues with privacy and confidentiality of interviews;
- Whether workers attended interviews freely;
- Workers were not coerced;
- Age range of interviews undertaken;
- Number of individual and group interviews undertaken;
- Total number of interviews undertaken; and
- Whether interviews were undertaken by the Auditor or professional interviewer.

8.7 Analysis of Findings

8.7.1 Audit Team Communication

The Audit team will meet frequently throughout the Audit to exchange information and gauge the Audit's progress. The Audit Team Leader should assemble the Audit team at the beginning and end of each day to discuss findings, exchange information, determine Audit follow-up trails and strategies, and note areas that need attention.

8.7.2 Audit Findings

Preliminary findings must be confirmed with the management representative by reviewing the facts and supporting evidence. This should be done during the daily closing meeting. Auditors should be open to different approaches that the Auditee may use to meet the Audit Code and its provisions requirements.

The supporting evidence for all conclusions – both conformance and nonconformance – must be described in the appropriate field in the Audit Protocol.

If an Auditor has a question about how to interpret an EICC Audit Criteria requirement, it should be immediately directed to the APM.

a) Definitions

- **Audit Evidence:** records, statements of fact or other information, relevant to the Audit criteria and which are verifiable. As stated in the Observable, Objective Evidence section in this chapter, three independent data points must substantiate most findings.
- **Audit Findings:** result(s) of the evaluation of the collected Audit evidence against Audit criteria.

b) Analysis

While the Audit process is a collaborative effort between the Auditee and the Audit team, ultimately the Audit findings are based on the judgment of the Audit team.

The Audit team will ensure that findings are:

- Based upon objective evidence obtained during the Audit, relative to:
 - Intent: whether the Audit criteria have been addressed,
 - Implementation: how well the practice meets the defined criteria, and
 - Impact: whether the policies and practices deliver the intended results
- Reflective of the issues and risks present at the site;
- Focused on the most important issues;
- Based on current performance only (i.e. you cannot consider future plans in making a conformance determination);
- Structured to make it easy for management to determine a response (corrective and preventive action);
- Consistent among Audit team members; and,
- Presented in a way to motivate improvements in performance.

c) Rating (Color Coding) of Findings

Audit findings are presented as a:

- Priority Nonconformance (Red with White Central Star),
- Major Nonconformance (Red)
- Minor Nonconformance (Yellow)
- Nonconformance to a specific requirement in the EICC Audit Criteria (Orange)
- Risk of Nonconformance (Orange)
- Conformance (Green)

The rating of each EICC Audit statement has been predefined. However, based on the identified risk, the Audit team is free to suggest either increasing the rating (e.g. Major to Priority) or decreasing it (e.g. Major to Minor). A thorough justification must be provided for any change to the predetermined question significance levels.

The following are examples of risk factors to consider when changing the rating of a finding:

- Health and safety risks to workers
- Health, Safety and Environmental risks to the community
- Significant restriction or abrogation of worker rights
- Nonconformance to local law
- Reputational risk
- Operational risk

8.8 Daily Wrap-up Meetings

Findings should be summarized and discussed daily in an informal session with the Auditee's management representative(s). This is needed to prevent "surprises" at the closing meeting and to give Auditee management the opportunity to provide evidence or information that the Auditor may have overlooked.

Meetings should be kept to 30 minutes and the Auditor should:

- Discuss any "Priority" findings, including need for immediate correction or containment of ones that constitute imminent danger to life.
- Inform Auditee management that a formal communication of "Priority" items will be made to the APM, who will in turn notify the Auditee's EICC customers.
- Make the Auditee aware of any issue where the Audit team needs additional information in order to make a determination of conformance.
- Encourage the Auditee to present/prepare additional evidence as well as alternative approaches to compliance/conformance with the Audit criteria and legal requirements.

8.9 Close Meeting

The closing meeting will take place at the end of the last day of the Audit. Major Audit findings are communicated in the closing meeting as this enables the Auditee to agree with the findings and ensure they fully understand them and therefore how to address them properly. In instances where the Auditors need to conduct further studies (e.g. review relevant legislation) to establish if an issue observed is indeed a finding, the facts of the pending issues must be agreed with the site management and the reasons for further investigation should be articulated during the closing meeting. This is to minimize on the possibility that issues not discussed during the closing meeting will come as a surprise item in the Audit report.

The Major and Priority Audit findings must be presented during the Closing Meeting. The Auditor can use summary slides created from the EICC Closing Meeting Template. If the situation requires a Closing Meeting presentation (if it is a site expectation, large number of people, culture) the Auditor should complete and present the EICC Closing Meeting Template. At a minimum, the EICC Closing Meeting Template should be used as a talking point guide to ensure consistent messaging if the situation does not require a formal presentation (it is a small site).

The Audit Finding Acknowledgement Statement is signed at the end of the Closing Meeting and emailed to the Auditee and APM signed within 48 hours of the close meeting.

The closing meeting is also used to thank facility management for allowing the team to tour the facilities and for their cooperation during the Audit.

NOTE: For Priority nonconformances, it is essential to:

- **Communicate to Auditee management that immediate containment actions are mandatory**
- **Immediate containment actions should be completed by end of audit**
- **Auditor will list the status of the immediate containment actions at the end of the audit as “auditor note” in the conclusion of the applicable question in the audit report.**

This does not apply for working hours and social insurance as no containment action can typically be taken before close of audit.

The Audit team will also describe the next stage of the Audit process – i.e. the formal Audit report containing all findings, and the requirement for the Auditee to address the findings with a written improvement plan that must be provided to their approved customers upon request.