Unannounced Audit Policy

Fair Trade USA

Version 1.0.0

Purpose

The purpose of this policy is to describe the selection criteria and assessment process related to follow up audits conducted on an unannounced basis.

Unannounced audits may occur in response to allegations & stakeholder input or as a means for ongoing monitoring of compliance and the efficacy of corrective measures.

Scope and Applicability

This policy applies to all existing Certificate Holders and all applicants for certification against the Fair Trade USA Agricultural Production Standard, Capture Fisheries Standard, or Factory Standard for Apparel and Home Goods (Factory Standard).

Terms and Definitions

Unannounced audit refers to audits with no notification provided to the client by Fair Trade USA or the conformity assessment bodies (CABs) prior to the audit taking place. When advanced notification is necessary to gain access to the certified sites, such notification shall not exceed 24 hours in advance. If more notice is deemed necessary, such as in cases where travel and scheduling is particularly difficult, prior approval from Fair Trade USA is required. Whenever possible, unannounced audits will be conducted during periods of high activity (e.g. production, harvest) to ensure that findings are relevant and representative of the overall management of the sites included under the certification.

Client facilitation of announced and unannounced audits is a requirement of Fair Trade USA Standards. Client facilitation of audits includes granting auditors access to all documentation (for document review including records, contracts, receipts, forms, policies, etc.), all workers (for worker interviews) and all production sites (for observation) needed to evaluate compliance with the compliance criteria.

1. Risk Assessment

1.1. Fair Trade USA aims to cover approximately 10% of certified clients through unannounced audits.

1.2. Unannounced audits will be focused on clients with a high risk index. Identification and classification of high risk clients is informed by the following criteria:

- Allegations of non-compliance with standards;
- Large volume transacted and/or large amount of premium received;
- High visibility of client’s business practices and products;
2. Compliance Assessment Process

2.1. Audit planning

2.1.1. Annual surveillance or follow up audits conducted in the years between evaluation and re-certification audits may be announced or unannounced audits.

2.1.2. Where an unannounced audit is conducted in response to an allegation received by Fair Trade USA, Fair Trade USA will communicate related audit terms of reference to the CAB and pay for the related audit costs. Audit costs are otherwise paid by the Certificate Holder.

2.1.3. Additional time and expenses associated with any follow-up audits needed due to a lack of facilitation with the unannounced audit may be billed to the client at the discretion of Fair Trade USA.

2.2. Audit scope

2.2.1. The primary focus of an unannounced audit will be the compliance criteria specific to the rationale for selection. The auditor reserves the right to expand the scope, with Fair Trade USA approval, to include additional Compliance Criteria as deemed necessary based on findings on-site and may identify non-conformities if observed against those requirements.

2.3. Audit

2.3.1. The auditor or audit team will follow assessment methods and procedures as described in the relevant program assurance manual.

2.3.2. In the event that the auditor is denied access to a company or organization’s facilities/production areas, is asked to wait an unreasonable amount of time before being given access to the required locations, is not granted access to required documentation, or is otherwise obstructed such that completion of the audit is not possible, further sanctions (e.g. suspension) will apply.

2.3.3. The unannounced audit will include an opening meeting and closing meeting focused on the evaluation of Compliance Criteria included in the audit scope. In cases of audits that result from allegations, the circumstances of the allegation will remain confidential.
2.4. Report

2.4.1. Reporting of non-conformities to the client will follow the process used for a regular audit, including the issuance of a Non-Conformity Report (NCR) and a Corrective Action Plan (CAP) for client response to describe the preventive and corrective actions to be taken within an expected timeline to address the NCs identified during the audit.