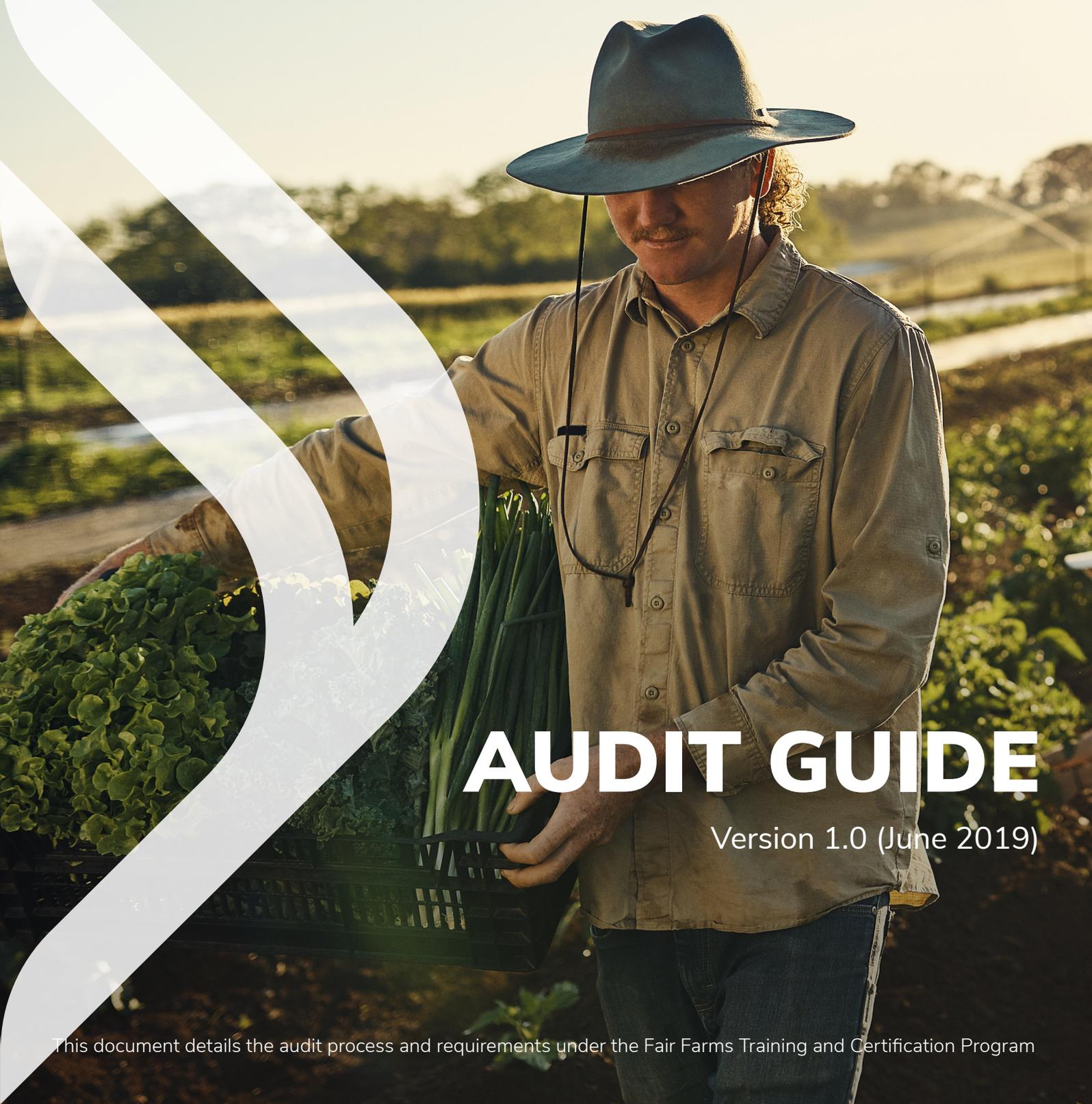




FAIR FARMS

FOSTERING FAIR EMPLOYMENT PRACTICES
IN THE AUSTRALIAN HORTICULTURE INDUSTRY



AUDIT GUIDE

Version 1.0 (June 2019)

This document details the audit process and requirements under the Fair Farms Training and Certification Program





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1. Introduction

Queensland Fruit and Vegetable Growers Ltd trading as Growcom Australia (Growcom / Fair Farms) is implementing the Fair Farms Training and Certification Program (Fair Farms Program / Program).

The objective of the Fair Farms Program is fostering fair and responsible employment practices across the Australian horticulture industry. The Program aims to support a transition towards stronger workplace compliance which will lead to improved employment practices, fairer treatment of workers and reduced risk of worker exploitation and other human rights violations.

This Fair Farms Audit Guide describes the Fair Farms audit process and requirements and is to be read in conjunction with the Fair Farms Rules, the Fair Farms Standard and the Audit Checklist, as amended from time to time.

The Fair Farms Scheme documentation is under continuous review by the Fair Farms Technical Steering Committee and key stakeholder groups and will be updated on a regular basis.

Capitalised terms used in this document have the meaning given to them in the Glossary in Section 28.

2. Auditor Requirements

- 2.1. All auditors undertaking Fair Farms audits must be employed or contracted by a Fair Farms approved Certification Body and must be current members of the APSCA (Association of Professional Social Compliance Auditors) at the time of the audit. This applies to any member of the audit team, whether directly employed or contracted.
- 2.2. To carry out a solo audit or act as an audit team leader the auditor must be a:
 - Certified Social Compliance Auditor (CSCA), or
 - Associate Social Compliance Auditor (ASCA) with 150+ days of documented non-social & ethical audit experience.
- 2.3. ASCA member auditors with less than 150 days of other documented audit experience may act as audit team members. Audit team members may not raise or close Findings, but otherwise may carry out all other audit activities under the direction and supervision of the audit team leader.
- 2.4. Audit managers and reviewers must be current members of the APSCA (Association of Professional Social Compliance Auditors).
- 2.5. There is no qualification requirement for Audit administrators.

3. Audit Initiation

- 3.1. Audits are requested ("initiated") by the Participating Business Unit (PBU) as the client.
- 3.2. A list of approved Certification Bodies ("auditors") will be made available by Fair Farms as the Scheme Owner.
- 3.3. The PBU is free to obtain as many quotations as it wishes from the list of approved Certification Bodies.
- 3.4. Certification Bodies may require PBUs to complete a formal audit request form to confirm details such as Site location, business sector, workers numbers, provision of accommodation, use of Labour Hire Providers, languages spoken etc.
- 3.5. It is not compulsory for a Certification Body to accept a PBU's request; in this event they refer the PBU back to the list of approved Certification Bodies.
- 3.6. If they wish to proceed, the auditor will respond to requests:
 - Detailing availability
 - Providing a quote
 - Providing full terms & conditions
- 3.7. Quotations must detail all potential charges, even if contingent. Charges not detailed in the quote may not be later invoiced unless a signed amendment form can be provided.

4. Auditor Pre-Audit Actions

4.1. Prior to an audit the auditor is required to:

- Review client application form
- Familiarise themselves with the client's location and business
- Confirm sample sizes for payroll testing and interviews
- Review prior Fair Farms or other social & ethical audit reports to identify potential ongoing issues
- Arrange translator (if required)
- Inform the client if a witness auditor is attending (if applicable)
- Confirm with client arrival time day one
- Ensure client has been issued with pre-audit checklist

5. Table: Interview and Payroll Sample Size

Number of Workers (inc. agency casuals exc. Management)	Individual Interviews Required	Group Interviews of five	Total Interviews	Sample for payroll testing	Facility Tour?
1 - 25	5	0	5	5	Yes
26 - 50	7	1	12	7	Yes
50 - 100	10	2	20	10	Yes
For every 1 - 250 above	+5	+1	+10	+5	Yes

6. Audit Flow

6.1. To maximise efficiency the audit should ideally follow the following flow:

- Opening Meeting including Safety Briefing
- Site Tour
- Worker Interviews
- Documentation Review
- Eligibility Testing
- Payroll Testing
- Management Interview
- Prepare Report & Findings
- Closing Meeting

6.2. The flow should be discussed at the opening meeting with management, and any reasonable amendments for operational reasons accommodated.

7. Opening Meeting Attendees

7.1. The opening meeting should be attended by:

- A member of senior management nominated to represent the business during the audit.
- Functional / departmental managers who will play a significant part in the completion of the audit e.g. HR Manager, WHS Manager, Payroll Manager
- Trade Union representative (if present at the Site)
- Workers Association representative (if present at the Site)
- Witness auditors (if allocated to the audit)

7.2. The following should not attend opening meetings:

- Labour Hire Providers / their agents
- Workers
- Opening Meeting Checklist

8. Opening Meeting Checklist

- 8.1. Introduction – all attendees to state name and position, confirmation any Trade Union / Workers Association affiliations (if present at Site).
- 8.2. Overview of purpose of audit – to audit against Fair Farms Standard and identify areas for improvement.
- 8.3. Confirm requirement for access to all records, workers and Site locations
- 8.4. Confirm confidentiality of audit report and findings and request permission for photographs to be taken as part of audit (provided they are not commercially sensitive or identify individuals).
- 8.5. Confirm all workers have been informed of the audit and request an organisational chart and list of workers who will present during the day and what their shifts are (this will facilitate picking wage and interview samples).
- 8.6. Explain the confidential nature of interviews and management responsibilities in relation to them.
- 8.7. Agree who will accompany the auditor(s) during the site tour. Conduct Safety Briefing.
- 8.8. Confirm if the PBU/client provides workers accommodation, whether on-site or off-site.
- 8.9. Confirm proposed time of closing meeting.
- 8.10. Ask if attendees have any other questions

9. Site Tour Objectives

- 9.1. The site tour is an essential part of the audit process, particularly in relation to the identification of physical audit issues (e.g. health & safety compliance, hygiene) and potential issues over worker eligibility (e.g. youth workers).
- 9.2. Specific objectives are to:
 - Understand the business flow
 - Review the physical health & safety environment
 - Review workers accommodation where applicable
 - Confirm that vulnerable worker groups (e.g. youth workers or immigrant workers) have been identified
 - Question managers and workers on audit issues as they arise.

10. Site Tour General Rules

- 10.1. The auditor should be accompanied on the site tour by a business representative familiar with the site and its safety protocols. Normally this would be a senior WHS or Operations Manager.
- 10.2. The auditor should have access to all areas of the Site unless there is a valid legal, practical (e.g. high-risk chemical or radioactive area) or business reason (e.g. would stop production). Unreasonable refusal to access an

area should be reported as refusal of access.

- 10.3. The auditor is encouraged to engage with managers and workers during the tour and ask questions where this is practical. The auditor should use the Site Tour to select the interview sample
- 10.4. The Site should provide suitable PPE where necessary and the auditor is required to wear it accordingly.
- 10.5. The auditor may take photographic evidence other than if it is likely to breach commercial confidentiality or identifies workers.
- 10.6. Auditors are not to enter any area or undertake any activity that poses a threat to their wellbeing.
- 10.7. Discuss Findings with management and workers as they are raised, keeping in mind the need to protect workers from the risk of reprisal.

11. Worker Interviews Sample Selection

- 11.1. Workers' interviews lie at the heart of the audit process. The interviews are key both to confirming suspected non-compliances and raising issues not identified via other audit procedures
- 11.2. Interview samples are based upon the Site's number of workers (see Table: Interview and Payroll Sample Size)
- 11.3. Workers selected to take part in interviews must be by the Auditor only, and never by Management.
- 11.4. Refusal of Management to allow an Auditor to conduct an interview with a selected worker is considered denial of access and should be reported as a Finding.
- 11.5. The following should be considered when selecting interview samples:
 - Gender balance
 - Ethnicity / nationality
 - Age distribution of workforce
 - Length of service
 - Union or non-union members (or worker association)
 - Directly employed or via labour hire provider
 - Workers from different departments within the facility
 - Workers at different grades / seniority
 - Workers from different shifts
 - Disabled workers
 - Pregnant or post-natal workers
 - Type of employment (permanent and casual)
- 11.6. The selected sample should reflect the above considerations i.e. be representative of the work force.
- 11.7. The Auditor should determine whether they are to be an individual interview or part of a group interview.
- 11.8. The selection should be made as late as practically possible to avoid any potential Management coaching or intimidation.
- 11.9. Once a worker has been selected for interview they may decline to attend. In this case, an alternative worker should be identified. If a worker attends an interview but leaves during that interview, then an additional worker is not required to be selected.

12. Interview Protocol

- 12.1. Interviews must take place in a location which is secure and comfortable.
- 12.2. Management or third parties must not attend an interview under any circumstances.
- 12.3. Management or third parties must remove themselves from the vicinity of the interview location for the duration of the interview. Loitering is to be reported as potential intimidation.

- 12.4. Witness Auditor(s) either from the Certification Body or the Program Owner may attend but they must not under any circumstances take part in the actual interview and must restrict note taking to the performance of the Auditor's duties only.

13. Translators

- 13.1. All interviews must be conducted in English.
- 13.2. Where the auditor has sufficient command of the language of a non-English speaking worker, the interview may be conducted in that language.
- 13.3. If workers are not proficient in at least conversational English, then a translator must be used.
- 13.4. The translator must be sourced by the Certification Body and be independent of both the facility and the Certification Body.
- 13.5. The appointed translator must agree not to take notes as part of their appointment.
- 13.6. Management may not provide a translator from their workforce or independently.
- 13.7. During an interview comments translated by the appointed translator are to be noted; informal translation by fellow workers are to be disregarded as unreliable.

14. Interview Notes

- 14.1. No audio or audio-visual device may be used to record interviews.
- 14.2. Interview notes may be taken by the Auditor(s) only.
- 14.3. Interview notes may not under any circumstances be shared with Management or third parties.
- 14.4. Witness Auditors may view notes as part of their duties, but they must not take copies or extracts.
- 14.5. All interview notes (physical and electronic) are to be destroyed 90 (ninety) days after completion of the Audit.

15. Interview Conduct

- 15.1. The Auditor(s) must give their full name, role and Certification Body they represent
- 15.2. Introduce any other audit team members or witness auditors present and their full name, role and body they represent
- 15.3. Explain the purpose of the audit
- 15.4. Explain that the interview is fully confidential
- 15.5. Guidelines for interview technique:
 - 15.5.1. Try and put the auditee at ease prior to the interview – explain that it is the system that is being tested, not the person
 - 15.5.2. Use open ended question; avoid leading questions
 - 15.5.3. Informal and conversational; not formal or interrogatory
 - 15.5.4. Answer any questions from workers honestly and openly, provided it does not break confidentiality

16. Interviewee Confidentiality & Intimidation

- 16.1. The names or identifying features of interviewees must never be communicated to Management or used in the audit report findings.
- 16.2. Findings should refer to generic attributes only (e.g. 3 of 12 interviewees stated that...)
- 16.3. Auditors should be alert for signs of
 - 16.3.1. Intimidation or coaching

- 16.3.2. Rehearsed or coordinated answers
 - 16.3.3. Silent or un-cooperative workers
 - 16.3.4. Significant numbers of workers refusing to be interviewed
 - 16.3.5. Management lingering around interview rooms
 - 16.3.6. Management “debriefing” workers exiting from interview
- 16.4. Where the Auditor has real concerns for the physical safety of an interviewee they may, as appropriate, choose to:
- 16.4.1. Contact the Certification Body’s executive management for guidance and/or
 - 16.4.2. Contact the Fair Farms executive management for guidance and/or
 - 16.4.3. Choose not to mention the issue in the Closing Meeting so as not to alert local Management immediately (these may be communicated later once an appropriate strategy has been developed).

17. Wages Sampling

- 17.1. The number of records to be tested will be determined prior to the audit commencing, based upon the number of workers employed at the facility.
- 17.2. Two pay periods should be selected for review:
- 17.2.1. The most recent monthly cycle, which should also cover peak as audits should only occur during peak production periods.
 - 17.2.2. The pay cycle nearest to six months prior to the current period selected. This will enable a comparable; off-peak period to be reviewed and any changes in pay to be reviewed (e.g. Award increases, minimum wage reviews)
- 17.3. The records of all workers selected for individual interview should be included in the review samples; these should be supplemented by a random selection of other workers records who are not being interviewed.
- 17.4. All wage data and notes (physical and electronic) are to be destroyed 90 (ninety) days after completion of the Audit. Data will be retained longer if a Finding remains outstanding or if there is a dispute.

18. Testing Methodology

- 18.1. For wages testing the following are in scope:
- Directly employed workers
 - Labour Hire workers
 - In-house sub-contractors (e.g. canteen, security guards, cleaners)
 - Homeworkers
 - Production sub-contractors
 - Excluded:
- 18.2. Excluded from testing are:
- Owner managers
 - Directors
 - Salaried managers
 - Third party transport providers
 - Third party suppliers of goods and services

19. Management Interview

- 19.1. The management interview is an opportunity for the auditor to clarify any unresolved issues that are outstanding prior to formally raising them as Findings. This give the management the opportunity to explain and provide

further evidence as required, and for the auditor to finalise their position on potential Findings. The auditor should aim to present multiple sources of evidence for a potential Finding.

20. Findings Completion

- 20.1. Describe what the Finding is in clear English. Avoid jargon or abbreviations.
- 20.2. Provide evidence and information to substantiate the Finding e.g. photographs, copies of documents, frequency, location etc.
- 20.3. Identify whether it is a breach of law or code.
- 20.4. Quantify any financial issues involving cash (e.g. travel costs, fines, bonds, rentals, etc.) (in \$AUD).
- 20.5. Identify whether it is an isolated problem or a systemic issue.
- 20.6. If the issues have been dealt with by Management during the audit, identify if the action was sufficient.
- 20.7. Note any management or employee comments, including any disagreements or proposed actions.
- 20.8. Don't combine separate Findings. If separate actions are required to correct the Finding, then they should be reported separately.
- 20.9. The Finding detail should be sufficient and clear enough that an independent third party could immediately understand what the issue is.
- 20.10. Auditors should not prescribe how a business must close a Finding – such practice would cross the line to consulting and compromises the auditor's independence.
- 20.11. To demonstrate the compliance gap, the auditor may give examples - without recommendation - of how other clients have dealt with similar issues and what minimum evidence will be required to close the audit.

21. Closing Meeting

- 21.1. The aim of the closing meeting is to ensure that the Site's management are clear on what Findings have been observed during the audit and what the next steps are. Ideally, the auditor should be communicating with management during the audit and therefore Findings presented at the closing meeting should not be a 'surprise'.
- 21.2. Thank management for their time.
- 21.3. Reconfirm purpose and scope of audit.
- 21.4. Review each of the Findings with Management, explaining the basis for them being raised.
 - If management present evidence that a Finding is incorrect, then cancel the Finding and remove from the report.
 - If management present evidence that the Finding is valid but has now been actioned, the Finding still stands but the auditor should make clear in the report that the Finding "was closed during the audit".
 - If management dispute a Finding, and the auditor does not concur it should be cancelled or closed, then the Finding should remain, and management asked to submit evidence to the Audit Manager as part of the audit review process.
- 21.5. Management are not required to present an immediate correction plan for any Finding.
- 21.6. A management representative should sign and date the finalised list of Findings. This indicates that management are aware of and have understood the auditor's reason for raising the Finding.
- 21.7. Remind Management that the audit will be submitted for technical review by the Audit Manager or reviewer. This may result in Findings presented in the closing meeting being cancelled or amended, or new Findings being raised. Any disputed items will be considered and resolved at this point.
- 21.8. Remind management that once the final report is issued, management will have a set time to correct their Findings. Therefore, management should use the immediate opportunity to start root cause analysis and begin correcting Findings as soon as the auditor leaves site.

22. Audit Scoring

- 22.1. The overall rating of an audit will be based upon the number and severity of Findings in the audit report. For each Finding, a set amount of Audit Points will be accumulated as follows:

Table 1: Scoring of Audit Findings

Red Finding (high severity)	5 Audit Points
Amber Finding (medium severity)	3 Audit Points
Yellow Finding (low severity)	1 Audit Point
Each Finding Alert issued	+1 Audit Point

- 22.2. The level of severity of a Finding as either high, medium or low is indicated in the Audit Checklist maintained by Fair Farms and provided to the Certification Body. The auditor is free to undertake testing relevant to the Fair Farms Standard that are not listed in the Audit Checklist.

Based on the aggregation of the Audit Points, the audit will be classified as Red (high risk), Amber (medium risk) or Green (low risk).

Table 2: Audit Outcome Classification

Classification	Aggregated Audit Point
Red Audit (high risk)	More than 10 Audit Points
Amber Audit (medium risk)	1 to 10 Audit Points
Green Audit (low risk)	0 Audit Points

23. Finding Alert

- 23.1. The Certification Body will communicate any Finding that is of critical severity, as indicated in the Audit Checklist, to Fair Farms and Registered Buyers as a 'Finding Alert'.

24. Recertification Cycle

- 24.1. The requirement for the timing of the next recertification audit will be based upon the overall rating achieved in the current audit:

Table 3: Recertification Cycle

Classification	Recertification Cycle
Red Audit (high risk)	12 months
Amber Audit (medium risk)	24 months
Green Audit (low risk)	36 months

The Recertification Cycles times in Table 3 above prescribes the maximum time that may occur between

certification audits. The Recertification Cycle for a PBU with multiple Sites under the same Fair Farms Certification is determined by the Site with the highest risk Audit Outcome Classification.

Subsequent audits should be scheduled to take place no more than 90 days before the Recertification Audit Due Date and must not take place later than 30 days after the Recertification Audit Due Date (known as the 'grace period').

Fair Farms or the Certification Body may extend the grace period further on a Participant's request where necessary, due to circumstance outside of the Participant's control (for example lack of available auditors, natural weather events that affect production times etc.).

24.2. Refer to section 8 of the Fair Farms Rules for more detail about the Recertification Cycle.

25. Clearing Findings

25.1. Audit Findings will be cleared using a "desktop" methodology. This means that Sites will normally submit their evidence directly to the Audit Manager for review.

25.2. An auditor will only be sent out to Site to verify Finding closure(s) in the most serious of circumstances. This will have to be approved by Fair Farms as the Scheme Owner and all costs will be borne by the Site.

25.3. If a Site and the Certification Body cannot ultimately agree upon the closure of a Finding, this will be referred to the Scheme Owner for final decision. The Scheme Owners' decision is final and cannot be appealed.

26. Timings

26.1. Finding Alert(s) to be issued within two working days of completion of the audit.

26.2. Preliminary audit report to be submitted to the Audit Manager within five working days of completion of the audit.

26.3. Audit Manger review of the report, including any amendments, to be completed within fifteen working days of completion of the audit. Report and any Findings to be issued.

26.4. Client's Management to confirm corrective actions for Findings within thirty working days of finalised Report being issued. Extensions may be sought from the Certification Body in the case of significant burden (e.g. having to undertake building work that requires planning permission). Extensions will, not be granted simply because corrective actions have been started late.

26.5. Certification to be issued by the Scheme Owners within five working days of Findings being closed out and approved by the Certification Body.

26.6. Working days is defined as per QLD legislation.

27. Disputes

27.1. In the event of a client dispute a four-step process is to be implemented.

27.2. Initially, the auditor should attempt to resolve the dispute locally. In many cases, referring to the available guidelines, standards and evidence can resolve misunderstandings.

27.3. If the client is not satisfied with the local resolution by the on-site auditor, they should escalate their issue to the Program Manger. The Audit Manager will review all available evidence.

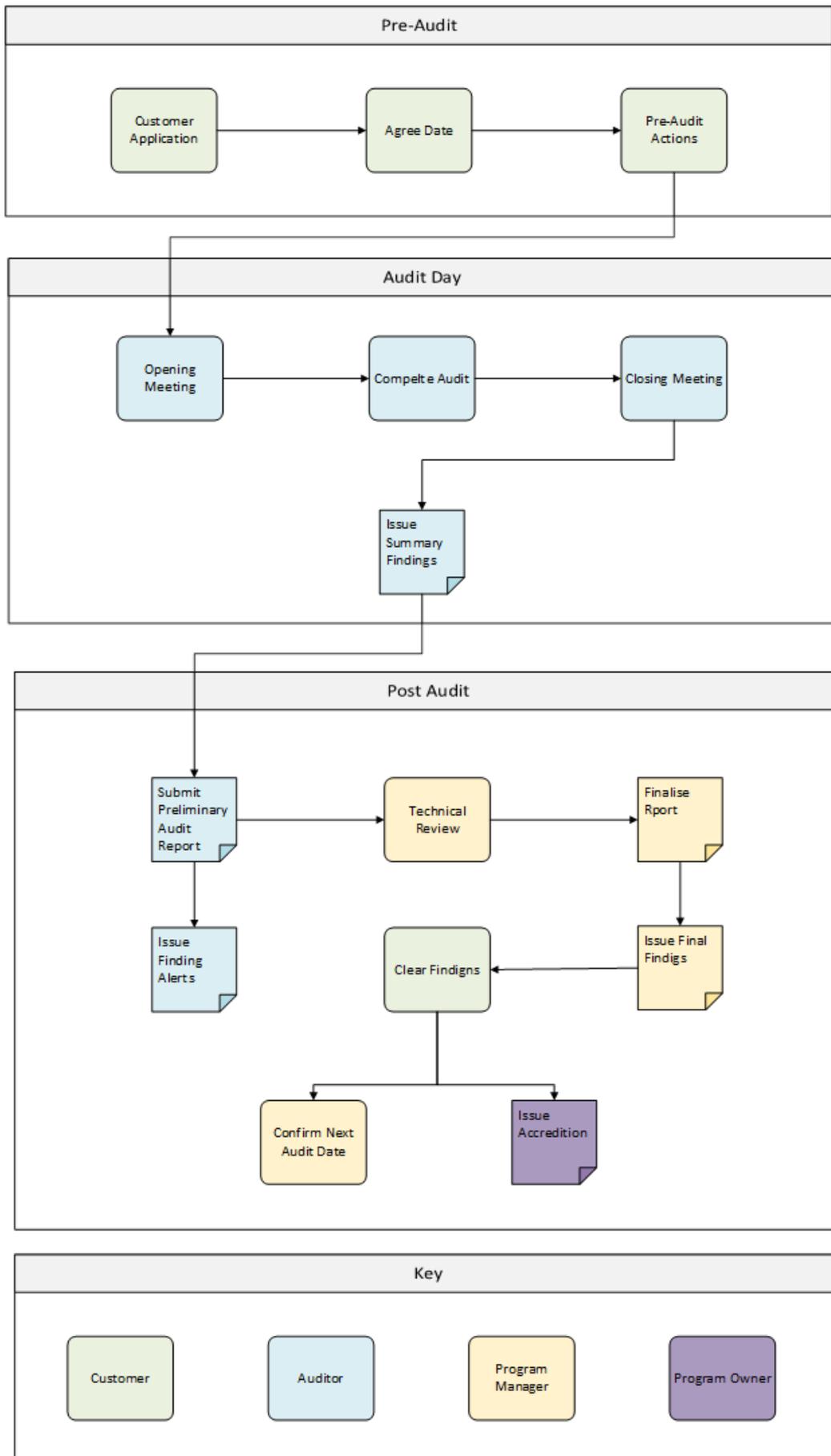
27.4. If the client is not satisfied with the proposed resolution by the Audit Manager, they can escalate to the Certification Body's independent Quality Manager. The Quality Manager will implement the Certification Body's independent complaint and dispute procedure and provide a formal response in writing.

27.5. If a Site and the Certification Body cannot ultimately resolve the issue, this will be referred to the Scheme Owner for a final decision. The Scheme Owners' decision is final and cannot be appealed.

28. Glossary of Terms

Agency Labour	A worker at the site, which is not directly employed by the Site, but who is supplied by a third-party labour hire provider.
APSCA	Association of Professional Social Compliance Auditors https://www.theapsca.org/
Auditor	An independent qualified person appointed to carry out the audit. An employee or contractor of the Certification Body.
Finding	A non-compliance with the standard against which the Site is being audited. Management are expected to develop corrective actions to rectify the non-compliance.
Finding Alert	A finding during a Fair Farms Audit that constitutes a Critical Non-Compliance, as indicated in the Audit Checklist, and which the Certification Body communicates to Fair Farms and Registered Buyers.
Homeworker	A person who carries out work for a business from their own home as opposed to the Site location.
HR	Human Resources
Management	Site employee(s) who are responsible for and have control of a sites' activities and who are responsible for the implementation and maintenance of the control environment. In smaller organisations, these roles may be synonymous with the owners of the business.
Audit Manager	An independent qualified person employed by the Certification Body who reviews the preliminary audit report to ensure it complies with the program standards. Implements the audit of the Certification Body.
Scheme Owner	Queensland Fruit and Vegetable Growers Ltd trading as Growcom Australia, being the organisation that owns and overall implements the Fair Farms Training and Certification Program, owns the Fair Farms Standard and authorises certification.
Site	The location at which the audit is being carried out. Each separate production site must have its own audit report.
Youth Worker	A worker who is less than 18-years-old
WHS	Work Health and Safety. Sometimes referred to as "OHS" (Occupational Health & Safety) or just H&S

APPENDIX 1: Overview of Audit Process





FAIR FARMS

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IN THE AUSTRALIAN HORTICULTURE INDUSTRY

Primary Producers House
Level 3, 183 North Quay
Brisbane Qld 4000

PO Box 202
Fortitude Valley Qld 4006

07 3620 3844
fairfarms@growcom.com.au

www.fairfarms.com.au

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