

SECTION 9.
SFI 2010-2014 AUDIT PROCEDURES
AND AUDITOR QUALIFICATIONS AND
ACCREDITATION



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SFI AUDIT PROCEDURES AND AUDITOR QUALIFICATIONS AND ACCREDITATION

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INTRODUCTION

All certification, recertification and surveillance audits to section 2 in the *SFI 2010-2014 requirements document* shall be conducted by *certification bodies* accredited by the Standards Council of Canada (SCC) or the ANSI-ASQ National Accreditation Board (ANAB) to conduct *SFI certification*.

Accredited *certification bodies* are required to:

- maintain audit processes consistent with the requirements of International Organization for Standardization (ISO) 17021:2006 conformity assessment — requirements for bodies providing audit and certification of management systems; and
- conduct audits in accordance with the principles of auditing contained in the ISO 19011:2002 Guidelines for Quality and/or Environmental Management Systems Auditing.

ISO is a worldwide federation of national standards bodies. The preparation of International Standards is conducted by ISO technical committees.

The ISO 17021 guidelines were prepared by the ISO Committee on Conformity Assessment (CASCO).

The ISO 19011 guidelines were prepared jointly by Technical Committee ISO/TC 176 for Quality Management and Quality Assurance, and Technical Committee ISO/TC 207 for Environmental Management.

Together these documents provide direction for the design and implementation of management systems audit *programs* by accredited *certification bodies*.

1. SCOPE

This *SFI Audit Procedures and Qualifications* document supports the International Standard ISO 19011:2002 Guidelines for Quality and/or Environmental Management Systems Auditing by providing specific requirements to *SFI Program Participants* and *certification bodies*. It is applicable to all forest management and *fiber sourcing* organizations when conducting *third-party* certification, recertification, or surveillance audits to the *SFI 2010-2014 Standard*.

2. NORMATIVE REFERENCE

Certification bodies and *auditors* must follow International Standard ISO 19011:2002, Guidelines for Quality and/or Environmental Management Systems Auditing, in auditing

to the *SFI 2010-2014 Standard* and International Organization for Standardization (ISO) 17021:2006 conformity assessment-requirements for bodies providing audit and certification of management systems; and all SCC and ANAB requirements.

3. TERMS AND DEFINITIONS

Definitions of terms can be found in the Section 13.

4. PROCEDURES FOR IMPLEMENTING THE PRINCIPLES FOR SFI AUDITING

ISO 17021 Section 4 addresses general *principles* associated with auditing, including impartiality, competence, responsibility, openness, confidentiality and responsiveness to complaints.

All information and documents, including working drafts and reports, shall be considered confidential. *Certification bodies* shall not release any information or documents without the prior written permission of the *Program Participant*. Auditors shall conduct themselves in a professional and ethical manner.

Certification bodies and audit team members and their employers shall not participate in an appraisal or advise a potential purchaser or broker a purchase of property audited within the prior three years without the written permission of the audited party. *Certification bodies*, audit team members, and employers shall notify the audited party of participation in such activities after the three-year period immediately upon initiation of such activities for a period of at least 10 years following the audit.

Prior to engaging in an audit and the *Program Participant's* acceptance of the *audit team*, the *certification bodies* and audit team members shall disclose to the party requesting the audit any prior land appraisal or assessment work or land brokerage activity or other professional services they or their employers conducted related to the property to be audited.

Certification bodies must successfully complete annual witness audits to maintain accreditation status from ANAB or SCC.

5. SFI AUDIT ACTIVITIES

5.1. Certification of multiple sites

ISO/IEC 17021: 2006 clause 9.1.5 specifies that where multi-

site sampling is utilized for the audit of a client's management system covering the same activity in various locations, the *certification body* shall develop a sampling *program* to ensure proper audit of the management system. The rationale for the sampling plan shall be documented for each client.

International Accreditation Forum Mandatory Document 1 (IAF MD 1) provides mandatory guidance for the consistent application of Clause 9.1.5 that is subject to the specific requirements of relevant standards.

Within the context of the *SFI 2010-2014 Standard* and specific risks associated with certification of *forestry* operations, alternate approaches to IAF MD 1 may achieve the same or greater level of confidence in the conformity of the organization with the *SFI 2010-2014 Standard*. *Certification bodies* may apply alternative sampling approaches to IAF MD 1 to the extent that the approach chosen provides a least the same level of confidence that would be achieved using IAF MD 1. Additional information regarding multi-site certification is included in Appendix 1 of Section 9 in the SFI requirements document.

5.2. Substitution and Modification of SFI

Program Participants, with consent of the *certification body*, may substitute or modify indicators to address local conditions based on a thorough analysis and adequate justification. The *certification body* is responsible for ensuring revised indicators are consistent with the spirit and intent of the *SFI 2010-2014 Standard* performance measures and indicators and with the *principles* of sustainable forestry, and that the changes are appropriate for specific local conditions and circumstances and the *Program Participant's* scope of operation.

Additional *indicators* beyond those identified in the *SFI 2010-2014 Standard*, if included by the *Program Participant*, shall be audited like all other *indicators*.

5.3. Determination of Conformance

The *certification body* shall assess conformance to each element of the *SFI 2010-2014 Standard's*, *objectives*, *performance measures* and *indicators* within the scope of the audit. *SFI 2010-2014 Standard* elements are *objectives*, *performance measures* and *indicators*. The introduction to the *SFI 2010-2014 Standard* is informative, and as such, is not an auditable element.

Evidence shall be compiled by examining operating procedures, materials relating to *forestry* practices and on-the-ground field performance, and through meetings with employees, contractors and other third parties (e.g., government agencies, community groups, conservation organizations), as appropriate, to determine conformance to the *SFI 2010-2014 Standard*.

The *certification body* shall ensure that the *objectives* and scope of the audit:

- allow for accurate field determination of conformance for the entire operating unit;
- verify that the *Program Participant's* SFI program conforms to SFI *principles, policies, objectives, performance measures, indicators*, and any additional *indicators* that the *Program Participant* chooses; and
- verify whether the *Program Participant* has effectively implemented its *SFI 2010-2014 Standard program* requirements on the ground.

If a *major nonconformity* is found, a certificate of conformance shall not be issued until the *certification body* verifies that corrective action approved by the *lead auditor* has been implemented. A revisit may be required to verify implementation of corrective action.

If a *minor nonconformity* is found, a certificate of conformance may be issued only after the *lead auditor* approves a corrective action plan that addresses the nonconformity within an agreed-upon period, not to exceed one year. Verification that the corrective action has been effectively implemented shall occur during the next surveillance audit.

5.4. SFI Technical Audit Report to the Program Participant

ISO 19011 Section 6.6.1 Preparing the Audit Report addresses audit report contents. In addition, the SFI audit report to the *Program Participant* shall cover:

- a. the audit plan;
- b. a description of the audit process used;
- c. documentation of the rationale for the substitution or modification of any *indicators*; and
- d. a schedule for surveillance and recertification.

See Section 10 in the SFI requirements document regarding the development and release of public summary audit reports.

5.5. Recertification

To maintain a current SFI certificate, *Program Participants* shall recertify their *SFI* programs to the SFI Standard every three years.

6. COMPETENCE AND EVALUATION OF CERTIFICATION BODIES

6.1. Qualifications of *Audit Teams*

Audit teams shall have the knowledge and skills to conduct an audit in accordance with the *principles* of auditing. The *certification body* shall select *audit team* members appropriate to the scope, scale and geography of the operation being audited. Additionally, at least one member of the *audit team* shall have knowledge of *forestry* operations in the region undergoing the audit, at least one member shall have knowledge of applicable laws and regulations, at least one member shall have knowledge of the socio-demographics and cultural issues in the region, and at least one member shall be a professional forester as defined by the Society of American Foresters (SAF), the Canadian Institute of Forestry, or licensed or registered by the state(s) or province(s) in which the certification is conducted. For forest management audits, the *audit team* shall have expertise that includes plant and *wildlife* ecology, *silviculture*, forest modeling, forest operations, occupational safety and health, international labor standards, and hydrology. One specialist per discipline is not required to meet any of the above requirements.

6.2. Qualifications of *Auditors*

ISO 19011 Section 7.3 Knowledge and Skills addresses a broad range of skills required of *auditors*. This is supplemented by ISO 19011 Section 7.3 Education, Work Experience, *Auditor* Training and Audit Experience.

In addition, for certifications to the *SFI 2010-2014 Standard*, *audit team* members shall have the education, formal training and experience that promotes competency in and comprehension of:

- a. *forestry* operations as they relate to natural resource management, including *wildlife*, fisheries, recreation, ecology, etc.;
- b. international and domestic *sustainable forestry* management systems and performance standards including occupational safety and health, and labor standards; and
- c. certification requirements related to the *SFI* program.

Audit team members who have obtained a professional *degree* in *forestry* or a closely related field shall have a minimum of two years' relevant work experience.

The provisions of Table 1 in ISO 19011 shall not apply to *SFI auditors*.

6.3. Maintenance and Improvement of Competence

All *audit team* members shall pursue ongoing personal and professional development in

- a. forest management science and technology;
- b. sustainable forest management systems and certification *programs* and standards;
- c. understanding and interpretation of federal, state, and provincial *forestry* and environmental laws and codes of practice; and
- d. certification procedures, processes and techniques, especially as these pertain to the *SFI 2010-2014 Standard*.

An *auditor* who maintains Certified Forester, Registrar Accreditation Board, or Canadian Environmental Certification Approvals Board sustainable forest management *auditor* (CEA SFM) certification, or equivalent, shall be considered to have fulfilled continuing education requirements.

7. ACCREDITATION OF CERTIFICATION BODIES

The *SFI* program requires *certification bodies* to be accredited in order to conduct *SFI certifications* and issue certificates.

Certification body: an independent *third party* that is accredited by:

- ANSI-ASQ National Accreditation Board (ANAB) as being competent to conduct certifications to the *SFI 2010-2014 Standard*.
- American National Standards Institute (ANSI) as being competent to conduct certifications to the SFI Chain-of-Custody Standard.
- Standards Council of Canada (SCC) as being competent to conduct certifications to the *SFI 2010-2014 Standard* and the SFI Chain-of-Custody Standard.

APPENDIX 1: AUDITS OF MULTI-SITE ORGANIZATIONS [NORMATIVE]

INTRODUCTION

Multi-site organizations may be audited on a site-by-site basis (all sites visited each year) or, in some cases, on a sample basis.

This appendix expands on Section 5.1 of the SFI Audit Procedures and Auditor Qualifications and Accreditation document and provides additional normative guidance for certification bodies wishing to audit multi-site organizations on a sample basis.

1. SCOPE

Audits of multi-site organizations applying a sampling approach to assess conformance with:

- The *SFI 2010-2014 Standard*
- Sections 3 and 4 SFI Chain-Of-Custody Standard and Associated Labels
- *Section 4 – Rules For Use Of SFI On-Product Labels*

2. REFERENCES

IAF Mandatory Document for The Certification of Multiple Sites Based on Sampling Issue 1 (IAF MD1: 2007) — (Normative for *SFI 2010-2014 Standard*, Informative for SFI Sections 3 and 4).

IAF Mandatory Document for Duration of QMS and EMS Audits Issue 1 (IAF MD 5: 2009) — (Informative).

3. TERMS AND DEFINITIONS

3.1 Organization: The term organization is used to designate any company or other organization owning a management system subject to audit and certification.

3.2 Site: A site is a permanent location where an organization carries out work or a service.

3.3 Multi-Site Organization: An organization having an identified central function (hereafter referred to as a central office — but not necessarily the headquarters of the organization) at which certain activities are planned, controlled or managed and a network of local offices or branches (sites) at which such activities are fully or partially carried out.

3.4 Group Certification Organization: A specific type of multi-site organization where forest owners, forest owners' organizations, forest managers, forest products

manufacturers or forest products distributors without a pre-existing legal or contractual link can form a group for the purposes of achieving certification and gaining eligibility for a sampling approach to certification audits.

4. PROCEDURES FOR IMPLEMENTING AUDITS

4.1 Eligibility Criteria

4.1.1 Multi-site organizations using IAF-MD1 as the basis for sampling shall meet the eligibility criteria established in IAF-MD1

4.1.2 Multi-Site Organizations using alternate approaches to sampling provided for in 5.1 of the Audit Procedures and Auditor Qualifications and Accreditation document shall meet the following minimum eligibility criteria:

- a. A legal or contractual link shall exist between all sites.
- b. The scope and scale of activities carried out by participating sites shall be similar.
- c. The management system framework shall be consistent across all sites (allowing for site level procedures to reflect variable local factors).
- d. A Central Function¹ shall be established that shall:
 - i. provide a commitment on behalf of the whole multi-site organization to establish and maintain practices and procedures in accordance with the requirements of the relevant standard;
 - ii. provide all the sites with information and guidance needed for effective implementation and maintenance of practices and procedures in accordance with the relevant standard;
 - iii. maintain the organizational or contractual connection with all sites covered by the multi-site organization including the right of the Central Function to exclude any site from participation in the certification in case of serious non-conformities with the relevant standard;
 - iv. keep a register of all the sites of the multi-site organization, including (for *SFI 2010-2014 Standard*) the forest area associated with each participating site;
 - v. maintain an internal audit or monitoring program sufficient to provide annual per-

¹ The Central Function comprises the system of processes and procedures necessary to manage the multi-site organization and is not a physical location.

- formance data on overall organizational conformance with the relevant standard;²
- vi. operate a review of the conformity of sites based on results of internal audit and/or monitoring data sufficient to assess Organizational performance as a whole rather than at the individual site level;
 - vii. establish corrective and preventive measures if required and evaluate the effectiveness of corrective actions taken; and
 - viii. establish procedures for inclusion of new sites within the multi-site organization including an internal assessment of conformity with the standard, implementation of corrective and preventive measures and a requirement to inform the relevant certification body of changes in participation prior to including the sites within the scope of the certification.
- e. Functions and responsibilities of individual sites shall be established for:
- i. implementing and maintaining the requirements of the relevant standard;
 - ii. responding effectively to all requests from the Central Function or *certification body* for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise;
 - iii. providing full co-operation and assistance in respect of the satisfactory completion of internal audits, reviews, monitoring, relevant routine enquiries or corrective actions; and
 - iv. implementing relevant corrective and preventive actions established by the central office.

- 4.1.3** Group certification organizations formed to achieve *SFI 2010-2014 Standard* certification, in addition to meeting either 4.1.1 or 4.1.2, shall submit all the forest area under management within the catchment area for the group certification (i.e. the group certification shall be defined in geographic terms at a logical scale such as county, region, state/province but once defined must include all sites managed by the central function within that geographic area).
- 4.1.4** For audits of conformance with SFI Section 3 in the SFI requirements document, multi-site organizations using either IAF-MD1 or alternate approaches to sampling shall ensure that all the relevant sites (including the central function) are

subject to the organization's internal audit program and shall have been audited in accordance with that program prior to the certification body starting its assessment.

5. SFI MULTI-SITE AUDIT ACTIVITIES

5.1 Sampling Approaches

- 5.1.1** Certification bodies auditing multi-site organizations using IAF-MD1 as the basis for sampling shall meet the sample selection and intensity criteria established in IAF-MD1
- 5.1.2** Certification bodies auditing multi-site organizations using alternate approaches as the basis for sampling shall meet the following minimum sample selection and intensity criteria:
- a. stratification of the sites included within the multi-site certification based on the scope and scale of activities as well as previous audit findings, complaints and monitoring data collated by the central function;^{3,4}
 - b. a formal documented evaluation of the inherent and control risks at each of the sites participating in the multi-site certification;
 - c. a sample strategy designed to specifically address the identified risks;
 - d. consideration of the need for an element of randomness within the sampling strategy to address previously unidentified risks;
 - e. in cases where the multi-site organization maintains an internal audit program determined to be reliable the minimum sample size shall in no event be less than:
 - i. $\sqrt{(n)}$ for initial certification audits⁵
 - ii. $0.6 \sqrt{(n)}$ for surveillance audits
 - iii. $0.8 \sqrt{(n)}$ for re-certification audits
 - f. in cases where there the multi-site organization does not maintain an internal audit program determined to be reliable the minimum sample size shall in no event be less than $\sqrt{(n)}$ for initial

² Annual performance data on overall organizational conformance implies that all sites have been internally audited, or monitored, prior to the initial audit and subsequent audit.

³ For example in a multi-site organization with three forest management operations and 15 procurement operations at a minimum, separate strata would be required for the woodlands and procurement operations. Under Sections 2 and 3, a range of processing facilities may be included under a single stratum to the extent that the nature and risks associated with the fiber supply are consistent across the facilities e.g. three sawmills a plywood mill and a pulp mill may be included within a single stratum if they are all using fiber with a similar risk profile (such as from a single state/province/region). If one of the sawmills imported tropical hardwoods, it would require a separate stratum.

⁴ In determining the impact of previous audit findings on a sample strategy consideration shall be given to both the need to formally close out prior audit findings (which may require a site visit) and the implications of previous audit findings for ongoing conformance with the applicable standard(s) by individual sites.

⁵ Where n = the number of sites within the stratum.

- certifications, surveillance audits and re-certification audits; and
- g. In addition to site audits, the central function shall be audited on an annual basis.⁶

5.2 Audit Scope

- 5.2.1 At a minimum the audit sampling process shall address all elements of the standard on an:
- Annual basis for audits of conformance with SFI Sections 2 and 3 in the SFI requirements document.
 - Triennial basis for audits of conformance with the *SFI 2010-2014 Standard*.

5.3 Audit Duration

- 5.3.1 In determining the overall duration of multi-site audits the underlying objective is to maintain at least the same level of confidence that would be achieved under *IAF MD1*. When calculating audit days, consideration should be given to the general principles guiding audit time calculations outlined in *IAF-MD5*.

5.4 Non-Conformities

- 5.4.1 Non-conformities identified at the site or organizational level shall be addressed by the central function considering both the site level implications and the broader implications for the organization as a whole.
- 5.4.2 Certification bodies shall close out identified non-conformities at the next scheduled audit. This may require an amendment to the site sampling strategy to ensure that open site-level non-conformities are closed out at the next audit.⁷

5.5 Audit Reporting

- 5.5.1 At a minimum, the *certification body* shall prepare a technical audit report that addresses the multi-site organization as a whole. Individual site level reports may be developed to summarize site level findings but do not eliminate the need for an organizational level report.

6. COMPETENCE AND EVALUATION OF CERTIFICATION BODIES

- 6.1 Prior to conducting multi-site certification under the methodologies described in this appendix certification bodies shall have documented procedures in place to guide audit teams in the planning, conduct and reporting of multi-site certification audits.

7. PUBLIC COMMUNICATION AND CLAIMS REGARDING MULTI-SITE CERTIFICATES

- 7.1 Certification bodies shall prepare a summary audit report that, in addition to the requirements of the SFI Public Communications and Claims (Section 10) document, indicates:
- a. the fact that the certification is a multi-site certification;
 - b. whether the multi-site organization is a group certification organization;
 - c. the sampling approach (strata, location, number of sites sampled and the percentage of sites sampled within each stratum); and
 - d. any changes in the scope of the multi-site certification since the last public summary report.

- 7.2 Certificates issued to multi-site organizations shall be issued to the central function and include an appendix listing the participating sites. The central function shall provide a copy of the certificate to all participating sites. The certificate shall list all participants.

8. INTERPRETATIONS, PUBLIC INQUIRIES, AND OFFICIAL COMPLAINTS

- 8.1 In assessing the validity of complaints raised in relation to a specific site within a multi-site organization, certification bodies shall investigate the complaint at the site level and (where relevant) at the organizational level.⁸

⁶ Auditing of the central function will be primarily based on interviews, document and record review and may be conducted through any combination of off-site audit activities, additional activities carried out through electronic record access at individual sites or visits to the central office as appropriate.

⁷ For example, where Operation A has a non-conformity raised in 2010, it will be necessary to close this out in 2011 regardless of whether Operation A was scheduled to be one of the sites sampled in 2011. As a result, the sampling strategy will need to include a process for closing out open site-level non-conformities.

⁸ For example, where a complaint has implications for the effectiveness of a process carried out by the central function (such as procedures, monitoring or internal audit) then the implications for the reliability of information from other sites within the organization shall also be considered.