



**AUDIT OVERSIGHT**  
Monitoring & Evaluation Policy for  
Audit Firms / Auditors

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**1. INTRODUCTION**

SIZA strives to ensure continuous improvement amongst agri-businesses, allowing for economic growth, social responsibility, and environmental stewardship throughout the supply chain. This goal is achieved by ensuring reliability, ethicality, and consistency amongst the SIZA approved third-party audit firms. This continued drive is to ensure credible data is produced to global buyers and stakeholders, confirming that requirements are being met, and to showcase compliance on various levels within the supply-chain. It is important to maintain this drive toward continuous improvement among audit firms as well, allowing for a calibrated approach and methodology that benefits both the audit requestor, auditor, and buyer.

**2. PURPOSE**

The purpose of the SIZA Audit Oversight Monitoring & Evaluation Policy is to provide governance to the programme and to measure certain criteria to ensure that third-party audit firms as well as the auditors who audit on their behalf are recognised and accepted by all relevant parties to ensure quality, competency, and compliance are maintained throughout the process.

**3. OBJECTIVES**

The objective of the Audit Oversight Monitoring and Evaluation Policy is not only to manage risks and to provide assurance to the SIZA programme, but also to ensure that risks to auditors and buyers are as low as possible. SIZA will support audit firms and auditors to maintain recognition as far as reasonably practical, however SIZA will conduct a rigorous evaluation on the principles contained in this policy regularly.

**4. SIZA AUDIT OVERSIGHT PRINCIPLES AND GOVERNANCE INDICATORS**

The SIZA Audit Oversight Principles and Governance Indicators will be measured by SIZA for each audit firm every quarter (every three months) during the year and formal feedback will be provided to each firm annually. Based on the evidence provided by each firm on the various points, SIZA will allocate a rating for each principle which will inform SIZA management on what steps/actions might be applicable to each firm to ensure improvement and compliance. SIZA will communicate the outcome of the review to the audit firm once a year during a formal review meeting. Based on the outcome of these evaluations, SIZA management reserves the right to recommend improvement, impose further development, suspend, remove, or otherwise limit an audit firm’s recognition or acceptance related to the SIZA programme.

The following risk-matrix will be used:

Rating Scale	
1	(Blue) – Requirements are fully met
2	(Green) – 95% (+) of requirement met with isolated exception(s)
3	(Amber) – Between 85% - 95% of requirement met with several outstanding actions
4	(Red) - <85% of the requirement is met resulting in immediate action to be taken

In any event where an audit firm is allocated a rating of 4 (red) for any particular requirement, SIZA will formally engage with the audit firm relating to the practice in question after which the audit firm may face potential suspension or undergo a formal performance review.

#### **4.1. Maintain SIZA recognition**

- It is the responsibility of each audit firm to maintain its recognition with SIZA as the scheme owner. There must be a signed Service Level Agreement as presented by SIZA in place. This needs to be maintained and updated on and when request by SIZA.
- Audit firms must dedicate its processes and governance to ensure that each auditor, reviewer, scheduler, audit manager and any other relevant staff meet the requirements of this policy and the following SIZA policies:
  - [SIZA Social Audit Process and Methodology](#) (along with any related Annexure to the APM) and the [SIZA Environmental Audit Process and Methodology](#)
  - [SIZA Social Auditor and Reviewer Competency Requirements](#) and the [SIZA Environmental Auditor and Reviewer Competency Requirements](#)

#### **4.2. Demonstrate market acceptance amongst prominent markets accepting SIZA across the globe**

- Audit firms and auditors must be accepted and approved by the most prominent markets/buyers that SIZA members supplied to and who can influence the recognition of the SIZA Audit.
- Audit firms must provide written confirmation of acceptance and recognition by any relevant market, of auditor and reviewers who audit on the SIZA standard, when requested by SIZA.
- As part of the SIZA Audit Process and Methodology (APM), various elements of conduct, governance, and rules form part of audit firms' responsibility to ensure adequate competency and implementation of management systems. As the SIZA APM includes all the relevant elements, audit firms who are accepted to do the combined SIZA Environmental/GLOBALG.A.P. IFA audit must also be registered with the relevant ISO accreditation as specified by GLOBALG.A.P. (current version of ISO/IEC 17021-1 or ISO/IEC 17065 for the scope of the respective scheme). ISO accreditation will be seen as a best practice for Social (Ethical) Audit Firms.

#### **4.3. Maintain acceptance and recognition with relevant regulatory bodies as specified by SIZA**

- It will be the responsibility of the audit firm to maintain full acceptance and continuous recognition with regulatory bodies that may be applicable to the acceptance of the SIZA programme.
- These regulatory bodies include APSCA and may include any additional bodies as determined by any relevant market or the SIZA programme.

#### **4.4. Able to demonstrate active engagement within the agricultural sector and with the SIZA programme**

- Each audit firm will need to provide verifiable evidence of their active engagement within the agricultural sector of South Africa. This evidence may include engagement events/collaborations, producer representations, advertisements etc.

#### **4.5. The maintenance of audit firm profiles on MySIZA**

- Each audit firm, audit manager, auditor, reviewer, scheduler, and other audit administrators must ensure that their membership and user profiles are up to date and active on the *MySIZA* platform such as the contact detail and the signatures that has relevance to the Audit Completion Letters.
- Audit firms must report any error that can delay the audit process within 24 hours to SIZA with evidence of the technical error (i.e., screenshot, full details).

- 4.6. Conduct the minimum number of audits per year**
- All Social (Ethical) audit firms must conduct a minimum of 24 audits (2 per month) per SIZA’s financial year cycle (1 April to 31 March) otherwise they will have to re-apply for recognition again
- 4.7. Engagement Between Audit Management and Auditors**
- The audit firm must hold regular audit management governance meetings and feedback sessions with auditors and reviewers. Evidence of at least two formal governance sessions with auditor and reviewer feedback must be provided to SIZA.
- 4.8. Response Time**
- All audit firms must maintain an active responsiveness and engagement with SIZA. There must be a fast turn-around time of 24 hours with responses to emails, tasks, plans and projects.
- 4.9. Auditor Capacity**
- All audit firms must have enough auditors (a minimum of two auditors and at least one reviewer) to provide for the capacity needed and to ensure that new auditors can be shadowed. It is crucially important that each audit firm provide for capacity as required annually. Every audit firm must train and develop two new auditors at least every year to be at lead auditor level.
- 4.10. Auditor and Reviewer Competency**
- It will remain the responsibility of each audit firm to ensure that all auditors and reviewers maintain and adequately meet the competency requirements as set out by SIZA:
    - [Social Auditor and Reviewer Competency requirements](#)
    - [Environmental Auditor and Reviewer Competency](#)
- 4.11. Audit activities must be completed within APM requirements**
- All audit requests must be formally scheduled within three months; however, the audit firm’s scheduler must aim to finalise the scheduling preferably as soon as possible.
  - All audit reports must be completed within 10 business days from the date of audit (this includes the review process) in line with all requirements as set out by the respective SIZA Audit Process and Methodology.
  - All corrective actions must be reviewed by the auditor within 10 business days from the date it has been uploaded by the auditee.
- 4.12. Audit Report Quality**
- All audit reports published on the *MySIZA* platform must adhere to the quality standards and requirements as set out by SIZA in the [Social Audit Process and Methodology](#) and the [Environmental Audit Process and Methodology](#) and accompanying [SIZA Golden Audit Report](#).
  - Audit Firms should use the templates for the specific actions (i.e. Alert notifications/supplementary reports, etc) as supplied by SIZA in the APM.
  - SIZA will conduct monthly reviews of audit report quality and revert to the audit firm with feedback on improving the audit report quality and writing skills of auditors and reviewers.

- The audit firm's evaluation rating will be negatively impacted when auditors and reviewers do not adhere to the requirements.

#### **4.13. Reporting of Critical Alert Notifications**

- The communication of the Critical Alert Notification must be done as prescribed by the applicable SIZA **Audit Process and Methodology** on the provided template.
- The wording and quality of the Critical Alert Notification must be adequate, comprehensive and include evidentiary information (verifiable evidence such as photo's, documentary evidence and factual proof) to substantiate the finding.

#### **4.14. Price Consistency and Audit Length**

- Audit firms shall ensure to maintain fair and reasonable pricing which must be market related within the agri-business scope in South Africa.
- No audit firm may schedule an audit outside of the SIZA APM requirements unless there is a justifiable reason which needs to be communicated to SIZA management.
- Audit firms endeavour to assist producers and guide them during the scheduling process on the best possible audit option for their business.

#### **4.15. Audit Firm Complaints**

- When complaints are received via SIZA:
  - SIZA will engage with the audit firm directly to determine a resolve and it is expected that the audit firm provide all the necessary resources to resolve any complaint as soon as possible.
- When complaints are received via the audit firm:
  - Audit firms need to communicate any and all complaints to SIZA immediately if it is raised directly to them.
  - Audit firms will be expected to liaise with SIZA throughout the process to navigate the best resolution going forward.
- In any event where more than two complaints are raised against a particular audit firm, SIZA will reserve the right to suspend the audit firm or follow the best suited recourse if evidence can be found that the audit firm deems to be liable and guilty. In any event where a complaint is received against a particular audit firm and evidence is provided and accepted of their liability towards the claim, it will negatively influence their evaluation rating.

#### **4.16. Auditor Complaints and Disciplinaries**

- In any event where a complaint is lodged against any particular auditor, SIZA will engage with the audit firm directly and require their full compliance in an attempt to resolve the matter within five business days from receiving the complaint. This will result in the auditor receiving an improvement plan specifically developed to resolve the complaint (behaviour, knowledge, ethics etc.).
  - When a second complaint is lodged against an auditor, the audit firm will in partnership with SIZA issue a formal final warning against the auditor for the particular wrongdoing.
  - In any event three or more complaints are received against an auditor, the audit firm shall in partnership with SIZA engage in a six-month development plan in assisting the auditor to improve which may include various monitoring activities.
  - Where an auditor has been deemed to not follow the disciplinary process adequately and continues to receive complaints despite all the steps being

followed, such auditor will be suspended until such a time when reasonable evidence can be provided of the auditor's capabilities, change in behaviour or improvement. The auditor will have to re-apply for recognition.

- In any event where a complaint is received against a particular auditor, it will negatively influence the audit firm's evaluation rating. Once the same auditor receives three or more complaints, this may also lead to the suspension of the particular audit firm.

#### **4.17. Continuous Internal Training & Governance**

- Every audit firm must ensure that all auditors remain competent and engage in continuous learning.
  - This shall entail internal training at least every six-months
  - One formal training pertaining to the applicable scope, i.e., Social Compliance, Environmental Auditing
  - Regular calibration sessions (monthly or quarterly)
- Training and calibration must consist of at least the following:
  - Auditors conduct and effective communication
  - A clear understanding of audit methodology (interview techniques, document sampling, how to conduct a site survey, how to conduct opening and closing meetings, how to verify corrective actions etc.).
  - Applicable legislative knowledge and understanding (including interpretation differences).
  - Local and industry knowledge/understanding.
- Audit firms must ensure that all auditors, reviewers, and schedulers must be competent in their ability to navigate and use the *MySIZA* platform. In any event where further training is needed, the audit firm must engage with SIZA in arranging for such training.

#### **4.18. Continuous Support and Improvement**

- It will remain crucial that audit firms be able to provide SIZA with documentary evidence of continuous improvement for each auditor. This must include a formal review of each auditor whereby shortcomings or potential improvement indicators have been identified and implemented on an annual basis.

### **5. SIZA IMAGE/BRAND**

It is the expectation of SIZA that role-players involved with the programme and who financially benefit from the programme, must be loyal towards the programme, to protect and promote the SIZA brand, reputation, and image. SIZA will continuously monitor audit firms, auditors, reviewers, and relevant persons on how they represent SIZA in their activities and operations. This will be done by ensuring continuous engagement between parties, offering annual training to audit firms and audit staff, direct contact with SIZA members, the industry, and ensuring an open channel of communication to SIZA is always available. The option for any interested stakeholder to launch a complaint or dispute regarding an audit, the behaviour of audit staff or the outcome of the process will be available. It remains a choice to become part of the SIZA culture and to present and promote SIZA audits during activities.

### **6. CONCLUSION**

The audit process should always reflect the internal principles of the audit firm and represent SIZA's standards and brand reputation. Based on the feedback and outcome of the reviews,

SIZA will converse constructively with each audit firm, allowing for improvement for all parties and ensuring that SIZA Social (Ethical) and Environmental audits generate credibility, reliability and continue to improve in quality. It is expected of all parties involved in the audit process to contribute to the efficacy of the SIZA methodology and procedures to ensure consistency and quality throughout the audit process.



