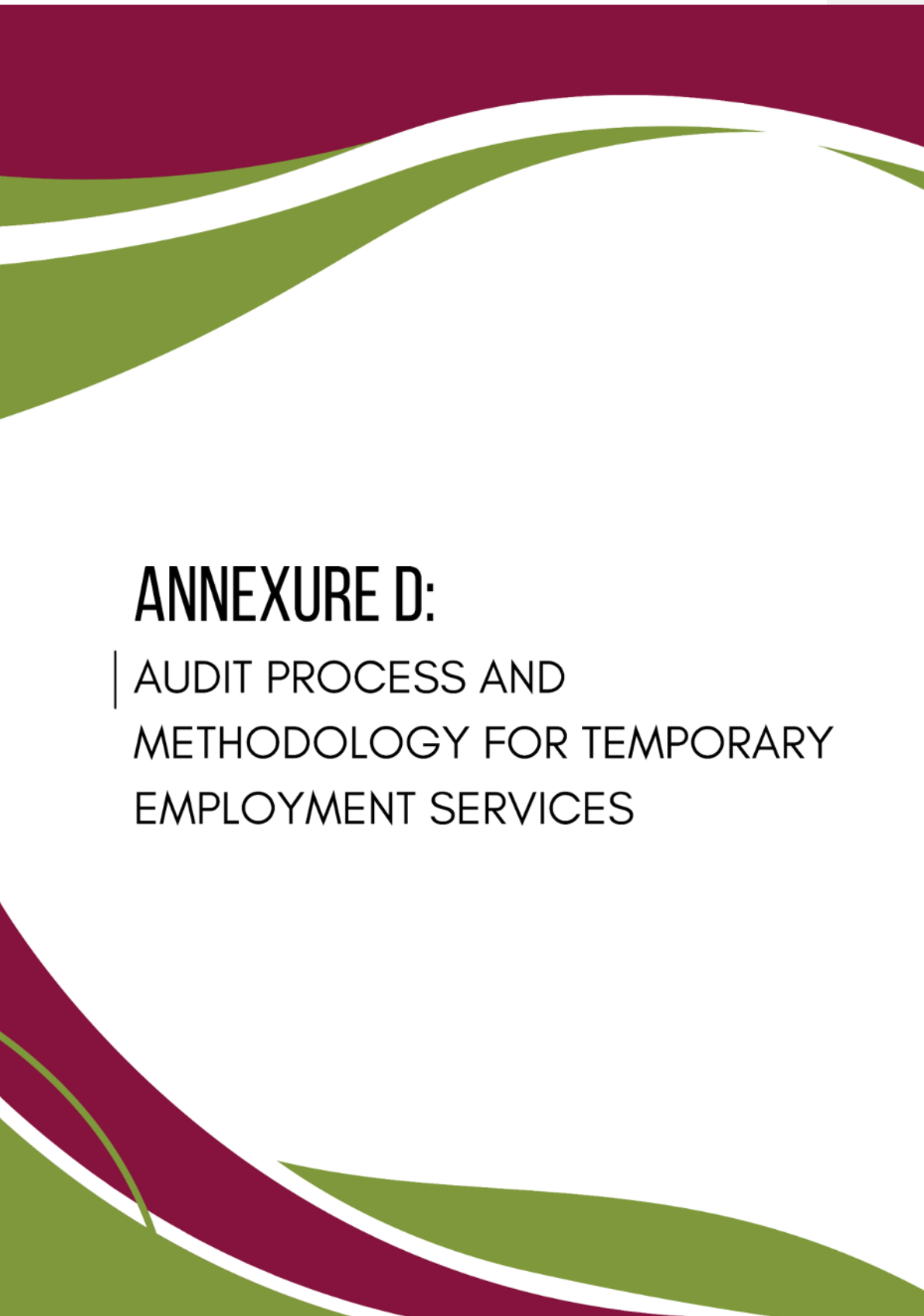




ANNEXURE D:

| AUDIT PROCESS AND
METHODOLOGY FOR TEMPORARY
EMPLOYMENT SERVICES

1. Introduction

This best practice has been developed to supplement the WIETA/SIZA APM guidelines when assessing conditions for workers providing services at a company's site, but who are not directly employed by the company.

It is not intended to be used as a stand-alone document and should be read in conjunction with the full APM guidelines.

Examples of these would be:

- Companies providing service staff for installation and servicing of equipment.
- Transport and personnel services
- Temporary staff provided, for example, to WIETA or SIZA members' cellars, farms or packhouses.

BACKGROUND

Typically these businesses, called Temporary Employment Services (TES), may have a central head office with management structures to administer the provision of staff or operate more informally.

Their employees then work at a variety of locations, many of the locations often owned by WIETA or SIZA members). In some cases the TES or contractor may be providing a full service including managing the farm activities being undertaken, in others they may just be providing individuals who are then functionally managed/ controlled by the site where they are employed.

CONTENTS

The guidelines seeks to high-light the areas which may need to differ from the Auditor Methodology and It should therefore be used in conjunction with these APM Guidelines.

These guidelines are not intended as a stand-alone document to conduct an audit, but rather as a common set of criteria to supplement the audit process and audit systems facility, a central audit location will need to be agreed upon.

USAGE

It is recommended that the current WIETA or SIZA Report and CAP Report are used for reporting this type of ethical audit.

Where additional assessment standards are relevant, these will be referenced in this guidance supplement, not on the report format blanks.

It will be the responsibility of the auditor/audit company to state all appropriate governing standards within the Audit report and CAP Report.

REVIEW

The supplement will be reviewed on an ongoing basis in line with local and international audit guidelines and standards.

2.1

PRE-AUDIT

SECTION 1

AUDIT PLANNING

1.1 RISK ASSESSMENT

1.1.1 SELF-ASSESSMENT QUESTIONNAIRE AND SITE PROFILE

Unlike other ethical audits which are typically undertaken at a single location to fully evaluate the conditions of employment, the auditor will need to visit both the head office or central operation and a sample of sites to which the contractor's workers are allocated.

It is therefore important to obtain information prior to the audit on the number and nature of locations at which workers are employed. This will permit the auditor to agree a sampling plan and to select sites to visit. Contact numbers should also be obtained for the sites, any relevant operatives if working remotely and any regional managers or supervisors.

Much of this would be contained in the self-assessment questionnaire but it may be necessary for the auditors to obtain additional information in order to be able to plan the audit appropriately.

If the TES operates out of a mobile facility, a central audit location will need to be agreed upon.

1.2 TYPES OF AUDIT

These types of TES audits are generally not provided at the contractors' own sites, and it is unlikely that they would be in control of environmental issues at the sites of their clients.

The sequence of audits is the same as for standard ethical audits, with full and partial audits undertaken as needed to assess performance and verify corrective actions taken.

SECTION 2

AUDIT EXECUTION

PRE-AUDIT COMMUNICATION

2.1.1 BASIC AUDIT INFORMATION

The aim of the audit is to evaluate the performance of the organisation against the WIETA or SIZA Code, local law and any other additional requirements.

This will involve visits to a number of sites which may be at different geographical locations. Since the audit will be checking policies and procedures against actual practice, the auditor needs to consider the order of visit.

2.2 SITE VISITS

2.2.1 SITE VISITS TO HEAD OFFICE

The auditor's site visits should start with a visit to the location where the TES is operating from. Typically this could be an office in town, or based on a farm or family home where the HR management is located and documentation is held.

The aim of the day is to obtain understanding of the TES's business organisation and practices and to review policies, procedures and documentation relating to the audit scope.

There should also be an initial review of business documentation, registration and workers' files and records (see box alongside). There is also a review of the occupational health and safety records, depending on the size and scope of the services and company involved. These would include, but are not limited to:

- Legal appointments where applicable (if more than 20 permanent and temporary workers are employed).
- First aid appointment (more than 10 employees).
- Fire Marshall appointment and training (informal).
- Training certificates.
- OHS representative (more than 20 employees).
- First Aider
(formal accredited training).
- Fork Lift (where applicable).
- Available first aid kit.

The review should include (but is not be limited to):

- Company registration details (where applicable), SARS registration and letter of good standing, registration with the Department of Labour for UIF, SDL (where applicable) and COID.
- Recruitment and employment practices, workplace policies, employment contracts and leave records.
- Wages and payslip records, records of hours worked.
- Grievance and disciplinary policies and procedures.
- Training records.

2.2.2 SITE VISITS TO PLACES OF WORK

The auditor should then visit work sites where the workers would be working. The number of these will depend on the total number and level of variation of sites of employment.

The aim of the visits is to interview workers to investigate the issues reviewed at the TES office site, especially to:

- Explain the audit process, to confirm employment practices and to reassure individuals involved that the process is confidential.
- Review terms and conditions of work at the site.
- Determine how policies and procedures are carried out in practice.
- Highlight any areas of potential cross-over (or gaps) between the responsibilities of the contractor and the management at the site of employment.
- See how supervisors and/or intermediaries manage their teams' terms and conditions.
- Review the relationship and communication channels.

IMPORTANT

1. SUPERVISORS & MANAGERS

Supervisors and managers who cover multiple locations may not be available at any given moment.

2. FULL SITE INSPECTIONS

It is not necessary to conduct a full site inspection at each location visited, as these sites should have their separate audits done. The auditor should restrict the assessment to ensuring that the employees of the TES:

- Are afforded the rights granted them under the Sectoral Determination 13 of the Labour Relations Act and other relevant labour legislation and ethical code requirements.
- Have been appropriately trained and are aware of all important points regarding health and safety as it applies to their own job. The purpose of the audit is to review the procedure of the contractor and the protection of workers, rather than to audit the health and safety conditions at the site where they are working.

3. PHOTOGRAPHS

It may not always be appropriate for photos to be taken. Permission to do so has to be authorised, as the photos could identify the location/company unfairly if they had not been given the right to reply at the time of the audit. However, photos identifying specific points of non-compliance should be included

2.2.3 REVISIT HEAD OFFICE

After gathering information from the employment sites the auditor will need to revisit the TES office or other location where the HR management is located and documentation is held.

The aim is to cross-reference information gathered from the workers and work sites, and to gather further specific evidence necessary to:

- Either clear a potential nonconformance or discuss and agree on a corrective action.
- Conduct a thorough closing meeting to discuss all findings and agree on corrective actions.

SECTION 3

THE AUDIT PROCESS

The on-site audit will usually follow the same number of steps as a standard ethical audit:

- Opening meeting.
- Management interviews and documentary reviews.
- Announced/semi announced site visits to conduct worker interviews.
- Auditor pre-closing meeting.
- Closing meeting.

There are some specific additions.

3.1 OPENING MEETING

The following additional areas of clarification/preparation are required.

- Confirm the scope in terms of activities and clients to be covered, and any groups of workers to be excluded.
- Confirm that all necessary clients and workers have been communicated with.
- In the case of unannounced/ semi-announced audits, explain the reasons for conducting these and confirm that as much communication as possible
- Confirm the owner of the report and explain the confidentiality of the audit as well as agree who will receive the report copy.
- Explain the sampling process for employees for interview and that these interviews are confidential.
- Confirm that workers have been advised that any time taken for interviews will be paid.
- Agree date and time of closing meeting. Ensure that enough time is allowed to re-investigate non-compliances as required.

3.2 WORKER INTERVIEWS (INCLUDING GROUP INTERVIEWS)

Worker interviews will be undertaken at the location where the workers are deployed.

Selection and sampling of workers will only be undertaken by the audit team. The selection of workers will be determined by the sites selected and the working patterns at those sites. The auditor will ensure a fair representation of sites is visited.

The sites will be visited after the TES office visit or other location where HR and associated records are located. Interviews will be undertaken in such a way as to limit the disruption to operations.

It may be more difficult to find private areas where interviews can be undertaken, and the auditor must remain flexible on this point.

However, no management or supervisors should be present in interviews and care should be taken to ensure that conversations cannot be overheard.

The auditor should communicate to interviewees that all information will be managed with discretion and the interviewee's identity will remain confidential. Reassurance should also be given about the fact that workers will be paid for their time, and a contact number left for workers to feedback if this does not occur or if there are any negative repercussions after the visit.

3.3 MANAGER/ SUPERVISOR INTERVIEWS

Arrangements should be made to meet with a sample of managers or supervisors appropriate to the size of the TES.

The aim is to:

- Review their role in the implementation of any office policies and procedures.
- Look at the day-to-day running and decision-making, as this affects working conditions.
- Review any documentation that may exist at this level.
- Discuss communications systems in place for workers to raise concerns and grievances or to make other suggestions.

3.4 DOCUMENTARY REVIEW VERIFICATION

After the site visit a further visit will be undertaken at the office or location where documentation is held.

The aim of this visit is to:

- Cross-check any points raised through the site visits and interviews.
- Review any information that required specific permission from workers before access could be given.

3.5 CLOSING MEETING

The closing meeting will normally be held at the office or location where documentation is held and managers are present.

The aim of the closing meeting is to:

- Inform and agree with the management the findings of the audit.
- Verify their confirmation of the findings through signing off the CAP.
- Discuss and agree any corrective actions suggested by the TES company.
- Agree on timeframes for corrective actions.

The scope and names of locations to be mentioned on the report (see, 4.4.1 Report Writing) should also be agreed at this meeting, particularly with reference to any client names as well as the dissemination of the report.

IMPORTANT!

Additional time should be planned for this element, as the management is less likely to be familiar with the issues and may have more questions about approaches to drive compliance.

SECTION 4

OUTPUT AND FOLLOW-UP

4.1 REPORT WRITING

In view of the complexity of these types of supply chain, it is important that the scope of records reviewed and sites visited are clearly detailed in the report so that readers can see whether the findings relate to all activities undertaken by the TES company, or only those provided to certain clients.

However, care should be taken to ensure that specific client names are not mentioned and that references are made in such a way that confidentiality is protected.

It is also possible that issues will be discovered that are not in the direct control of the auditee (TES/labour contractor), but relate rather to responsibilities of the member companies or TES client whose sites are visited.

In such cases it is recommended that:

- This not be raised as a nonconformance on the audit performed on the contractor, as corrective actions will be outside of his control.
- It may be raised as an observation on the report, but should clearly highlight the action (if any) that can be expected from the auditee.

4.2 UPLOADING THE AUDIT TO SIZA AND WIETA

Should the TES be a registered member of either WIETA or SIZA, the audit should be uploaded to their respective online systems.

FOLLOW UP AUDITS

At least one follow-up audit is required during an assurance cycle. This can be conducted when the client sites (farms/ cellars/packhouses) hold their audit inspections where contractor documentation and contract worker interviews would be required as part of the scope of audit at the client site. Relevant verification can be done at the client site locations to obtain sufficient evidence to enable a decision to be made regarding the efficacy of the corrective actions undertaken by the TES.

Kommentiert [AB1]: Does this happen in practice?

APPENDIX A1

GUIDANCE BY CLAUSE

For guidance on this section consult the APM. Detailed below are some additional requirements and points to note, specific to this type of supply chain.

This may not be a definitive list for all areas. It is essential that the auditor/audit company is aware of local laws and regulations covering this type of employment.

Where issues are found it is the responsibility of the audit company to record the relevant law/ regulation/code detail on the WIETA/SIZA report and the CAP Report.

1. EMPLOYMENT FREELY CHOSEN

Check whether workers who have been recruited from other regions or provinces - and transported to the Western Cape - have been appraised of the conditions of work and prospective remuneration and have agreed to their contracts of employment before they were brought to the province.

Check that no debts in the form of transportation costs from outside of the province have been incurred prior to their appointment.

2. FREEDOM OF ASSOCIATION

At sites where only a few contracted workers may be employed it is unlikely that traditional unions or workers' committees will have a presence. This emphasises the need for effective communication mechanisms. The auditor should investigate the:

Attitude of the TES in relation to unions and their acceptance of union representation.

- Ability of workers to join trade unions or worker groups of their own choosing.
- Methods of communication between workers and their remote employer.
- Views of workers on the effectiveness of any worker representation present.
- Views of workers on the effectiveness of communication methods.
- Ability of workers to bargain collectively.

3. HEALTH AND SAFETY

This will be reviewed in a number of ways:

- Health and Safety policies and procedures at head office or as part of the TES management system.
- Health and Safety practices at the remote work sites and whether they match the policies and procedures detailed at head office.
- Induction & Training procedures for new starters and workers operating on clients' premises.
- Arrangements between the TES/ contractor and clients to ensure that all responsibilities are covered.
- Availability of Workman's Compensation Insurance and COID to cover company (contractor) workers while in clients' premises.

The health and safety at the head office itself should form only a small element of the audit, as the primary focus is on the welfare of employees working at remote sites.

4. CHILD LABOUR AND YOUNG WORKERS

No additional requirements.

5. LIVING WAGE

The checks as per the normal WIETA or SIZA standard is required

6. WORKING HOURS

Records of working hours should be checked at head office against any local records held at the site at which workers are located - with the regional manager (or supervisor, if applicable) and with the workers themselves.

7. DISCRIMINATION

Although there are no additional requirements, the auditor should discuss and determine whether any unacceptable practices are occurring at the site, and whether there are systems in place for the worker to raise these and have them dealt with through the company's structure.

8. REGULAR EMPLOYMENT

No additional requirements.

9. FAIR DISCIPLINARY PROCEDURES & FAIR TREATMENT

No additional requirements are required. However, in the interviews the auditor should discuss and understand whether any unacceptable practices are to be found at the site at which the worker is located and whether there are systems in place for the worker to raise these and have them dealt with through their own company's structure.

IMPORTANT!

MANAGEMENT SYSTEMS AND IMPLEMENTATION OF CODE

Since the aim of the audit is to check systems of the employees of contractors working at a site, the following additional checks are important:

The auditor should check that:

- The TES/contractor company is named and registered with SARS and the Department of Labour.
- Income tax, UIF and COID are collected and paid to the relevant authorities, with records kept for the legally required number of years, and that there are letters of good standing from SARS.

The above requirements are specific to South Africa.

APPENDIX A2

A2.1 AUDIT LENGTH, SAMPLE SIZE & TIMETABLE

The audit length is defined by the number and variation in type of activity undertaken at the various TES sites of employment. Below is a sampling plan table for a good practice approach based on the number of sites. The table excludes audit preparation, travel, report uploading time and report writing, but includes production and detailed discussion of a CAP (Corrective Action Plan) on site. For good practice ethical trade audits, worker interviews must include a representative sample. Auditors use their discretion and consider type of activity, location, and individual site and operations knowledge when defining the number of sites to visit and employees to interview. 15% sample or no less than 5 workers at each site

<50 1-1 ½ hours per site
 3 - 4 sites - 1 to 1 ½ days plus ½ day HO
 <50 - 100 workers
 5 - 6 sites 2 days plus ½ day HO
 <100 - 200 workers
 7 - 83 days plus ½ day HO
 9-10 3 ½ days plus HO
 For every additional 100 workers - 1 additional auditor day

EXPECTATIONS

- Head office visits may be conducted on an announced, or semi-announced basis.
- Site visits may be conducted on an announced, or semi-announced basis.
- A semi-announced site visit retains the good practice established in the standard sampling of the workers undertaken by the audit team.

Notes

1. Owing to the nature of the distance of work sites from the central TES Office, any site visits will need careful planning. This is especially true where visits are semi-announced.
2. For site visits it is necessary to communicate with the TES office employer management team as well as any managers and supervisors.
3. In addition, it is important to consider what communication is required with any site managers who are in charge of the client site but not necessarily in charge of the targeted workers.
4. Where sites are visited on a semi-announced basis, it is necessary to inform the TES office of the time frame during which visits may be expected but they may not be given details of the exact locations and/or dates.
5. Where a management/ supervisory layer exists, a number of individuals at this level should be included in the interview cycle.
6. The number of interviews will depend on number of workers available at each location.

A2.1 TABLE OF SAMPLE SIZE, SAMPLING PLAN AND AUDIT DAYS

TOTAL AUDITOR DAYS	NO. OF WORK SITES	AUDITOR DAYS AT HEAD OFFICE	AUDITOR DAYS AT SITES	WORKSITE VISITS	DOCUMENT SAMPLES	INTERVIEW NUMBERS
3	<100	1	2	4	20 or 100% if fewer employees	5 at each site or 100% if fewer employees
5	101-200	2	3	6	26	5 at each site or 100% if fewer employees
5	201-300	2	3	8	35	4 at each site or 100% if fewer employees
6	301-500	2	4	10	42	4 at each site or 100% if fewer employees
7	>500	2	5	12	42	5 at each site or 100% if fewer employees

A2.2 AUDIT PLANS: EXAMPLE PROGRAMME FOR AN AUDIT

As detailed above:

“Unlike other ethical audits, which are typically undertaken at a single location, to fully evaluate the conditions of employment, the auditor will need to visit both the head office operation and a sample of sites to which the contractor’s workers are allocated”.

Audits should be planned to take place at a time that is truly representative of the TES’s employee’s activities. This will require knowledge of e.g. shift patterns, and the auditor will be required to visit several sites possibly at various and different locations. The audit execution stages are described in Section 2.

A2.3 CLEAR AND PLANNED COMMUNICATION

Prior to the audit additional information should be sought.

- From the TES company concerning the number of sites,
- The number of different activities at the sites,
- The details of specific clients serviced by this company,
- The contractor’s permission to speak to these clients.

N.B. The objective is to gain permission from a number of clients to visit TES/contract workers at their sites as part of the audit.

A2.4 CONSIDER ALL PARTIES

It is important to note that:

The auditor must be diplomatic and ensure that the TES company and client sites understand that the audit represents a wish by the TES company to verify and potentially improve their employment practices.

Some of the TES company’s clients may not permit visits to their sites to interview workers employed there. Therefore, the final scope of the audit in terms of clients covered and the sites visited must be clearly detailed in the final report.

A2.5 FOLLOW-UP AUDITS

The number of sites to visit and samples of documents will to a large extent depend on previous findings and the nature of checks that need to be made.

For example, if the non-compliances were discovered through documentary reviews the need for interviews with individual employees would be lower than if the noncompliance arose out of individual interview and allegations. Equally, where findings were consistent across all sites interviews a lower sampling could be taken at follow-up than where significant variances in performance was found across the sites visited.