



# MPI Technical Standard: Audit

1 April 2015

## TITLE

Plant Export Requirement: MPI Technical Standard: Audit

## COMMENCEMENT

This Plant Export Requirement comes into force on the 1<sup>st</sup> June 2015.

## ISSUING AUTHORITY

This Plant Export Requirement is issued

Dated at Wellington this <sup>1<sup>st</sup></sup> day of <sup>April</sup> 2015



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## Introduction

This introduction is not part of the Plant Export Requirement, but is intended to indicate its general effect.

## Purpose

To specify the minimum technical requirements for the completion of audits on behalf of MPI Plant Exports for the receipt of phytosanitary certification.

## Background

The Ministry for Primary Industries (MPI) has developed a series of operating standards to manage the export certification of plant and plant products. The series of export certification standards can be found on the MPI website.

The MPI regulatory model operates through authorised Independent Verification Agencies (IVAs) and MPI approved organisations (MAOs) undertaking audit services on MPI's behalf.

This standard specifies the minimum requirements for Independent Verification Agencies (IVAs) and MPI approved organisations (MAOs) delivering auditing services on behalf of MPI.

## Who should read this Plant Export Requirement?

This programme applies to IVAs auditing MAOs and MAOs auditing their subcontractors on behalf of MPI.

## Why is this important?

Operating other than in accordance with this programme may result in MPI withdrawing IVA authorisation or MAO approval for undertaking auditing services on behalf of MPI.

## Document history

Previous Version Date	Current Version Date	Section Changed	Change(s) Description
NA	1 April 2015	Whole document	New standard.

## Other information

MPI Plant Exports Certification Standard: Assurance System Framework: including;

- Appendix 1: References
- Appendix 2: Definitions

## Part 1: MPI Principles for Audit

- (1) A key principle in the regulatory model for the provision of export certification is the use of audits to ensure the certification system is working effectively and achieving the required outcomes.
- (2) Within the Ministry for Primary Industries (MPI) export phytosanitary certification system, audits are designed to verify compliance rather than provide a consultative quality management improvement process.
- (3) Independent verification agencies (IVAs) may seek to gain MPI authorisation to audit MAOs.
- (4) MAOs may seek MPI approval to audit their subcontractors undertaking phytosanitary services for the MAO on behalf of MPI.
- (5) Auditors must provide objective assessments of their auditees undertaking phytosanitary services on behalf of MPI.
- (6) Audit scope, intensity and frequency must be performance and risk based.
- (7) To manage risks and ensure consistency in approach within this audit regime, MPI have pre-defined surveillance, verification and system audits and categories of non-compliance. Refer to Part 3.

## Part 2: General Requirements

### 2.1 IVA/ MAO auditing

- (1) IVAs must be authorised and MAOs approved by MPI to undertake audits on behalf of MPI.

#### Guidance

- The process for MPI authorisation of IVAs and the requirement for documented procedures are described in MPI Plant Export Certification Standard: IVA Requirements.
- The process for MPI approval of MAOs and the requirement for documented procedures are described in MPI Plant Export Certification Standard: Organisation Requirements.
- Once authorised, IVAs evaluate MAOs documented systems and where these are found to be compliant recommend the documented systems for MPI approval.

#### 2.1.1 IVA auditing MAOs

- (1) To gain MPI authorisation to undertake audits of MAOs, IVAs must:
- a) Document and implement procedures that describe how they:
    - i) undertake and manage the evaluation of an organisations system (and making recommendations for approval of new applicant MAOs);
    - ii) plan and manage their schedule of audits including how plans are updated to reflect previous audit findings and identify which components of the MAO's system are being audited;
    - iii) undertake and manage the ongoing audits of an MAO's system.
  - b) Demonstrate to MPI they have the resources and capability to deliver all of these audit services.
  - c) Invite, in consultation with their appropriate MAO, MPI to participate in the annual systems audit of their MAOs undertaking audits of their subcontractors.

#### 2.1.2 MAOs eligibility to audit their subcontractors

- (1) To gain MPI approval to undertake audits of their subcontractors of phytosanitary services that are not already independently approved by MPI, MAOs must:
- a) Apply to MPI Plant Exports to undertake this audit activity only after having been an MAO for at least three years without any critical non-compliance during that time.
  - b) Meet the following conditions;
    - i) undertake audits of their subcontractors to ensure each subcontractor operates as per the MAO's procedures;
    - ii) employ a competent person with the full time role of having management authority and responsibility to manage implementation of the MAO's audit programme of subcontractors;
    - iii) ensure an individual auditor is not auditing the same subcontractor location for more than two years in a row;
    - iv) cooperate with their IVA on all audit arrangements including meeting all costs for the involvement of MPI participation in their annual system audits.
  - c) Document and implement procedures that describe how they:
    - i) undertake and manage audits of their subcontractors of phytosanitary services;
    - ii) plan and manage their schedule of ongoing audits including how plans are updated to reflect previous audit findings and identify which components of the subcontractor's system is being audited.

- d) Demonstrate to their IVA:
- i) they have the resources and capability to undertake audits of all their subcontractors;
  - ii) their auditors meet the auditor competency requirements (refer to Part 2.2);
  - iii) their auditors are meeting the minimum surveillance audit frequency of each of their subcontractor's sites (refer to MPI specified surveillance audit frequencies, Table 1);
  - iv) that their auditors are not employed by the subcontractors they are auditing;
  - v) that any conflicts of interest (when auditing subcontractors) can be appropriately managed;
  - vi) their subcontractors are in receipt of and are implementing the MAO's approved procedures;
- e) Ensure their IVA evaluates, and where appropriate, recommends any proposed changes to their MPI approved procedures for MPI approval prior to implementation.

#### Guidance

- A subcontractor providing phytosanitary services for an MAO is not permitted to operate this MAO's procedures for service provision to other MAOs.
- This MAO audit activity is designed to enable large scale high volume export organisations to best manage their supply of plant products to meet both the importing country's phytosanitary requirements and commercial marketing and supply chain specifications.
- Full time equals more than 70% of total paid time to be involved in audit management and auditing.
- MPI requirement is for this person to manage and be responsible for the implementation of the MAOs audit programme. It does not preclude this person from also being an auditor.

## 2.2 Auditor competency

- (1) In addition to the general staff competency requirements specified in the MPI Plant Export Certification Standard: IVA Requirements or Organisation Requirements, both IVA and MAO auditors must:
- a) Have attained the following qualifications/experience:
    - i) achieve either a NZQA unit standard in auditing at level 6 or above or have obtained equivalent auditor qualification as agreed with MPI Plant Exports;
    - ii) attained at least a secondary school qualification, diploma or equivalent;
    - iii) work experience in quality management and/or risk assessment or equivalent
    - iv) work experience or knowledge of the industry sector(s) the auditor will be working in;
    - v) undertaken three relevant audits (i.e. systems or surveillance audits) under the direct supervision of a competent auditor and be assessed as competent in that type of audit.

### Guidance

- A competent system auditor may also be recognised as a competent surveillance auditor.
- A competent surveillance auditor will need to be assessed as a competent system auditor before they undertake system auditing.
- Auditors employed after the implementation date of this Standard will need to meet the above requirements.

- b) Demonstrate competence in:
  - i) knowledge of MPI Plant Export certification standards (as applicable);
  - ii) undertaking objective assessments through the effective interviewing, listening, observing and reviewing documents, records and data;
  - iii) verifying the relevance and accuracy of collected information;
  - iv) determining the appropriateness of audit evidence to support audit findings and conclusions;
  - v) understanding the risks associated with the different types of audits to be undertaken;
  - vi) maintaining independence of the organisations and personnel they are auditing
  - vii) understanding and following written procedures;
  - viii) accurately recording all their findings, decisions made and actions taken.



## Part 3: Audit Requirements

- (1) System and surveillance audit criteria apply to both IVAs auditing MAOs and MAOs auditing their subcontractors.

### 3.1 System audits

#### 3.1.1 New applicant MAOs (IVA only)

- (1) The IVA's initial audit of a new applicant MAO must, as a minimum, consist of;
- an evaluation of the applicant MAO's documented system against the requirements of the appropriate MPI standard(s);
  - an initial onsite systems audit of the applicant MAO's documented system when the organisation is fully operational to confirm the applicants documented system accurately reflects their method of operating.
- (2) All IVA non-compliance findings discovered during their audit of a new applicants system must be resolved before recommending the MAO system to MPI for approval.

#### Guidance

- IVAs are encouraged to make forms, reports and other records used to aid the process of evaluating a new applicant organisation's system available to MPI when they send their IVA letter of recommendation for MPI approval.
- Where an IVA has any doubt about an applicant's system suitability for MPI approval, the IVA is encouraged to discuss and explore their concerns with MPI prior to making any recommendations in relation to the MAO system.

#### 3.1.2 IVA audits of MAOs

- (1) System audits must:
- include an evaluation of the MAO's documented system to confirm procedures meet the requirements of the appropriate MPI standard(s);
  - confirm the applicable importing country requirements (including requirements stated within official assurance programmes or pre-clearance programmes) are being met;
  - be undertaken at least annually when the MAO is fully operational;
  - verify through visits to each of the MAO's operational locations/facilities, the MAO is operating in compliance with their MPI approved procedures.
- (2) Where a system audit is undertaken as a series of partial audits all audit findings must be brought together within a final annual audit report for each MAO.

#### Guidance

- Audit checklists are recommended to help with consistency and ensure the scope of audit is thorough.
- Checklists associated with audits may be modified or tailored for each site visited.
- IVAs are encouraged to explore any concerns over an MAO's amended system with MPI prior to making a recommendation to MPI for approval of the amended system.

### 3.1.3 MAO audits of their subcontractors

- (1) System audits must:
  - a) Confirm each subcontractor is operating in compliance with the MAO's procedures;
    - i) where a subcontractor amends an MAO's approved procedure, the amended procedures must be evaluated by an IVA and approved by MPI prior to implementing;
  - b) confirm the applicable importing country requirements (including requirements stated within official assurance programmes or pre-clearance programmes) are being met;
  - c) be undertaken at least annually when the subcontractor is fully operational;
  - d) verify through visits to each of the subcontractor's operational locations/facilities, that the subcontractor is operating in compliance with the MAO's procedures approved by MPI.

## 3.2 Surveillance audits

- (1) Surveillance audits undertaken by either an IVA or an MAO must:
  - a) be unannounced;
  - b) be undertaken during the auditee's normal operating season;
  - c) verify the outputs for each service delivery option identified in the organisation's scope of approval, comply with the appropriate MPI standard(s) and importing country requirements;
  - d) verify the requirements stated within official assurance programmes or pre-clearance programmes are being met.

### 3.2.1 Surveillance audit frequency

- (1) Audit frequencies must be in-line with the risk categorisation and on-going performance of the auditee, as shown in Table 1.
- (2) Risk category - Level 2 service delivery options may be considered by MPI for less than three surveillance audits per year. To qualify the IVA must verify and report to MPI the MAO has demonstrated it has a new process that significantly lowers the phytosanitary risk of either quarantine pests or document inaccuracy.
- (3) The audit frequencies for each service delivery option are independent of each other.

Guidance
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| <ul style="list-style-type: none"><li>• Audits for each service delivery option may be undertaken as part of the same audit.</li></ul> |
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**Table 1: MPI specified surveillance audit frequencies**

Service delivery option/Risk category	IVA surveillance audits of MAOs		MAO surveillance audits of their subcontractors
	Entry level	Reduced*	
<b>Risk category – Level 1</b> <ul style="list-style-type: none"> <li>Phyosanitary inspection of fully processed plant products (includes phyosanitary security)</li> <li>Phyosanitary treatment</li> </ul>	3 per year	1 per year	Minimum of 6 per year or at least one per month when the subcontractor sites are operating for two consecutive months or less.
<b>Risk category – Level 2</b> <ul style="list-style-type: none"> <li>Phyosanitary inspection of fresh or non-processed products / Inert materials (includes phyosanitary security)</li> <li>Certification mark for wood packaging</li> <li>Pest Survey</li> <li>Phyosanitary certificates</li> <li>Seed varietal activities</li> </ul>	6 per year	3 per year	
Any MAO that operates for two consecutive months or less during a calendar year	2 per period of operation	Not applicable	

\* Qualifying criteria for a reduced surveillance audit frequency is one year without a critical non-compliance

### 3.3 IVA verification audits

- (1) IVAs auditing MAOs carrying out formal audits of their subcontractors of phyosanitary services must undertake a verification audit of each MAO auditor at least once every year to confirm:
  - a) the MAO auditors allocation of subcontractor sites are being audited as per the MAO's audit plan in compliance with MPI specified surveillance audit frequencies in Table 1, Part 3.2.1;
  - b) the MAO auditor has the current MAO procedures for their role;
  - c) non-compliance findings are categorised correctly and associated corrective actions are appropriate and effective;
  - d) audit records have been completed accurately for each allocated subcontractor location and maintained for two years.
- (2) IVA verification audits must include visits to at least two MAO subcontractor sites to confirm through an observation that the subcontractor's competent staff are:
  - a) in possession of the current MAO procedures for that subcontractor location;
  - b) implementing the current MAO procedures.

### 3.4 Audit non-compliance findings

- (1) All non-compliance findings identified during an audit must be classified and managed in accordance with MPI Plant Exports: Organisation Requirements, refer to Part 4.

### 3.5 Audit records

- (1) Auditors must;
  - a) capture their audit findings on an audit and/or inspection record;
  - b) ensure their audit records are immediately available to the IVA auditor.

- (2) Audit records must include the following minimum information:
- a) name of auditee;
  - b) date of audit;
  - c) product type(s);
  - d) audit location;
  - e) name of staff audited;
  - f) audit scope;
  - g) non-compliance identified and their classification;
  - h) agreed corrective, preventative actions and their implementation date;
  - i) future audit status and frequency;
  - j) auditor name and signature (manual or electronic).

<p>Guidance</p> <ul style="list-style-type: none"><li>• Electronic audit records are acceptable.</li></ul>
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