



FIRST EDITION

UNDERSTANDING AUDIT FINDINGS

A TRAINING MANUAL FOR SIZA MEMBERS



SIZA®

SUSTAINABLE AGRICULTURE IN SOUTH AFRICA

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CONTENTS

1. OVERVIEW.....	3
2. EXECUTIVE SUMMARY.....	4
3. WHAT IS A HAZARD?.....	5
3.1. Examples of Hazards	5
4. WHAT IS THE ADVERSE EFFECT?	7
5. WHAT ARE THE RISKS?	8
5.1. The Fishbone Technique	9
6. WHAT IS A RISK ASSESSMENT?.....	11
6.1. Why are Risk Assessments Important?	11
7. ROOT CAUSE	13
7.1. How Do You Establish the Root Cause?	13
7.1.1. The 5-Why technique.....	14
8. WHAT IS THE RISK LEVEL?	16
9. IMPLEMENTING APPROPRIATE CORRECTIVE ACTION.....	18
10. CONCLUSION	19



1. OVERVIEW

Can you imagine not getting any non-compliances during a third-party SIZA audit? Some might even speculate that this is not possible. The truth is, that if a business is managed effectively by addressing all possible hazards and risks, the chances of non-compliances arising becomes much lower. By managing possible risks in the workplace, which is a crucial part of every-day operations for any business, you can reduce hazards and risks meaning you will do very well during a SIZA audit. If you can understand how to identify and how to evaluate the seriousness of risks, you will understand what you have to improve so that you can get fewer findings during your audit. By understanding what to focus on and how to implement an adequate assessment to mitigate possible risks, producers and people responsible for managing compliance in a business can adequately and effectively remove possible risks and eliminate elements that cause harm to the people and the environment.



2.

EXECUTIVE SUMMARY

This manual provides producers with a broader view on understanding how SIZA auditors look at risks and addressing the root cause within a business. This manual is based on the SIZA Understanding Audit Findings training, and further provides producers and responsible people within the business with the knowledge to identify possible hazards which can lead to negative impacts. It furthermore enables producers to understand and better determine the root cause of a problem by implementing an adequate risk assessment. By identifying the real reason behind a problem and implementing appropriate corrective action and improvement, the business can eliminate all possible risks and also receive less findings during a SIZA audit. So how do auditors spot a non-compliance and what is the path that they follow to raise a finding and subsequently allocate a certain risk rating to the finding? This manual content will look at the following:

- » What is a Hazard?
- » What is the Adverse Effect?
- » What are the Risks?
- » What is a Risk Assessment?
- » What is the Root Cause?
- » What is the Risk Level?
- » Implementing Appropriate Corrective Action
- » Conclusion



3.

WHAT IS A HAZARD?

The first step when doing a risk assessment should always begin with the identification of possible hazards. Think of the concept of hazard as a threat or a possible danger that can occur. There are several definitions for the concept of hazard but the most common and widely used definition when referring to hazard in the workplace is: “A hazard is essentially any source of harm, potential damage or adverse effect(s) to something or someone”. Basically, a hazard is something that has the potential to cause harm or an adverse effect. It is important not to get confused, a hazard is not the harm or adverse effect caused, but the source of the harm or adverse effect.

3.1. Examples of hazards

Let's look at examples of hazards in the workplace. In general, these include any substance, material, process, or practice that has the ability to cause harm or adverse effects to a property or person.

Examples of Hazards and Their Effects

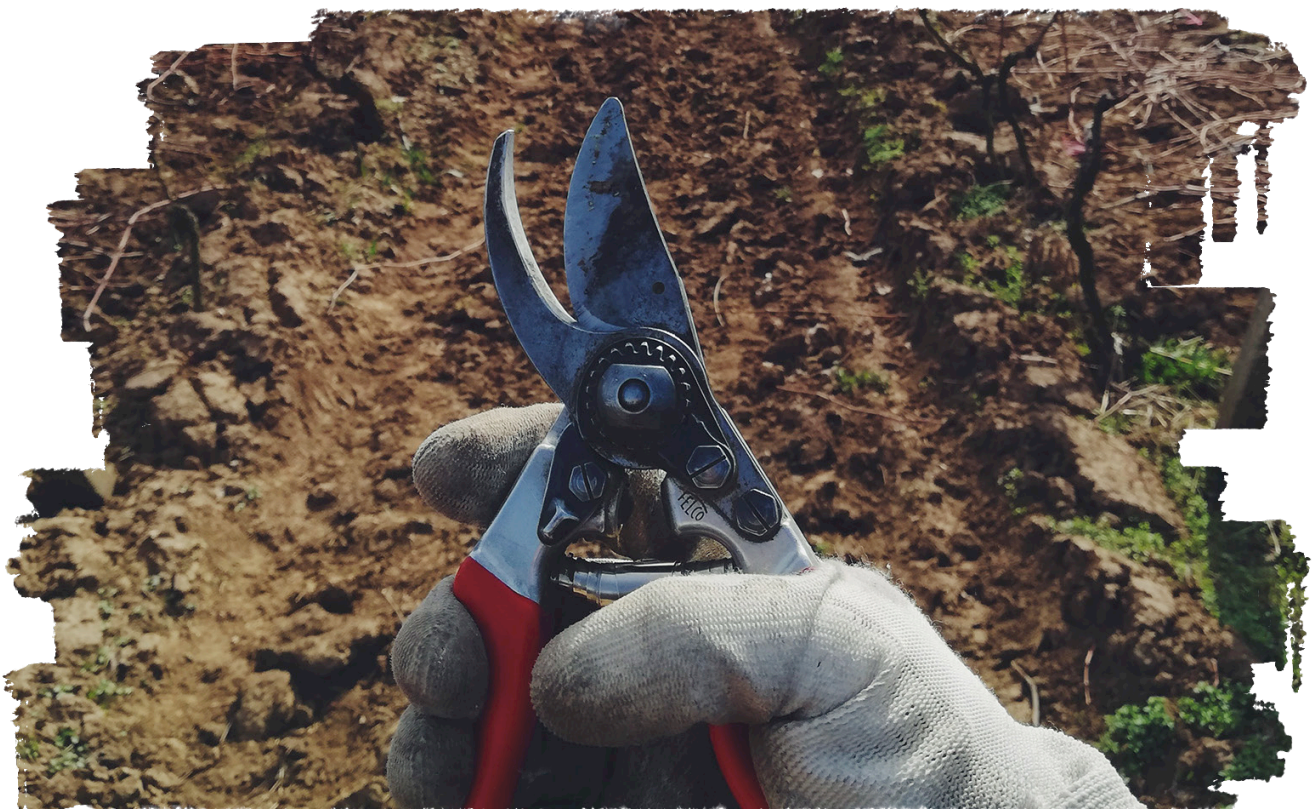
Type of Hazard	Example of Hazard
Behaviour	Bullying
Condition	Wet floor
Material	Asbestos
Practice	Incorrect payment of wages
Process	Pruning
Source of Energy	Electricity wires
Substance	Chemicals, fuel, or gas etc.
Things/Objects	Knife

Can you think of an example of a hazard in your immediate working environment?

The one thing about hazards is that they are not always obvious and easy to spot. Especially if you have never been in a particular surrounding or situation before. In understanding what a hazard is, the expectation is that management within the business understands their surroundings and the practical elements that may influence the setting, environment, and its people. As humans we often move to a state of selective attention, especially when we are in an environment where there are so many things happening around us. Think of an everyday example on the farm: managers can be angry, you have various files on the desk in front of you, all while the telephone rings and several people come in and out to talk to you. Your brain selectively establishes stimuli to focus on and to exclude things that do not need to be taken in at that moment. The reality is that sometimes we might miss things that are crucial.

Management should therefore ensure to appoint competent staff that understand all aspects related to the SIZA Standards and code requirements in order to be able to identify possible hazards. SIZA members should have an expectation that the person they appoint to manage risks within their business are able to do so effectively. The responsibility to adequately identify and resolve risks rests with management and owners of the business.

Now that we understand hazards that may be causing harm to the people or environment in the business, what is the next step in this process?



4.

WHAT IS THE ADVERSE EFFECT?

An adverse effect can be defined as an undesired, harmful effect resulting from a hazard. If we look at the tables from earlier and add examples of adverse effects caused by the hazard, they now look like this:

Examples of Hazards and Their Effects

Type of Hazard	Example of Hazard	Example of Adverse Effect
Behaviour	Bullying	Anxiety, fear, depression
Condition	Wet floor	People can fall or slip and get injured
Material	Asbestos	Respiratory disease
Practice	Incorrect payment of wages	Poverty, malnutrition, loss of dignity
Process	Pruning	Fall from a height, cut with scissors
Source of Energy	Electricity wires	Shock, electrocution
Substance	Chemicals	Organ failure, leaching of chemicals
Things/Objects	Knife	People can cut themselves

Understanding the adverse effects that are caused by a hazard forms the baseline for the risk identification process. Management will now need to establish the risks associated with the hazard.



5. WHAT ARE THE RISKS?

In order to evaluate risk, we first need to establish the meaning of risk. Risk can be defined as something that creates the adverse effect tied to a hazard.

Think about open electrical wires on the floor. The electrical wires are the hazard, and the adverse effect that can be caused is that someone can shock by touching these wires. The risks associated with the hazard will then be, for example, that the wires are exposed, are in the middle of the walkway, or are not insulated properly.

In practice, management can evaluate various documents, such as employee committee meeting minutes, health and safety risk assessments, incident and injury registers/records, and even complaints raised by employees or health and safety representatives. This should give an adequate overview of whether any obvious hazards and their associated risks are present in the business. Once management have established the risks associated with the various hazards, you start to get a good idea of areas in the business that are non-compliant or areas where improvement needs to take place.

Earlier we discussed the definition of hazard and the various types that exist. Let's go back to this and see if we can establish possible risks:

Type of Hazard	Example of Hazard	Example of Adverse Effect	Risks
Behaviour	Bullying	Anxiety, fear, depression	Lack of support structures in place
Condition	Wet floor	People can fall or slip and get injured	Lack of adequate cleaning
Material	Asbestos	Respiratory disease	People being in close proximity to damaged asbestos
Practice	Incorrect payment of wages	Poverty, malnutrition, loss of dignity	Incorrect monitoring of wages by management, lack of education
Process	Pruning	Fall from a height, cut with scissors	Not wearing PPE and unsafe use of ladders
Source of Energy	Electricity wires	Shock, electrocution	Improper insulation of wires

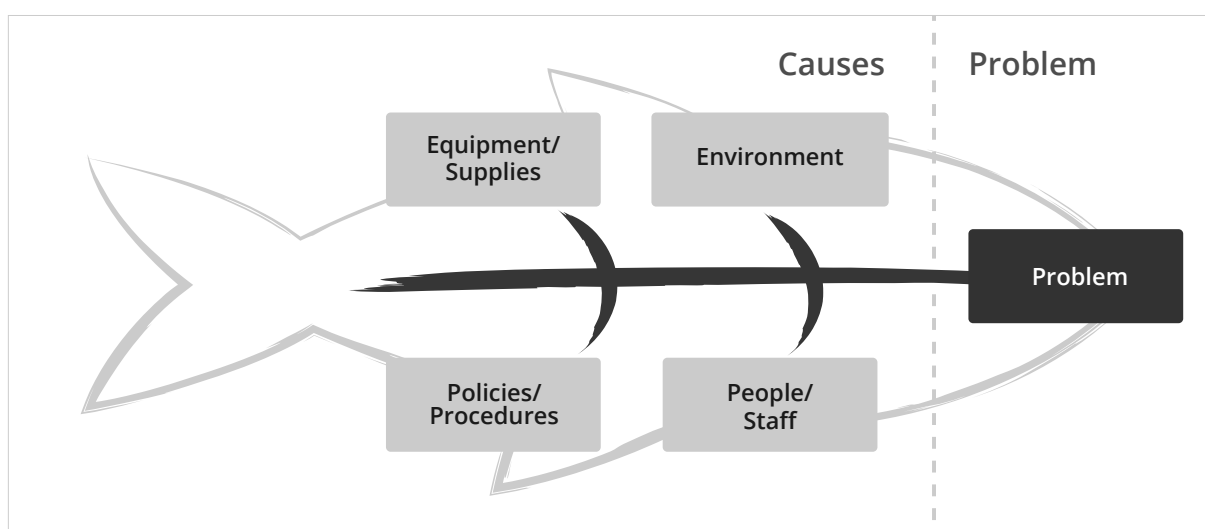
Type of Hazard	Example of Hazard	Example of Adverse Effect	Risks
Substance	Chemicals	Organ failure, leaching of chemicals	Inadequate storage, handling & disposal of chemicals
Things/Objects	Knife	People can cut themselves	Lack of safety training

Management and the persons responsible should adequately determine the correct risks within the business and look at the appropriate risk level to understand the severity of each risk. This guides the business to establish which risks should require immediate attention. This drives continuous improvement within businesses.

5.1. The Fishbone Technique

This technique will provide a good overview of the number of causes to a single problem, clearly showcasing the extent of each problem leading to a better understanding of the problem's severity. The Fishbone technique and diagram was originally invented by the highly regarded expert in quality management, Professor Kaoru Ishikawa of Tokyo University. He first used this technique to help a group of engineers at Kawasaki Steel Works on how to fully understand a problem by looking at the complex set of related factors to the problem.

The main strength in this technique is determining the cause and effect and allows for a visual diagram to aid the brainstorming process. Think of the problem or effect as the head or the mouth of the fish. Contributing factors (namely the risks) are then listed as the smaller bones, each under a cause category.



It is however very important to include members from management and the people responsible for managing compliance in the business (e.g., Health & Safety representatives and managers, ethical and environmental compliance officers etc.) that will be able to adequately contribute to the brainstorming process.

As part of this technique, the following steps must be followed: As part of this technique, the following steps must be followed:

1. Agree on what the problem is.
2. Agree on the categories contributing to the cause of the problem.
3. Brainstorm all the possible causes and add it to the appropriate category.
4. Go through the causes listed and ask again: "Why is this happening?"
5. One can continue to ask "Why?" in trying to establish whether the cause can be traced back even further.

Through this process, the team can determine what possible risk factors contribute to the actual problem. By establishing these contributing factors, the team can adequately measure the risk and the adequate corrective actions needed to prevent this risk from re-occurring.



6.

WHAT IS A RISK ASSESSMENT?

Conducting a risk assessment is a systematic process of identifying hazards and evaluating any associated risks within the workplace and then implementing reasonable control measures to remove, correct, and reduce possible hazards.

People get injured, hurt, or severely negatively affected at work due to hazards in the workplace every day. This includes both physical and mental health and can even lead to possible death of a person.

A risk assessment forms the baseline and is a crucially important element within any business. Without a risk assessment or some sort of analysis, the business will not know where the potential problems are.

It is a primary management tool in ensuring possible risks within a business are mitigated and controlled.

Unless a business has developed an adequate risk assessment, the preventative actions will not be possible as one will not know where to start.

Having a good risk assessment in place allows for a proactive approach to manage risks in the business.

Many people believe that a risk assessment is only in place to fix issues, but it actually plays an important role in prevention and the identification of possible future vulnerabilities.

6.1. Why are Risk Assessments Important?

Risk assessments are a structured method of ensuring the risks to the health, safety, and the wellbeing of employees (and others) are suitably eliminated, controlled, and prevented. The main purpose of risk assessments is:

- » To identify all hazards and evaluate the risks present within the workplace.
- » To evaluate the effectiveness and suitability of existing management structures/control measures.
- » To ensure additional controls (including procedural controls) are implemented wherever the remaining risk is considered to be present.
- » To prioritise further resources if needed to ensure that all requirements are met within the business.

Businesses can use risk assessments for anything in their business, as they will identify the gaps or areas for improvement. There is one key aspect to remember; namely that the person or people that are responsible for the evaluation and implementation of the risk assessment must be competent.

Think about it, if you have no experience in the health and safety of forklifts, should you be the one doing the risk assessment on the forklifts in the company?

You will need competent people to be able to correctly identify possible risks within the business.

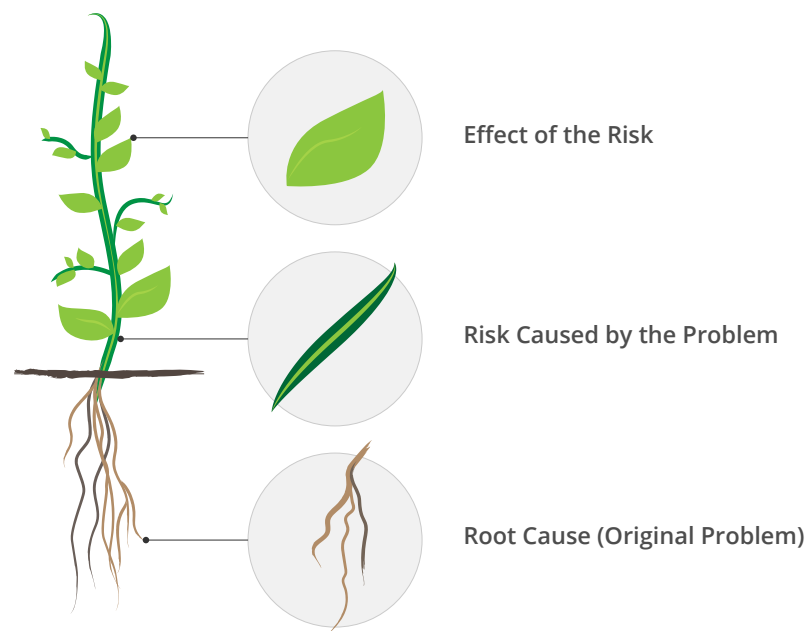
The same is true for an example such as forced and bonded labour. As the responsible person for ethical compliance, you might need to liaise with supervisors and employees to gain a better understanding of whether a problem might exist or might be looming, based on the feedback received.

Once a concern is identified (remember, a hazard is something that has the potential to cause harm), one can implement a plan to act on it and adequately resolve the problem.



7. ROOT CAUSE

Establishing the root cause of a problem and the effect it has on the business (i.e., farm or packhouse), is a crucial part of the risk identification process. In essence, the root cause is a fundamental, underlying, systemic reason why an incident occurred. It is important to note that the root cause seeks to find the underlying cause of an issue, and not the surface-level. Think of the roots of a plant as the cause, the stem as the problem arising and the leaves as the symptoms that were caused by the problem. In other words, why is this hazard causing these adverse effects? Without adequate identification of the root cause, businesses will not be able to adequately determine the effective preventative measure and corrective actions needed.



7.1. How Do You Establish the Root Cause?

Determining the root cause can be done by implementing the root cause analysis approach. Root cause analysis is a process used to identify the primary source of a problem (think about the roots of the plant). Root cause analysis establishes the primary cause of a problem and also generally serves as input to the remediation process whereby corrective actions are taken to prevent the original source of the problem from reoccurring.

The end result of this process is the most important part, as the aim of an ethical and/or environmental risk assessment, is to ensure the problem does not reoccur once the adequate corrective action has been implemented.

A business must adequately identify the root cause behind a problem to ensure the corrective actions implemented allows for the problem not to occur again in the future.

The goal is to eliminate the risks associated altogether.

We have to utilise root cause analysis in order to establish the primary cause behind the accident.

This can be done by various techniques, however, this training will look at the 5-Why Technique.

7.1.1. The 5-Why Technique

This technique was developed in the 1930's by the father of the Japanese industrial revolution and founder of Toyota Industries, Sakichi Toyoda.

He believed that in order to adequately know what is wrong with their product, he needs to "go and see" what is happening on the shop floor.

They can establish if customers are not buying due to shape, colour or even price. The global manufacturer is still using this technique today.

The 5-Why technique is a common method used to determine what the root cause is in a particular situation and to establish the real risk associated to a problem.

There are many other causation strategies, however, the 5-Why technique has proven to be one of the most popular in establishing risk-related causes.

This technique is used to analyse any problem by repeatedly asking the question "Why?", which will ideally lead to the root cause of a problem.

During the risk assessment process, this lends a structured approach to help businesses identify the real reason behind a hazard and enable the persons responsible to establish the adequate corrective action in ensuring the problem will not occur again.

The process is specifically used to analyse the cause-and-effect relationship within the business.

Let's use this technique when looking at our example of the exposed electrical wires:

Problem: There are exposed wires in the packhouse.

- » **Why?** The wires have not been replaced and are old.
- » **Why?** The responsible person did not include the wires in their inspection.
- » **Why?** They did not have an adequate risk assessment to do so.
- » **Why?** They did not receive adequate training on identifying possible hazards.

Examples of Hazards and Their Effects

Type of Hazard	Example of Hazard	Example of Adverse Effect	Risks	Possible Root Cause
Behaviour	Bullying	Anxiety, fear, depression	Lack of support structures in place	No adequate grievance procedure in place
Condition	Wet floor	People can fall or slip and get injured	Lack of adequate cleaning	Lack of adequate training to cleaners
Material	Asbestos	Respiratory disease	People being in close proximity to damaged asbestos	Lack of management awareness of the dangers caused by asbestos
Practice	Incorrect payment of wages	Poverty, malnutrition, loss of dignity	Incorrect monitoring of wages by management, lack of education	Lack of management awareness or due to criminal intent to avoid paying accurate wages
Process	Pruning	Fall from a height, cut with scissors	Not wearing PPE and unsafe use of ladders	Inadequate Health & safety supervision, or inadequate PPE, or equipment
Source of Energy	Electricity wires	Shock, electrocution	Improper insulation of wires	Lack of maintenance
Substance	Chemicals	Organ failure, leaching of chemicals	Inadequate storage, handling & disposal of chemicals	Lack of awareness of the risks associated with empty chemical containers, inadequate handling
Things/ Objects	Knife	People can cut themselves	Lack of safety training	Inadequate Health & Safety oversight

What's next? We now need to establish the risk level associated with this root cause. This is important to better understand and manage risks going forward. Remember, the best course of action is prevention.

8.

WHAT IS THE RISK LEVEL?

Traditionally, risk level can be defined as the likelihood or possibility of danger, loss, injury, or other adverse consequences related to a hazard occurring, as well as the severity of possible harm suffered. In practical terms, risk level is the probability or chance that a person will be harmed or experience an adverse effect if exposed to a particular hazard. Allocating risk level will always be challenging, mainly due to the extenuating circumstances. The auditor will take into consideration the situation and facility conditions on the day of the audit, along with the code requirements, legislative regulations, global best practice, and auditor guidance.

Management will need to determine the risks associated with the hazard. The first aspect in allocating the risk level, is to take into account all the findings of the techniques used to establish the causes to the root problem. These causes will provide an adequate sense of how much or how little has been done to mitigate the risk. In many cases there might be no effort in place, as management might have been unaware of the risk until now. This speaks to a higher risk level, as the responsibility for management to be aware lies at the core of operating an ethically and environmentally sustainable business. Management will need to consider:

- » The development and existence of action plans and policies within the business, aimed at the protection of its employees and the environment.
- » The effective implementation of action plans and/or policies and procedures.
- » Consultation and commitment to external resources where the business lacks internal expertise.
- » Engagement from the business' suppliers.
- » Commitment to continuous improvement on an annual basis.

The business should always ask themselves:

- » What is the root cause behind this hazard causing an adverse effect?
- » What is the immediate risk for employees and/or the environment which can result in severe hazards?

Other considerations pertinent when determining the particular risk level include:

- » The extent to which risk to workers and/or the environment is systemic; this could be related to geography of the site, industry type, or sub-sectors. For example, no risk assessment in place, or risk assessment has not been reviewed.

- » The extent to which the impact can be rectified (e.g., new policy, discussion with employees, change in management system, etc.).
- » Whether the employees and/or the environment will be able to return to the same state or a better state after the corrective action.

In order to establish the risk level, the business should be able to take into consideration all the extenuating circumstances and possible variances.

The people responsible should ask questions like: How can we prevent this from happening again? Why is this happening in the first place? Did anyone get hurt? Are there adverse effects to the environment?

These are all questions the business will need to ask in order to determine the risk level, meaning how serious this risk is to the business, the environment, and its people.

This gives the business a good idea of the severity of each area of concern, and also creates a measure of grading which in turn drives continuous improvement within business.



9.

IMPLEMENTING THE APPROPRIATE CORRECTIVE ACTION

The most important part of the process for many, lies with the corrective action process.

The corrective action plan is crucial to the improvement process and also forms the foundation of continuous improvement.

This process is not just synonymous with the audit but should be implemented continuously and regularly to ensure risks are managed and prevented effectively.

The essence of implementing corrective action, takes four main elements into account:

1. The corrective action must be **appropriate** (it should resolve the risk/problem).
2. The corrective action must be **preventative** (the risks should not re-occur in the future).
3. It must **address the root cause** of the problem.
4. The corrective action must be completed **before causing any further damage or harm to the people or the environment**.

The ideal outcome for all businesses that are members of the SIZA programme is to drive continuous improvement throughout their business.

Without implementing corrective actions to ensure problems do not become severe risks within a business, there is no drive toward improvement.

Each business should regularly and actively monitor and evaluate the practices within their business as to be able to identify possible shortcomings.

The responsibility lies with the business to make sure that each problem identified is resolved adequately.

10. CONCLUSION

SIZA expects members to understand risk within their business and be able to mitigate any possible risk. This does not only form part of the SIZA requirements, but it also speaks to the effectiveness of the business on driving continuous improvement.

Let's summarise the important aspects:

- » Always make sure you compile an adequate and comprehensive risk assessment.
- » Make sure the person who implements the risk assessment is competent to know what they are doing.
- » Once you have identified the hazards, you need to determine why the hazards cause adverse effects. You need to successfully find the root cause of the problem.
- » Understand Root Cause Analysis and be familiar with the various techniques available.
- » Evaluate the risk in relation to its effect on the people and the environment.
- » Make sure to implement a corrective action that will prevent the risk from re-occurring.

Understanding the risks within your own business is crucial in driving continuous improvement. As times change, so do the risks and possible contributing factors. Businesses should remain active and engage with the risk identification process regularly by conducting risk assessments, making sure each department communicates possible concerns and that when a risk is identified, immediate attention is given in order to resolve and prevent the risk from occurring again in the future.

