

PAACO Auditor Certification Training

Ethics and Audit Protocol

*Quality audits
& auditing*



Professional Animal Auditor Certification Organization, Inc.¹

Auditing



- A profession and a discipline.
- Its own rules and procedures.
- Collecting evidence of conformance to a standard while using an 'audit instrument'.
- Direct observation, documentation, employee interviews.

An auditors role is to rigorously assess the effectiveness of the system to meet the requirements of the relevant standard, and to determine the extent to which the system is being implemented.



PAACO

quality audits & auditing

Auditor Traits

Competence

Ethics

Diplomacy

Confidentiality

Independence



quality audits & auditing

Competence

- Possession of required skill, knowledge, qualification, or capacity
- Professional integrity and technical knowledge to complete each audit



"I agree you do have drive, ambition and self-confidence, but what we're looking for is competence."

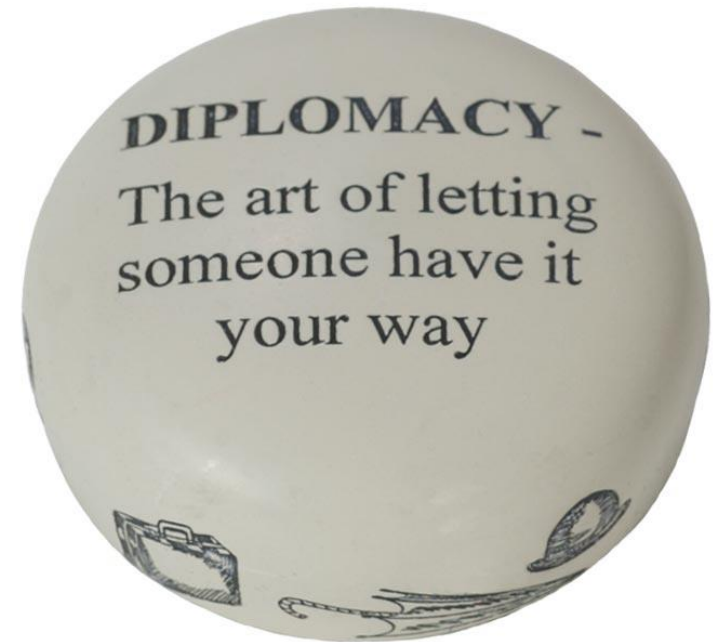
Ethics

A golden scale of justice is positioned on top of a purple book. The book's spine has the word 'ETHICS' embossed in gold, capital letters. The scale is made of polished gold and is slightly tilted. The background is a soft, out-of-focus light color.

Code of Ethics: Generally accepted standards of professional conduct

Diplomacy

- The art of dealing with people in a sensitive and effective way
- Patience, tact, and consideration



Confidentiality

Auditor shall keep secret, retain in strictest confidence and prevent the unauthorized duplication, use and disclosure of the Confidential Audit Information. The Confidential Audit Information shall be used and duplicated (as is reasonably required) only for the Permitted Purpose of this Agreement and for no other purpose.



Quality audits & auditing

Independence

- Free from bias and influences that affect impartiality and objectivity
- Auditors are independent when they render impartial and unbiased judgment in the conduct of their engagement.

Balance

Strong **technical** and **ethical** characteristics are fundamental to audit success and a basic requirement.



These characteristics won't set you apart.

Good auditors also possess the following additional characteristics:

- Vision and instinct
- People skills
- Decision-making ability
- Superior communication skills

Vision and Instinct

- “Instinct is the nose of the mind”
- The good auditor does not settle when a client’s answer doesn’t seem right
- Develop an inquiring mind and strive to learn from all experiences in client situations

People Skills

- Ability to deal with all type of clients in all types of client situations
- Client personnel may have a fear of the auditor because they don't like someone looking over their shoulder
- Auditor must have the ability to put people at ease and be able to empathize from the client perspective
- Show respect for the client



People Skills, cont.

- Listening – not to hear the answer but for understanding
- “Hear” the client’s answer completely
- Within your firm and your audit team – be a team player as the entire team is working toward a common goal.

Decision-Making Ability

- Once the evidence has been collected, determine what is relevant and what is not
- Be a strong and effective decision maker
- Waffling around on a decision causes the client to lose confidence in their auditor

Superior Communication Skills

- Connection and rapport with the auditing team and the client
- Effective communication occurs when the client understands exactly what you are saying



Client Relationship

- Act in a professional manner as a faithful agent or trustee for each employer or client
- Inform each client or employer of any business connection, interests, or affiliations that might influence your judgment or impair your services
- Do not disclose information concerning the business affairs or technical processes of any present or former employer or client without his or her consent.
- Do not accept compensation from more than one party for the same service without the consent of all parties.

Will you be objective?

- Do you know anyone personally in the organization you are auditing?
- Did you help develop and/or implement the system under review?
- Have you been the sole auditor for the organization a number of times in the past?
- Have you previously worked for this organization?
- Do you have major financial investment in the organization?
- Can you stick to the audit instrument?

Phases of an Audit

- ✓ **Prepare**
- ✓ **Execute**
- ✓ **Report**
- ✓ **Close**

Prepare

- Scheduling audits and travel
- Be prepared – look at the information you need to complete the audit and devise a plan for how you are to get that information
- Work with the company to schedule the day, time and location of the audit.
- Finding your way to the site



Biosecurity Concerns

- Down time from exposure to biosecurity risks
 - International Travel
 - Farm Exposure (including hobby farms, fairs, etc.)
 - Full disclosure – may get special dispensation
- Farm procedures
 - Order of farm visits
 - Decontamination procedures
 - Bio-protective clothing

Each facility is unique.

Communicate with facility in advance

Execute

- Chair the Opening Meeting
- Potential issues during the audit – discuss any non-conformances immediately upon identification of such
- Address differences during the audit – refrain from commenting on unrelated observations
- Chair the Closing Meeting

The Opening Meeting

- Introductions of key personnel
- Review Audit Purpose
 - Conformance with customer specific requirements (NAMI, Guidelines)
- Audit Scope
- Methods & Techniques
 - Guidelines & audit
 - Audit checklist
- Audit Schedule
- Confirmation of Logistics
 - Plant/facility layout
 - Access to documents
 - Escorts
- Confirmation of Exit Meeting and Timing



Responsibility of the Auditee

- Inform employees about objectives and scope of the audit
- Assign staff members to accompany the auditor
- Designate representatives from management to attend the opening meeting
- Provide necessary resources for auditor
- Provide access to the facilities and evidential materials as requested
- Determine and initiate corrective actions based on the audit report

During the Audit

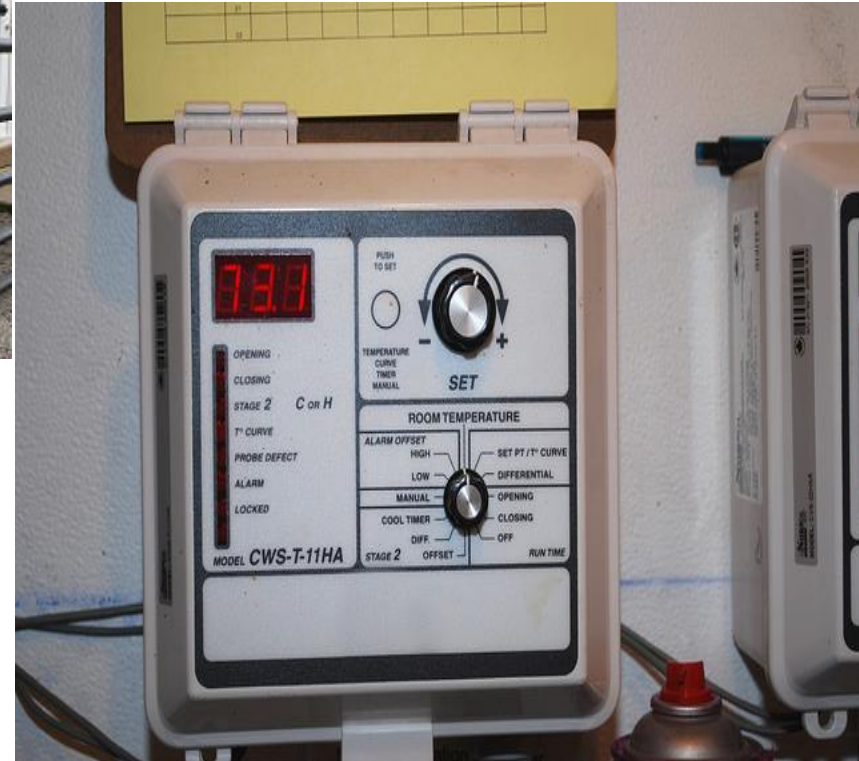
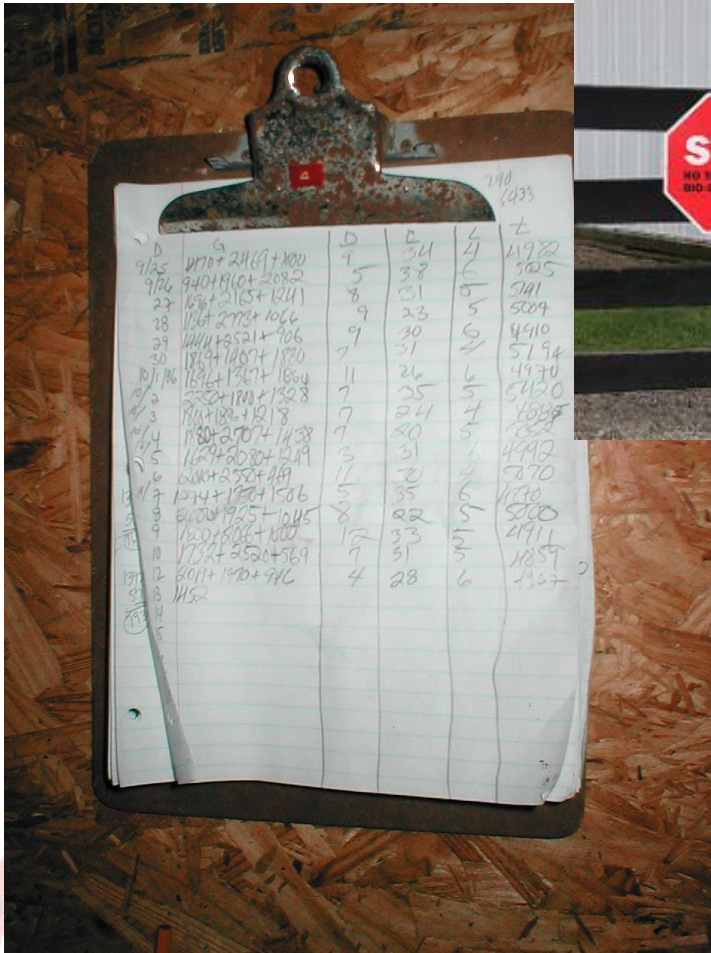
- Observation of the process
 - ***Interviews***
 - ***Review of Documentation***
 - ***Physical Examination***
- If you identify an issue – discuss it at that moment



Interview



Written Records and Procedures



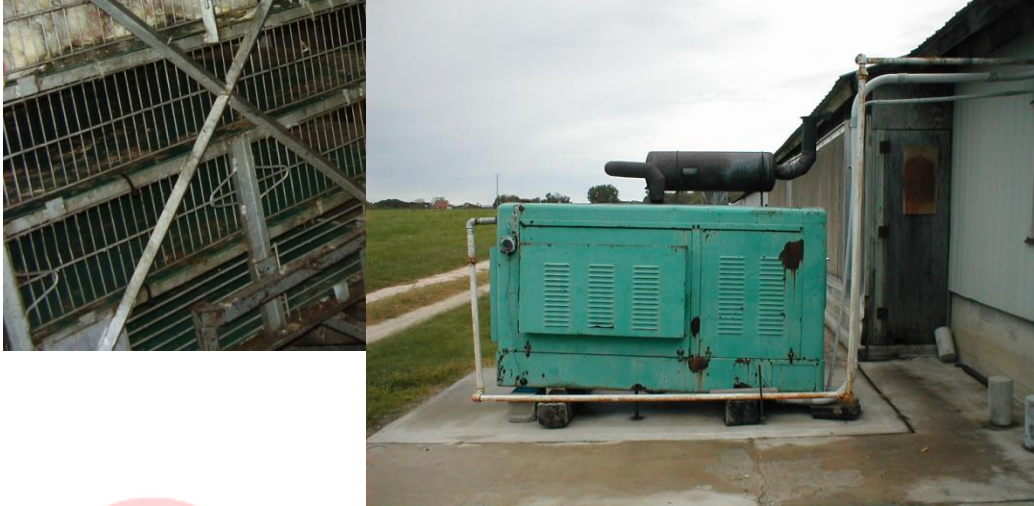
How to do direct observations?



As the audit instrument tells you.



How long to observe the process?



For as long as
the audit
instrument
tells you.

Responsibility of the Auditee

- Do not pump the auditor for competitor information.
- Do not dispute the validity of individual audit instrument points.
- Do respectfully question the findings
- Provide reasonable levels of comfort afforded to other visitors and office employees.

The Exit (Closing) Meeting

- Thanks and recognition of assistance
- Recap the audit purpose and scope
- Summary and initial conclusions
- Findings and/or positive practices
- Use your knowledge to create an accurate depiction of what was seen during the audit.
- Conflicts and non conforming observations
 - allow for dialogue-explain and/or clarify
- Discuss Corrective Actions and next steps/timing
- Document the meeting and actions

Report

- Finalizing the report – write reports that stand the test of time
- Clarify what the audit instrument specifies.
- State what was observed (or not observed)
- Comments should be for both good and bad. If something was done well, say so. If something did not meet requirements, say so.
- Give examples of what would have been acceptable.
 - Documentation, interview, observation, exam
 - Don't make reference to other operations

Remember...

It is not the auditor's job to manage or consult



OTHER CONSIDERATIONS

Securities Laws

- Learning information that is important to investors but not available to the public and acting on it or telling someone who acts upon it.



Antitrust Laws

- You learn information and use it to affect competition with another company or producer's market.



Aiding & Abetting

- If you observe a willful act being done and that act would be an offense against the United States.
- You must report the act to the proper authorities.



Consulting



- The management team is already in place to set handling, husbandry, veterinary, nutrition, and quality assurance practices.
- It is improper (even destructive) to violate the chain of command.
- One fix may cause ten more problems.
- Don't recommend management changes!