Audit Companies' Monitoring

ICS monitors audit quality through various means. Audit companies are monitored through statistical indicators and comparative analysis as well as ICS members' collaborative feedback and review. Identified errors are continuously tracked through a dedicated system.

Authorizing new audit companies

Before a company is authorized to audit for ICS members, certain requirements need to be fulfilled. The audit company sends their request to become authorized to audit for ICS. The application needs to contain certain information, such as the auditor qualification and training criteria, the geographic coverage, and so on. The information is studied and if the application receives support from at least 3 ICS members, the trial period of one year can be launched, if unanimously validated during a Plenary meeting, during which the audit company must perform at least 30 audits, in at least 2 different countries and 2 different activity sectors. By the end of the year, their performance is studied, and the final approval is made by a unanimous vote by ICS members during a Plenary Meeting. The procedure is available online and can be consulted by external parties and stakeholders.

Monitoring current audit companies

The ICS Contract

ICS signed an Agreement with each authorized audit company. This formalized document represents the code of conduct that every audit company should follow including integrity and confidentiality standards. The Agreement also lists the auditors' experience and qualification requirements to perform ICS audits. The template of the contract is available online and can be consulted by external parties and stakeholders.

The adherence to the Agreement is verified by ICS through error checking (*c.f. infra*) and by the ICS database that cross-checks information and notifies the ICS team and the audit company if needed.

Monitoring through statistics and error tracking

ICS tracks performance through annual KPI review and through continuous statistical analysis. The KPIs include tracking on the company's response time, audit statistics and performance and auditor management and training.

Audit reports are reviewed by ICS members continuously and by the ICS team, taking reports at random. If errors are identified, the audit report can be refused on the ICS database. ICS tracks the number of refused audits on its database. Errors are also tracked through a dedicated system, called the EIPAF (Error in ICS Process by Audit Firm). Some of the EIPAF types include errors in scheduling, misuse of the ICS Auditor Guideline, late upload of audit documents, and so on. The ICS team shares statistics with its members regularly.

Shadow and counter audits

Audit companies are further monitored through on-site visits by the ICS team. The team visits the factory on the day of the audit, without informing the audit company or the factory. So far, the audit companies were shadowed in different countries, such as Bangladesh, Brazil, China, France, Italy, Morocco, Spain, Tunisia, etc.

To further enhance monitoring and improve auditors' performance, ICS members have started testing counter audits, where one audit company can be hired to verify the work of another that performed a previous audit.

APSCA

ICS has signed a Memorandum of Understanding with APSCA and regularly exchanges information with them on auditor behavior and ethics.

Collaboration and exchanges of information

ICS also believes that improvement can come through close collaboration which is why we strive to meet with the audit companies during joint working groups. The working group is organized between audit companies, the ICS team, and the ICS members to exchange on different challenges that have been faced and on ways to improve.

To ensure continuous improvement, ICS has developed and continues to develop trainings, e-learnings and documentation for auditors and audit companies. The ICS team will also be working with external institutional stakeholders, the International Labor Organization (ILO) and the International Trade Center (ITC) to organize trainings for auditors.

Terminating existing audit companies

As explained in the contract ICS has passed with the audit companies, the accumulation of errors or serious errors, e.g., linked to lack of integrity or unethical behavior, can result in ICS deciding not to work with a certain audit company any longer or suspend their activities in a certain region/country. The termination requires a unanimous approval by ICS members during a Plenary Meeting.