

# Chain of Custody Internal Audit Checklist

For use in conducting internal audits against the FSC,  
PEFC and BM TRADA Forest Products Scheme  
requirements

Prepared by: The Wood Shop Consultancy

Available from: [www.timberconsultancy.co.uk](http://www.timberconsultancy.co.uk)



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## Chain of Custody Internal Audit Checklist

The following checklist shall be used as a guide to ensure that all procedures which are crucial to the efficient operation of the CoC scheme are reviewed. All findings should be recorded on the CoC Internal Audit Report contained in Appendix 3.

<b>Documented Procedures</b>	
<b>References</b>	
1.	Are FSC/PEFC/BM TRADA reference documents (Standards etc) up to date and readily available?
<b>Scope of Registration</b>	
1.	Is the Company's scope of registration up to date and does it match that detailed on the CoC Certificate and Registration Schedule?
2.	Is the Product Group schedule up to date, publicly available and recorded correctly on <a href="http://www.fsc-info.org">www.fsc-info.org</a> , <a href="http://www.register.pefc.cz">www.register.pefc.cz</a> and <a href="http://www.bmtrada.com">www.bmtrada.com</a> showing correct Product Class, Type etc?
3.	Has the control system changed? (i.e. Transfer, Percentage, or Credit system)
4.	Has there been any changes to Outsourcing arrangements (see Outsourcing checklist section)?
<b>Quality Management</b>	
<b>Policy</b>	
1.	Is the Company Policy Statement up to date, detailing the Company's commitment to implement and maintain the CoC, and is a copy available to all interested parties, including suppliers and personnel, e.g. by including a copy on the corporate website?
<b>Responsibilities and Training</b>	
2.	Have there been any changes in responsibility for CoC, especially at critical control points, including overall responsibility?
3.	Have relevant staff received appropriate training and has this been documented in training records?
4.	Is the training plan up to date?
5.	Is training material held on file and is it up to date?
6.	Have updates received from relevant sources (certification body, FSC, PEFC etc) been circulated to relevant staff as appropriate or used as a basis for training?

<b>Records</b>	
1.	Is there sufficient provision for storage of records for min period of 5 years?
	<i>Check key records are filed appropriately, including purchase and sales documents, training records, production records, volume summaries, and trademark approvals.</i>
2.	Have any amendments to procedures or controlled documents been recorded on the Amendment Register?
<b>Internal Audits</b>	
1.	Is CoC included on QMS internal audit schedule (if appropriate)?
2.	Are suitable corrective and preventative measures implemented following the audits?
3.	Are the results from internal audits reviewed by top management at least annually? Has this been documented?
4.	What was the date of the last review?
5.	What is the date of the next review?
<b>Complaints</b>	
1.	Have any complaints been received regarding the supply of certified products? If so, have these been correctly documented, filed and reviewed by senior management?
<b>Material Sourcing</b>	
<b>Supplier Validation</b>	
1.	Is the Approved Suppliers list up to date?
2.	Has the validity of each supplier's CoC certificate been verified via the FSC and PEFC websites as follows: FSC: <a href="http://www.fsc-info.org">www.fsc-info.org</a> and PEFC: <a href="http://www.register.pefc.cz">www.register.pefc.cz</a> and relevant website for Forest Products (CSA, SFI, MTCC etc)
3.	Have validations been printed off and filed?
4.	Do validations show for each suppliers': <ul style="list-style-type: none"> <li>• Registered scope</li> <li>• Supplied Product Type</li> <li>• Supplied Material Category</li> <li>• Chain of Custody Code (or Controlled Wood Code where appropriate)?</li> </ul>
5.	If any information is incomplete, has the relevant Certification Body been contacted and their response held on record?

<b>Purchasing</b>	
1.	Do all purchase orders for certified products contain the requisite information, including the requirement for FSC/PEFC/FP's
2.	Where non certified material has been purchased, have procedures been followed to ensure that there is no reference to certified products either on associated documentation, (especially delivery notes and invoices) or product packaging?
<b>Material Receipt, Storage and Processing</b>	
<b>Delivery Notes and Purchase Invoices</b>	
1.	<p>On receipt of certified material, is there evidence to show that supplier's delivery documentation and invoices are checked to ensure they contain the requisite info:</p> <ul style="list-style-type: none"> <li>a) The supplied material quantities are in compliance with the supplied documentation.</li> <li>b) The Material Category and, if applicable, the associated <i>percentage</i> or <i>credit claim</i> is stated for each product item or for the total products.</li> <li>c) The supplier's Chain of Custody or Controlled Wood code is quoted.</li> </ul> <p><i>Record del note and purchase invoice references checked as evidence</i></p>
	<p><u>Reference:</u></p> <p>FSC Claims:</p> <ul style="list-style-type: none"> <li>• FSC Pure</li> <li>• FSC Mixed Credit</li> <li>• FSC Mixed %</li> </ul> <p>PEFC Claims</p> <ul style="list-style-type: none"> <li>• PEFC - <u>and</u> % claim</li> </ul> <p>BM TRADA Forest Products Scheme</p> <ul style="list-style-type: none"> <li>• BM TRADA FOREST PRODUCTS – List relevant scheme (MTCS, CSA etc)</li> </ul>
2.	Is there a system for passing on delivery notes to the relevant dept in order that computer records can be updated? Is this system working?
<b>Contingency</b>	
1.	Has there been a need to implement the contingency plan in the event that the information on a supplier's invoice or delivery note is missing / incorrect? If so, please provide details.

<b>Storage</b>	
1.	Are storage/segregation procedures working effectively and can certified materials be clearly identified?
2.	Has the Company had cause to identify/segregate uncertified materials? If so, please provide details.
<b><u>FSC Only:</u></b>	
3.	For materials supplied with the FSC logo, does the Company ensure the following: <ul style="list-style-type: none"> <li>a) Material to be further processed is cleared of any labels or segregation marks before sale.</li> <li>b) Material to be sold unchanged is checked to ensure that it is correctly labelled according to its FSC material category</li> </ul>
4.	For materials supplied with logos other than FSC, e.g. PEFC, does the Company ensure that the materials are cleared of any such labels before sale with an FSC claim? <i>Note: This may include on-product labels, ink-jet marks, possibly as part of a grade stamp or branded marks. In the case of grade stamps, the grade mark may be retained but the forest conformity label (e.g. PEFC reference) must be removed</i>
5.	If the FSC input material categories are different, has the organisation downgraded the material category to the lowest FSC input, i.e. FSC Mixed 70%?
<b>Processing</b>	
1.	Are segregation/labelling procedures being maintained to ensure that certified stock is not contaminated by uncertified goods or goods supplied under another forest conformity scheme?
2.	Has there been any changes to the raw material inputs which could give rise to a need for additional labelling/segregation?
3.	Have any special orders been processed, e.g. back-to-back orders? If so, how was the product treated through processing to ensure it could not be contaminated by other, non certified products?

<b>Despatch and Sales</b>	
1.	Do delivery notes and sales invoices contain the following information: <ul style="list-style-type: none"> <li>• Customer name</li> <li>• Delivery note/Invoice reference and date</li> <li>• Product description and quantity</li> <li>• The full FSC and/or PEFC description and claim, e.g. “FSC Mixed 70%”, “70% PEFC Certified”, “MTCS Certified”</li> <li>• The Company’s FSC and/or PEFC Registration No.</li> </ul>
2.	Do the FSC/PEFC claims match those of the supplier of the raw material? (a lower claim made be made if different inputs)?
	<i>Record details of delivery notes and invoices reviewed during audit as evidence of findings</i>
3.	Where FSC/PEFC/FP logos are used on product, do they correspond to the associated claims on the delivery notes and invoices?
4.	Check to ensure that products sold with an FSC claim do not carry any labels from other forestry conformity assessment schemes, e.g. PEFC?
<b>Volume Control</b>	
<b>Conversion Factor (Waste)</b>	
1.	Review the method detailed within the procedures for identifying the conversion factor (waste) for each stage of processing, or if not, for the total process <b>for each product group</b> . <ul style="list-style-type: none"> <li>a) What is the current allowance for waste?</li> <li>b) Define the methodology for calculating the conversion factor, i.e. how is this calculated, and where is the evidence?</li> <li>c) When was it last calculated to demonstrate it reflects current practice?</li> </ul>

<b>Material Balances</b>	
1.	<p>Is a material accounting record being maintained for each product group, showing (as applicable):</p> <ul style="list-style-type: none"> <li>• Purchase Order No.</li> <li>• Purchase Invoice No.</li> <li>• Volume purchased</li> <li>• Material Category and Claim</li> <li>• Volume used</li> <li>• FSC/PEFC Claim</li> <li>• Customer</li> <li>• Sales Invoice No.</li> </ul>
2.	<p>Is a record of each product type used during manufacture maintained and summarised on an annual basis which includes a record of the following:</p> <ul style="list-style-type: none"> <li>• Inputs received</li> <li>• Inputs used for production</li> <li>• Inputs still in stock</li> <li>• Outputs still in stock</li> <li>• Outputs sold</li> </ul>
<b>Stock Control</b>	
1.	Have stock checks been undertaken and recorded in stock records?
2.	Is certified stock and uncertified stock counted separately?
<b>Labelling &amp; Use of FSC, PEFC and BM TRADA Scheme Trademarks</b>	
<b>FSC Logo Use</b>	
1.	Is the Company using on-product labelling? If so, is it in compliance with FSC-STD-40-201?
2.	Which products are labelled by the organisation; where; and how?
3.	Is the Company using the FSC logo for off-product use, and if so, how is it being used? Is this use in compliance with FSC-TMK-50-201?
4.	Has approval been sought from the FSC Trademark Service Provider (the Certification Body)? Has a copy of the approval been received and kept on record?

<b>PEFC Logo Use</b>	
5.	Is the Company's PEFC Logo License agreement available?
6.	When is the expiry date?
7.	Does the client use the correct PEFC Logo License number against all use of the PEFC Logo?
<b>BM TRADA Forest Products Logo Use</b>	
1.	Does the organisation use the BM TRADA Forest Products Logo?
2.	Has received approval for the use of the logo?
<b>Outsourcing</b>	
1.	Where the Company outsources part of its production to contractors, does it: <ol style="list-style-type: none"> <li>a) Retain legal ownership of the input material prior to and during outsourcing?</li> <li>b) Have a signed contract with each contractor, including a clause reserving the right of the Certification Body (BM TRADA) to audit the outsourcing contractor's operation?</li> <li>c) Have a documented control system with explicit procedures covering each outsourced process?</li> </ol>
2.	Review the Company's control system to ensure that: <ol style="list-style-type: none"> <li>a) The outsourced product can be tracked and controlled and cannot be mixed with any other material during outsourced processing.</li> <li>b) The contractor keeps record of inputs, outputs and delivery documentation of material that is processed as part of the outsourcing agreement.</li> </ol>
3.	Are records up- to-date, including contact details of all contractors?
4.	Has the Company informed BM TRADA of all new or deleted contractors?
5.	Does the Company issue the final invoice for the product after outsourced processing has been completed? (If the contractor issues the invoice the material cannot be sold as FSC certified)
6.	Where the contractor is applying the FSC label to the product, has clear instruction been provided as to the correct label to use?
7.	Are checks in place to ensure that the contractor does not use the FSC trademarks for promotional purposes?
8.	Are controls in place to ensure that the contractor does not sub-contract the FSC outsourced process?

<b>Multi Site Operations – Central Office Controls</b>	
	<b>Eligible Operations</b>
1.	Are all multi-site operations (“the Participating Sites”) detailed in the procedures? Has the certification body been notified of the addition or removal of sites?
2.	Has the central office issued and received back consent forms from each Participating Site, signed by the site manager?
3.	Do all Participating Sites still have a legal and / or contractual relationship with the central office?
4.	Do all participating sites operate a common, centrally administered and documented internal control and reporting system, which is subject to continual surveillance by the central office?
	<b>Documented Procedures</b>
5.	Have there been any changes to the responsibility for CoC at the participating sites? If so, have the procedures been updated to reflect these changes?
6.	Are the procedures stored centrally and how are they made available to participating managers?
	<b>Provision of Guiding Materials (as appropriate)</b>
7.	Do participating sites have access to guiding materials, including the following: <ul style="list-style-type: none"> <li>• <i>Copies of the relevant chain of custody standards</i></li> <li>• <i>Explanation of the certification process</i></li> <li>• <i>Explanation of BM TRADA’s right of access to the site for external evaluation</i></li> <li>• <i>Explanation of information required for surveillance purposes</i></li> <li>• <i>Use of systems for tracking and tracing certified materials</i></li> <li>• <i>Requirement to comply with corrective action requests raised during the internal audit or by BM TRADA</i></li> <li>• <i>Guidance on marketing and sales of certified products</i></li> <li>• <i>Proper use of assigned multi-site certification codes</i></li> <li>• <i>Clarification of the costs of certification</i></li> </ul>
	<b>Internal Audits and Management Review</b>
8.	Is there an Internal audit programme in place to ensure that all participating sites are internally audited at least annually?  <i>Note: Internal audits may be waived if the site represents a low risk of product mixing i.e. the site only handles certified products or wholesalers who only deal in finished labelled and packaged products.</i>
9.	Is there evidence of a review of the internal audit programme by senior management at least annually?

10.	Are internal reports maintained and consistent in their recording of outcomes and investigation and closure of non-conformities?
11.	Is there evidence of a review of the internal audit report by senior management at least annually?
<b>Records</b>	
12.	<p>Has the central office maintained centralised, up to date copies of the following records:</p> <ul style="list-style-type: none"> <li>• List of all participating sites including names addresses and appointed site managers</li> <li>• Date of entry / withdrawal of each site onto the certificate together with site sub-code</li> <li>• Copies of signed consent forms from each participating site</li> <li>• Scope of certification for each set of sites</li> <li>• Initial internal audit reports</li> <li>• Ongoing internal surveillance audit reports</li> <li>• Records of inflows and outflows of certified material at each site</li> <li>• Training records</li> <li>• Annual reports and management reviews</li> <li>• Records of FSC Trademark approval from BM TRADA</li> </ul>
13.	<p>Is information provided to the public regarding which sites are covered under the multi-site certificate clear and unambiguous?</p> <p><i>Note: such information should describe the scope of the multi-site certificate and, where applicable, the specific scope of the relevant participating sites and includes details of the available FSC product groups.</i></p>
<p><u>Notes:</u></p>	

Multi Site Operations – Participating Site	
1.	<p>Identify the site manager and all key personnel</p> <p>Do key personnel understand their specific responsibilities under CoC? (<i>List key personnel interviewed</i>)</p>
2.	<p>Have key personnel all received adequate training? What training material was used? Who delivered it? Has training been documented?</p>
3.	<p>On what date did the site join the multi-site certificate? Is there a copy of the signed consent form on site?</p>
4.	<p>How does the manager have access to the CoC operating procedures?</p>
5.	<p>Describe the site operations and products</p>
6.	<p>Date of last Internal audit?</p> <p>Key outcomes including non-conformities?</p>
7.	<p>Identify the control systems operated by the site</p> <ul style="list-style-type: none"> <li>• Transfer system</li> <li>• Percentage system</li> <li>• Credit system</li> </ul>
8.	<p>Has the Participating Site used the scheme logo? Was this used under the authority of the CoC Manager? Was approval sought for its use from the certification body and is there evidence of approval on record?</p>
9.	<p>Has the Participating Site received any complaints from customers concerning its supply of certified materials?</p>
10.	<p>Describe the Participating Site's process for receiving, reviewing and responding to complaints from customers</p>
	<p><u>Notes:</u></p>

<b>Controlled Wood Assessments</b>	
	<b>Documented Procedures</b>
1.	Is there a current version of the Controlled Wood FSC Standard on file (FSC-STD-005)? <i>Check against <a href="http://www.fsc.org">www.fsc.org</a></i>
2.	Are the Controlled Wood procedures readily available and up to date?
3.	Does the Company maintain an up to date list of all timber and wood products that are included in the organisation's own FSC Controlled Wood verification programme?
4.	Is there a named person responsible for implementing the Controlled Wood procedures?
5.	Do the training records and requirements for relevant staff cover the Controlled Wood requirements?
6.	Does the organisation have an up to date and clearly documented policy endorsed by a senior member of staff that excludes: <ul style="list-style-type: none"> <li>A) Illegally harvested wood?</li> <li>B) Wood harvested in violation of traditional and civil rights?</li> <li>C) Wood harvested in forests where high conservation values are threatened by management activities?</li> <li>D) Wood harvested in forests being converted to plantations or non-forest use?</li> <li>E) Wood from forests in which genetically modified trees are planted?</li> </ul>
	<b>Purchasing</b>
7.	Has the Company purchased any timber or wood products under its Controlled Wood procedures since last audit?  If no, then end this section by recording this fact together with findings arising from the above on an internal audit form and complete this part of the internal audit.  If yes, make a note of a representative sample of these purchases and continue as below.
8.	Has the Company purchased products from suppliers under a Controlled Wood Code?  If no, go to Q 9  If yes: <ol style="list-style-type: none"> <li>1. Has the supplier's CW code been validated with reference to <a href="http://www.fsc-info.org">www.fsc-info.org</a> and a copy printed off and kept on file?</li> <li>2. Did the purchase order reference the supplier's CW code?</li> <li>3. Were the goods supplied as CW accompanied by a delivery note and sales invoice that included the claim "FSC Controlled Wood" together with the supplier's CW code?</li> </ol>

<b>Risk Assessment</b>	
9.	<p>Has the Company purchased products from suppliers with a valid FSC CoC but not a CW Code? If no, go to next question.</p> <p>If yes:</p> <ol style="list-style-type: none"> <li>1. Is there evidence that establishes the source/mill of the product? (e.g. completed timber source questionnaire, including a signed declaration from the supplier; transport documentation; and proof of purchase from the forest management unit of origin?)</li> <li>2. Has the supplier's CoC code been validated with reference to <a href="http://www.fsc-info.org">www.fsc-info.org</a> and a copy printed off and kept on file?</li> <li>3. Has the area of the source/mill been checked against <a href="http://www.globalforestrisk.nepcon.net">www.globalforestrisk.nepcon.net</a> and a copy of relevant pages and maps printed off as evidence if country/district is detailed as 'low risk'?</li> <li>4. If applicable, what further research or assessment has been carried out, e.g. if assessment of District of Origin of wood is required etc.</li> <li>5. Has a BM TRADA Controlled Wood Risk Assessment Report been completed, submitted and approved by BM TRADA received with a copy kept on file?</li> </ol>
10.	<p>Has the Company purchased products from suppliers with no valid FSC CoC nor CW Code? If no, go to next question.</p> <p>If yes, has a Controlled Wood verification programme of the supplier against the requirements of FSC-STD-40-005 been undertaken?</p> <p>Have the relevant records been maintained as detailed in the Controlled Wood procedures?</p>
<b>Process Control</b>	
11.	<p>Has the Company conducted periodic audits to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood?</p> <p>What is the organisation's methodology for the audit schedule used for verifying the authenticity of these documents?</p>
12.	<p>Has the Company had to implement any part of its complaints mechanism related to supplies of wood under its FSC Controlled Wood verification programme?</p> <p>If so, have records been kept of all complaints and the actions taken?</p> <p>Have the complaints been handled in accordance with the complaints mechanism?</p>
13.	<p>Does the organisation have procedures in place to ensure where compliance to FSC-STD-40-005 is not achieved, material shall not be included as Controlled Wood, and therefore not mixed with FSC certified, FSC Controlled Wood or other controlled material?</p>