

ASSURANCE PROGRAM SYSTEM REVIEW

VERSION 3.0, FEBRUARY, 2017

1. Introduction

BCI is committed to ensuring the continued effectiveness and integrity of its Assurance Program through periodic system reviews. Assurance System Reviews occur at planned intervals at least every 3 years, or after significant changes have been made to the Assurance Program. An Assurance System Review consists of a comprehensive review of the entire Assurance Program, its implementation, and its role in the Better Cotton Standard System, based on feedback from an external body.

At the core of the Assurance System Review is external oversight on the Assurance Program. Oversight activities are conducted by an independent body contracted by BCI. The oversight mechanism serves to determine the consistency of assurance across the standard system, assess the competence of assurance providers, and identify challenges and areas for improvement in the Assurance Program at large. BCI responds to these findings by conducting further internal assessment, implementing corrective actions, and reviewing its risk assessment and management plan to facilitate improvements in its Assurance Program.

The influence of the Assurance System Review goes beyond improving the design and implementation of the Assurance Program itself. The Assurance System Review also guides BCI's strategic decisions on how the Assurance Program can better support the success of the Better Cotton Standard System in reaching its goals, and the fulfilment of BCI's mission.

2. Oversight mechanism:

The external oversight component of the Assurance System Review consists of 3 core activities, which function as BCI's oversight mechanism:

2.1 Desk Analysis: The independent body conducts an analysis of the management system for licensing decisions, using information obtainable from licensing scorecards, self assessments, external assessments, and the BCI Project Database. The analysis includes, at a minimum:

- i. Review of adherence to internal assurance protocols, including sampling system for external assessment as well as consistency in record keeping

- ii. In-depth monitoring of a specific issue across all assurance providers, to compare and determine competence and consistency of assurance
- iii. Examination of the identification of non-conformities, and the findings of follow-up checks on remediation
- iv. Scrutiny of discrepancies evidenced by the licensing scorecards and the subsequent follow-up to discrepancies performed by Country Managers and the Assurance Department

An analysis is made of any deviations from internal protocols, indications of insufficiently justified or partial decision-making, and of any failure to sufficiently follow up on non-conformities identified. This analysis informs recommendations on system improvements.

2.2. Assurance Provider and External Assessor interviews: The independent body conducts interviews with Country Managers/ Strategic Partners, 3rd party verifiers, Implementing Partners, and M&E Officers. Interviews assess how well each actor understands their role in the Assurance Program, how external assessors approach the different components of 2nd party checks or 3rd party verification, how decisions on nonconformities are made, and how assurance providers use information from external assessment to inform licensing decisions. The findings of the interviews are included in the report.

2.3 On-site Appraisal:¹ The independent body conducts shadow verification of 3rd party verifiers and Country Managers/Strategic Partners. This exercise follows a sampling methodology and provides an appraisal of how the assurance provider or verifier performs external assessment (conducting interviews with farmers, workers, documentation review, interview with management, visual inspection of the farm, etc.). The findings of on-site appraisal are included in the report and written feedback and a corrective action plan are provided to each verifier or Country Manager/Strategic Partner selected.

2.4 Higher level assessment: The independent body analyses the linkages between different actors and processes comprising the BCI Assurance Program, in order to identify strengths and weaknesses in the effectiveness and functionality of the system as a whole, including the role of the S&A Team in conducting internal oversight. This component will analyse any risks to the system's credibility, any potential inadequacies in relation to best practices in assurance (ISEAL Assurance Code in particular), and guide BCI's strategies to reinforce its model and mitigate those risks.

3. Internal Assessment and Follow up actions

BCI uses the results of the independent oversight mechanism to improve its Assurance Program, and conducts follow up internal assessment to ensure an in-depth understanding of any gaps or challenges indicated. Internal assessment activities include, at a minimum, consultation with BCI's Global Operations Team and Implementing Partners.

¹ The on-site appraisal component of the oversight mechanism will be applicable from the 2nd System Review, currently planned for 2018.

In response to the findings of oversight activities and internal assessment, BCI is committed to:

- i. Taking Corrective Actions to manage any non-conformities in the operation of the Better Cotton Assurance Program
- ii. Reinforce or improve its internal and external training activities as required.
- iii. Undertaking a review and potential revision of the risk assessment and management plan to assess its continued applicability and to update both the prioritisation of risks and the strategies used to mitigate those risks.
- iv. Taking preventive actions to minimize non-conformities in the operation of the Better Cotton Assurance Program.

BCI maintains a record of any corrective actions taken as a result of the Assurance System Review.

4. Competence requirements of the Oversight Body:

BCI drafts a ToR for the contracting of an independent body to complete the oversight component of the Assurance System Review. Any independent body contracted to perform oversight must demonstrate at a minimum the following competencies:

- i. A good understanding of the Better Cotton Standard System and its intent, and an understanding of the mission and goals of the Better Cotton Initiative and the critical issues in cotton production it seeks to address
- ii. An understanding of the particularity of the BCI approach to Assurance
- iii. Competence to review sampling protocols and practice
- iv. Competence to review group level assessment
- v. Competence to conduct interviews with assurance providers
- vi. A solid understanding of the requirements of the ISEAL Assurance Code

5. Periodic assessment of the Assurance System Review

The effectiveness of the Assurance System Review is assessed periodically by the BCI Council. As a multi-stakeholder entity representing the entire BCI membership, the Council is best positioned to evaluate the effectiveness of the Assurance System Review in improving the effectiveness and integrity of the Assurance Program and functioning as an independent oversight mechanism. At the conclusion of each Assurance System Review the final report will be shared with the BCI Council for validation.

