BCI Supply Chain Audit Reporting Template

2018

# Introduction

This reporting template is designed to be used during supply chain audits for companies that are buying or selling Better Cotton Products[[1]](#footnote-1) – these include e.g. traders, spinners/ vertical mills, fabric mills, garment manufacturers, and brand/retailers. For reporting outcomes of gin audits, please use the ‘*BCI Gin Reporting Template 2018*’.

This template is applicable for auditors carrying out supply chain audits against the [*Better Cotton Chain of Custody Guidelines v1.3*](https://bettercotton.org/wp-content/uploads/2014/01/Better-Cotton-Chain-of-Custody-Guidelines-2018-v1.3.pdf).

# Company Information

|  |  |  |  |
| --- | --- | --- | --- |
| Company Name |       | BCI Code / Membership Number (if known): |       |
| Address | Street address |       |
| State  |       | Country |       |
| BCI contact name and role |       |
| Additional contact names |       |
| Date of audit |       | Auditing Organisation |       |
| Name of auditor(s) |       |

# Audit outcome

1. Summary findings

Provide a short description of the main findings of the audit, including both positives and areas for improvement. This can include a brief description of the company and its main activities with respect to Better Cotton products.

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|       |

1. Non-conformities

Were any Minor Non-Conformities observed? [ ]  Yes [ ]  No

Were any Major Non-Conformities observed? [ ]  Yes [ ]  No

***Note:*** *A non-conformity (NC) is graded as Minor if it is an isolated event that is limited in temporal and spatial scale, and where an effective internal management system was in place that should have prevented or detected the issue. A NC can also be graded as Minor if it does not result in a fundamental failure to achieve the objective of the relevant requirement.*

*A non-conformity (NC) is graded as Major if it results in, or is likely to result, in a fundamental failure to achieve the objective of the relevant requirement (either alone or in combination with other NCs). Major NCs typically continue over a period of time or are repeated or systematic in nature.*

Please list all Non-Conformities (NCs) in the table below

| **Chain of Custody Requirement No.** | **Description of Non-Conformity** | **Grading** | **Deadline to Close NC[[2]](#footnote-2)** | **Comments** |
| --- | --- | --- | --- | --- |
|       |       | [ ]  Minor [ ]  Major |       |       |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |
|       |        | [ ]  Minor [ ]  Major |        |        |

# Chain of Custody requirements

*Refer to section 5.0 of the Better Cotton Chain of Custody Guidelines v1.3*

## 5.1 Responsibilities, training, and record-keeping

| **Requirement** | **Grading** | **Evidence/ Comments** |
| --- | --- | --- |
| **5.1.1** The organisation shall appoint a designated representative(s) responsible for ensuring compliance with the relevant Better Cotton CoC requirements and recording data in the Better Cotton Platform (BCP) | [ ]  Compliant[ ]  Minor NC[ ]  Major NC |       |
| **5.1.2** The organisation shall ensure that all individuals responsible for ensuring compliance with the Better Cotton CoC, using the BCP, and maintaining associated records are trained and competent to fulfil relevant Chain of Custody requirements1. All individuals responsible for using the BCP shall complete the mandatory BCI training on the BCP
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC |       |
| **5.1.3** The organisation shall maintain records related to the purchase and sale of Better Cotton products for a minimum period of two years1. The organisation shall ensure that all documents are available for review by BCI or third-party auditors upon request.
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.1.4** The organisation shall communicate any changes in BCI contact names/details, or any other significant changes related to trading Better Cotton products, to BCI by email within 15 days of the change occurring  | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

## 5.2 Use of the Better Cotton Platform (BCP)

*Note: These requirements relate to the Transaction Verification section of the ‘BCI Supply Chain Audit Guidance’ 2018 document*

| **Requirement** | **Grading** | **Specific Evidence/ Comments** |
| --- | --- | --- |
| **5.2.1** All cotton traders, spinners, vertical mills with spinning capabilities, retailers and brands who are buying or selling Better Cotton products are required to enter or acknowledge all purchase/ sales of Better Cotton products in the Better Cotton Platform (BCP) | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.2.2** Organisations using the BCP shall enter or acknowledge purchase/ sale transactions within 60 calendar days of the shipment date | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.2.3** The organisation shall only enter or acknowledge transactions in the BCP if they correspond to a genuine purchase or sale of physical Better Cotton products (i.e. products sold with a Better Cotton claim to fulfil a BCI order) | [ ]  Compliant[ ]  Minor NC[ ]  Major NC |       |
| **5.2.4** The organisation shall ensure that all data entered into the BCP is accurate and can be verified against corresponding documentation (i.e. purchase receipt, invoice, production records), including:1. Purchase and sale volumes
2. Weight of raw materials used to make Better Cotton products (e.g. total net weight of carded yarn used to make a specific fabric)
3. Type of raw materials used
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  Major NC |       |
| **5.2.5** The organisation shall enter a unique transaction reference number (e.g. invoice or delivery slip number) into the BCP for each individual purchase or sale of Better Cotton products | [ ]  Compliant[ ]  Minor NC[ ]  Major NC |       |
| **5.2.6** If a fabric mill or end-product manufacturer fulfils an order for Better Cotton products from a customer but needs to transfer BCCUs directly to the end buyer (e.g. retailer), the names of both the actual customer and the end buyer must be entered into the BCP. A unique document reference (e.g. purchase order number) for the shipment must also be included in the entry. | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.2.7** In case of blending with non-cotton fibre, the organisation shall use the volume of lint cotton as the basis for declaring their purchase and sales entries in the BCP. | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

## 5.3 Non-conforming product

*Guidance: For example, an organisation might receive an order for Better Cotton products, however the transfer of BCCUs allocated to the order doesn’t match the volume delivered. Or, in some cases BCCUs might be transferred without a corresponding purchase/ sale of physical Better Cotton products. In these cases, the organisation must verify the legitimate status of the transactions with the supplier/ customer directly before accepting the BCCUs*

| **Requirement** | **Grading** | **Specific Evidence/ Comments** |
| --- | --- | --- |
| **5.3.1** The organisation shall ensure that a mechanism is in place for handling non-conforming products to ensure they are not sold onward with a Better Cotton claim until their status can be verified. This includes any transfers of BCCUs and any cotton/ cotton-containing products bought or sold with a Better Cotton claim, which cannot be verified as legitimate. | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

## 5.4 Output Declarations

*This section will only be relevant for companies that are not using the BCP directly, or companies with customers that are not BCP users (and are therefore required to send ODFs to customers buying Better Cotton products)*

| **Requirement** | **Grading** | **Specific Evidence/ Comments** |
| --- | --- | --- |
| **5.4.1** If a supply chain organisation (other than a cotton trader) sells Better Cotton products to a buyer who is not using the BCP:1. The seller shall use the ‘manual entry option’ to enter the sale into the BCP, generate the Output Declaration Form (ODF) for the entry, and ensure the buyer receives the ODF
2. The seller shall indicate in the BCP as the buyer the name of the company invoiced for the sale of Better Cotton products (rather than the name of the end-user, such as a retailer or brand)
3. Any buyer who is not using the BCP shall ensure they receive an ODF for every purchase of Better Cotton products and shall forward this ODF to their customer who placed the order for Better Cotton products.
4. The buyer shall have a mechanism in place to keep track of incoming and outgoing BCCUs (e.g. related to purchases and sales of Better Cotton products) and is responsible for reporting the correct number of BCCUs to its customers for each shipment or bundle of orders.
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

## 5.6 Use of Subcontractors

| **Requirement** | **Grading** | **Specific Evidence/ Comments** |
| --- | --- | --- |
| **5.6.1** Organisations shall not outsource or subcontract core activities relevant to the handling, purchase, or sale of Better Cotton products. | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.6.2** If an organisation outsources non-core activities (other than transport) related to the handling, purchase, or sale of Better Cotton products, the organisation shall:1. Maintain an up-to-date list of all subcontractors (excluding transport subcontractors), including their contact details
2. Ensure that all subcontractors comply with relevant Chain of Custody requirements
3. Ensure that all subcontractors will provide BCI or designated third-party auditors with access to their premises or documentation for the purposes of supply chain monitoring
4. Maintain sole responsibility for entering all purchase and sale transactions on the Better Cotton Platform (this cannot be outsourced to subcontractors)
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

## 5.8 Supply chain monitoring and penalties

*This section will be relevant only if the company received either a monitoring visit/ audit in the previous year, and/or was requested to provide documents remotely to BCI or third-party auditors for the sake of transaction verification.*

| **Requirement** | **Grading** | **Specific Evidence/ Comments** |
| --- | --- | --- |
| **5.8.1** The organisation shall provide BCI staff and appointed third-party auditors access to all sites handling or selling Better Cotton, and access to any records or documentation related to purchasing, handling, or sales of Better Cotton1. Documents requested remotely by BCI or third-party auditors shall be provided within 10 calendar days of the written request
2. Within 24 hours of being notified of a short-notice audit, the organisation shall provide access to the site for BCI or designated third-party auditors.
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |
| **5.8.2** If during monitoring requests or audits, BCI staff or third-party auditors identify nonconformities (NCs) with the Better Cotton CoC Guidelines, the organisation shall correct these NCs within the specified timeframe and provide relevant evidence to the BCI staff or third-party auditor as below: 1. For Minor NCs: the organisation shall correct the NC within 12 months and provide evidence demonstrating how the issue has been addressed. If not addressed within 12 months, a Minor NC shall escalate to a Major NC.
2. For Major NCs: the organisation shall correct the NC within 30 days and provide evidence demonstrating how the issue has been addressed. If not addressed within 30 days, a Major NC shall lead to the suspension of the Better Cotton Platform (BCP) account.
 | [ ]  Compliant[ ]  Minor NC[ ]  Major NC[ ]  N/A |       |

1. Any cotton or cotton-containing product (after gin level) which is bought or sold with a ‘Better Cotton’ claim and for which Better Cotton Claim Units (BCCUs) are transferred between two parties via the Better Cotton Platform (BCP) or via Output Declaration Forms. [↑](#footnote-ref-1)
2. Minor NCs: The organisation shall correct the NC within 12 months and provide evidence to BCI or the third-party auditor demonstrating how the issue has been addressed.

 Major NCs: The organisation shall correct the NC within 30 days and provide evidence to BCI or the third - party auditor demonstrating how the issue has been addressed. [↑](#footnote-ref-2)