

Facsimile

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Location: Rotorua	Date: 28 June 2013
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Paul,
Audit of Grade Right's compliance with the draft Structural Timber Quality Scheme – Standard Operating Procedures – is Grade Right conducting its audits and complying with the requirements of the draft SOP.

Executive Summary

Office Audit

The audit involved

1. Graderight's response to the action items from previous audits.
2. A review of individual mill record folders, containing on-site audit reports, product approvals, monthly test data analysis and some correspondence.
3. Discussions with Paul Carpenter on the above items.

Office Audit - 10th June 2013

Comment	Discussion	Suggested Action
It has been agreed that the time to respond to spreadsheets should be no more than 10 days	Graderight has a procedure to record date of spreadsheet receipt and date of analysis. Very rarely does it take longer than 10 days. <i>Note: clause 7.5.3 of the draft SOP states "Audit bodies shall analyse the test data and report back to the producer within 5 working days"</i>	The data analysis is very well done. Reporting of the findings is normal done well within 10 working days. Perhaps this clause in the SOP is slightly too tight to achieve.
Non-submitted Spreadsheets	The number of spreadsheets not submitted to Grade Right for inspection has reduced since the previous audit. Some clients still require reminders to send in their data.	
Following up on actions / recommendations generated by the monthly spreadsheet inspection	Actions / recommendations are added to each inspection summary. If not corrected by the time of the following month's summing of test data – actions highlighted. As site audits occur every three months, the information / observations made on the test data during the monthly data inspections are brought to the	

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	attention of the site auditor for discussed with the mill during the audit.	
Potential issues around accurate keeping of records as Grade Right staff travelling frequently, and hence, not in the office to file records.	Grade Right has set-up a good internet system with access to their database almost everywhere in the country. This system allows computer based records to be updated regularly and easily. There is still an issue with recording phone conversations, hence phone calls should be backed up with an email confirming your understand of what has been decided during the phone conversation. As some emails are not added to the paper files it is important to ensure that all email systems are linked to the server for regular back-ups	Ensure that all critical E-mails are either backed-up or printed and filed in the appropriate client file.
Audit action points	The Site Audit form (filled out by the auditor during the site inspection) appears to be very clear. There is a space for summing up each point, such as – compliant, minor non-compliance, major non-compliance, or critical non-compliance. These are very useful to the auditor when summarising the findings of the audit prior to the exit interview, and when writing up the formal audit report. It was noted that a non-compliance was missed and not brought forward to the summary.	Take great care when writing up the final audit report so as to ensure all important comments are brought forward to the summary page
Following up on audit action points	All audits are sent out with a “CFAAP” which lists any non-compliance observed during the site audit, along with a form for the mill staff to complete specifying that the findings of the audit are factually accurate, and specifying an action plan to remedy any non-compliance observed during the audit.	

Site Audit

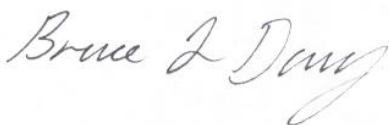
The audit involved accompanied by Paul Carpenter while observing Keith Matheson undertaking an audit of Max Birt Sawmills Ltd Pokeno plant 17th June 2013.

It was noted that Max Birt Ltd, Pokeno is monitoring its production using the “Continuous monitoring” approach.

Comment	Discussion
Introductions, explanation as to the purpose of that visit and the follow up on previous audit comments	This was very well done. This site is reasonably new to the Grade Right auditing system, as the site has been recently changed both owners and auditing agencies. Time was taken to explain the purpose of the audit, and what was going to done and why. Keith then asked if Nathan (site representative) had a copy of the previous audit and when produced, went through the key points from that audit.
Knowledge of SOP’s audit requirements	Grade Right has written its audit documentation around the requirements of the SOP. Hence, the audit is closely aligned to address the requirements of the SOP. Well understood by both Paul and Keith.
Site’s list of approved products	What an “approved product” is was very clearly explained by Keith. The monthly feed-back report from the review of the Quality Control test data is used to ensure both the mill and

	Grade Right agree on what products have and have-not been approved.
Site Record Keeping	Checks were made to ensure that all test data and production records were kept, along with audit reports and spreadsheet analysis records. Recommendation The audit should also ensure that the mill has current working copies of all relevant standards and SOP's – ie NZS 3622 and Structural Timber Quality Scheme SOP
Timber test machine calibration and operation.	The set-up, calibration status, serviceability, calibration checks and operation of the testing machine and moisture meter were carefully checked during the set-up and testing of the 30 pieces selected at random from a randomly selected packet of production.
Product Testing	The intent is that every “approved” product will be tested during an audit. Hence, Grade Rights sampling plan is to select a different product for testing at each audit. When a mill has a large number of approved products, and only one product tested per audit, it would take many years to sample and test every product produced at each plant. Grade Right is considering the implications of requiring more products to be tested at each site inspection. Comment/observation One partly broken board was found in the test packet. A discussion was had regarding the validity of testing this broken board. In the end, it was decided to test it “as part of the whole packet that would have been received by the customer”. The board met both the required stiffness and proof load, and hence “passed”, but was not returned to the packet.
Down Grade Product	It was good to hear and observe the auditors questioning and sighting of how down-graded product was identified and handled by the mill. It is critical to ensure that down-grade product is clearly marked and / or the grade marks are removed so as to ensure that this material is not mistakenly sold or miss used as a verified structural product.
Exit interview	Keith hand wrote a quick audit summary, high-lighting the major observations. Keith presented the mill with a copy of this summary and discussed each point made. It was very good seeing that both Grade Right and the Sawmill had a clear understanding of the findings of the audit before Grade Right left the site. - No major issues were found, but a couple of recommendations for changes to procedures were suggested.

I trust this information meets with your approval



Bruce Davy