



ICGLR Third Party Audits - Factsheet

1. Overview

The ICGLR Third Party Audit (ICGLR Audit) system assures independent verification that the entire mineral chain from mine site to exporter remains in conformance with ICGLR Regional Certification Mechanism (RCM). ICGLR Standards have been completely harmonized with the *OECD Due Diligence Guidance for Responsible Mineral Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and the ICGLR Audit system is therefore aligned with the OECD Due Diligence Guidance. Thus, the ICGLR Third Party Audits are similar to risk assessments an exporter should carry out under Step 2 of the OECD Due Diligence, as they evaluate on-the-ground circumstances of mining, mineral trade, transportation and export.

While focusing on mineral exporters, the audit includes validation steps throughout the upstream supply chain to the mine site. Non-compliance to the standard by any upstream actor may impact the compliance of the exporter. For example, if the ICGLR Third party Auditor finds that a trader supplying to an exporter is in major non-compliance (Red Flagged) then the exporter itself is also found to be non-compliant (Red-Flagged).

ICGLR audits require auditors to perform on-site inspections all along the mineral chain, up to and including mine sites, though not all mine sites are inspected. Audits examine each actor's conformity with the ICGLR Regional Certification Mechanism.

2. Governance Body

The ICGLR audit system is managed by a tri-partite Audit Committee, which has representation from ICGLR Governments, local and international industry, and local and international civil society. Local industry and civil society representatives on the Audit Committee are democratically nominated and elected from among stakeholders in each eligible Member State. International industry and civil society are democratically nominated and elected from their respective groups, via broad notifications to relevant groups. The Committee fulfills three key functions as defined in the Manual of the Regional Certification Mechanism (RCM) namely (1) coordinating and monitoring the ICGLR third party audit system to be implemented in ICGLR Member States, (2) monitoring the existing RCM standards and procedures and, as systems evolve, proposing adjustments, if necessary, and (3) commissioning and reviewing Third party Audit reports.

3. Scheduling an Audit

Exporters are required to request for an audit by contacting the ICGLR Secretariat. For repeat audits the exporter shall notify the secretariat at least three months in advance of their renewal date. The exporter will need to enter into a contractual agreement with the ICGLR to assure appropriate confidentiality and access to records and personnel, as well as complete the pre-audit information below. Once contractual agreements are in place, the ICGLR Secretariat will notify the audit firm and solicit bids. Auditors are selected based on availability, cost and experience. Once the audit firm is chosen, the firm will work with the exporter to schedule the audit.

4. Pre-audit information

At the time of request of a Third Party Audit, the Exporter has to send to the ICGLR Secretariat and the Audit Committee detailed information on the following items, including details regarding their respective operations during the previous 12 months. This will facilitate audit planning, contract negotiation and logistical.

These include:

- a) Name and location of auditee and related businesses;
- b) List of all other actors that actively contribute to the exporter's supply chain;
- c) Accessibility of the auditee from the main international airport or closest city – distance, means of access;
- d) Size of auditee – number of employees, physical size, and type of operation (export, processing and/or extraction of minerals);
- e) Number, type and location/address of direct suppliers (mines, traders, processors);
- f) Number of transactions/purchases and volume of material purchased;
- g) Participation in any existing due diligence initiative and related reports, including previous independent third party audits, OECD Step 5 Due Diligence Report.

5. Audit Costs

Audits are paid for by the exporter through a special account established by the ICGLR Secretariat. The cost of the audit will be dependent on a number of factors such as size, location of the operation, and the number of upstream actors (mines and traders utilized). It will be competitively negotiated between the ICGLR Audit Committee and the accredited Auditors, based on lessons learnt from the Pilot Phase. However, the exporter will be involved in the final choice of the auditor based on the selection report as submitted by the Audit Committee.

Details of the Special Account are the following:

Bank : Banque de la République du Burundi (BRB)
PO Box : 705 Bujumbura- Burundi
Tel : (257) 225142
Telex : 5071, 5072
Fax : (257) 223128
E-mail : brb@brb.bi
Account Number : 3302/648
Account Name : CIRGL-IRRN AUDITS INDEPENDANTS
SWIFT CODE : BRBUBIBI

6. Accredited Audit Firms

Martello Risk Limited, Estelle Levin Limited, C. Collin Consulting, RCS Global, and Moore Stephens LLP

7. Results of an Audit

When the audit report is finalized the Secretariat:

- a) Advises the Exporting Entity
- b) Advises the Member State government in which the Exporting Entity operates
- c) Advises the general public, via the Internet, or such other means and media as may be required or desirable

- **Red Flag**

Where an Audit Report has found an Exporting Entity to be Uncertified (Red Flagged), the Secretariat shall change the Exporting Entity's status, in the ICGLR's Database of Exporters, to Un-Certified.

- **Yellow Flag**

Where an Audit Report has found an Exporting Entity to be Yellow Flagged, the Secretariat shall:

- Change the Exporting Entity's status, in the ICGLR's Regional Database of Exporters, to Yellow Flagged.
- Give the Exporting Entity a grace period of six months, during which it can correct the Yellow Flag condition. If during this six-month grace period the Secretariat receives a follow up Audit, finding the Exporting Entity to be in full compliance, the Secretariat will update the exporter's status in the database to green. If after six months the exporter fails to correct the yellow flag condition the exporter's status will be changed in the database to red.

- **Green Flag**

Where an Audit Report has found an Exporting Entity to be Green Flagged, the Secretariat shall change the Exporting Entity's status, in the ICGLR's Database of Exporters, to Certified.

8. Audit Frequency

As required by the ICGLR RCM, exporters are required to be audited annually.

9. Audit Reports

A copy of the Executive Summary of the completed audit reports can be found on the ICGLR website. Full audit reports are provided to the ICGLR Secretariat, Member State, and Auditee.

10. Appeals Process and Feedback Mechanism

An exporter and/or mine operator can appeal yellow and red flag status by notifying the ICGLR Secretariat. To assure continuous improvement, exporters and mine operators have the ability to provide feedback via a formal feedback mechanism at auditcommittee@icglr.org.

10. Contact

For more information regarding the ICGLR Audit please contact the ICGLR Secretariat at auditcommittee@icglr.org.

11. Additional Reference Documents

- Pact on Security, Stability and Development in the Great Lakes Region (<http://www.icglr.org/images/Pact%20ICGLR%20Amended%2020122.pdf>)
- Protocol on the Fight Against Illegal exploitation of Natural Resources (http://www.icglr.org/images/LastPDF/Protocol_against_the_Illegal_Exploitation_of_Natural_Resources.pdf)
- Regional Certification Manual (<http://www.icglr.org/images/ICGLR%20Certification%20Manual%20Final%20Nov%202011En.pdf>) and Appendices

<http://www.icglr.org/images/ICGLR%20Appendices%20to%20Certification%20Manual%20FINALEN%20Nov%202011.pdf>)

- Audit Methodology and Checklist

<http://www.icglr.org/images/ICGLR%20Third%20Party%20Audit%20Methodology.pdf>).