

Factory Audit Report

Client	Company ABC Inc.	AI Service No	1234-5678
Supplier	China Electric	Auditor	John Wang
Factory	China Electric	Audit Date	XXXXXX

General Overview of the Audit's findings

Fields	Score / 5	Weight /5	Weighted Score
Workflow and Organization Charts	4	1	4
Production lines - Capacity	3	1	3
Factory Facilities - Machinery Conditions	4	1	4
Quality Assurance System	4	1	4
Social Accountability	3	1	3
Hygiene - Security	2	1	2
RoHS Standards	5	1	5
total		7	25

Overall Score

XXXXXX

Important remarks

- The first factory name and address offered by the supplier were wrong. The actual factory name is China Electric and its address is No.5,Confidential Road,Hi-tech industrial park, Ningbo, China.
- The production process seems to be clearly determined. The workshop is quite clean and individual responsibilities are clearly identified.
- According to the facilities observations and output check, the factory might be able to fulfill clients order.
- Machines are 1-3 years old / Up-to-date technology / Machines are in quite good conditions / good maintenance.
- The factory is very involved in Quality Assurance (procedures, process control...) / Many Quality Controls are performed on the products during the whole production process.
- Proper work conditions (Work Hours, Atmosphere...) / Salary is acceptable (higher than legal requirement) / No First aid kit in the workshop, only small quantity of medicine was kept in the office.
- Workshop relatively clean and safe / Workers wear protection / First aid kit is not sufficient / No first aid training / No fire drill.

8. There are no non-RoHS products in the factory. All the raw material and components bear RoHS certificates and the finished products were sent to the third lab to test compliance with RoHS regulars.

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Auditor: Alex Li



Supervisor: Keith Luo

Part 1

Factory profile

General information

1	Date of foundation	2005.9	
2	Legal status	Foreign-Owned Enterprise	
3	Location	No.5, Confidential Road, Hi-tech Industrial Park, Ningbo, China	
4	Area	12000M ²	
5	Number of office staff	22	
6	Total number of workers	180	
7	Factory Manager	Mr. James Ling	
8	Main products	Socket, Flashlight	
9	Main market	Italy, Spain, Germany, South America	
10	Business license	Certificate No.:1234566665	
11	Annual turnover for the past 3 years	2009: 8 million USD	Trend: 
		2008: 6 million USD	
		2007: 4 million USD	

Communication infrastructures

12	Telephone sets	10 Lines Main No.: 0574-87149555
	Fax machines	3 Lines Main No.: 0574-87119668
	Computers	24 Sets
	Internet Access type	ADSL
	Digital camera	4 Sets

Products / Markets

Product type	Major customer name	Market location	Monthly Order Qty
socket	Eurospin. GBC	Italy	Business Secret
socket	Melchioni	Italy	Business Secret
flashlight	ISOtronic	Germany	Business Secret

Recommendations / credentials

Company name	Country	Contract	Products	Details
N/A				
Remark: There were no recommendations and credentials.				

Related pictures:

Building



Gate of Factory



Factory exterior view



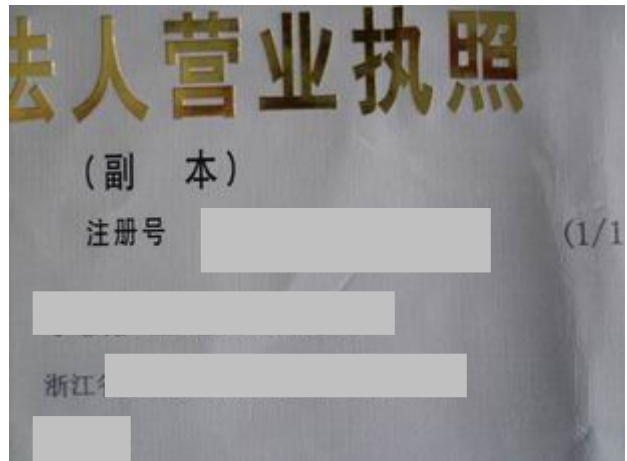
Road number



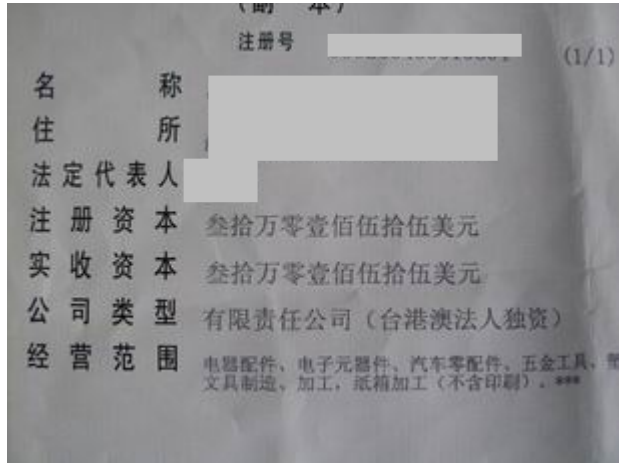
Office



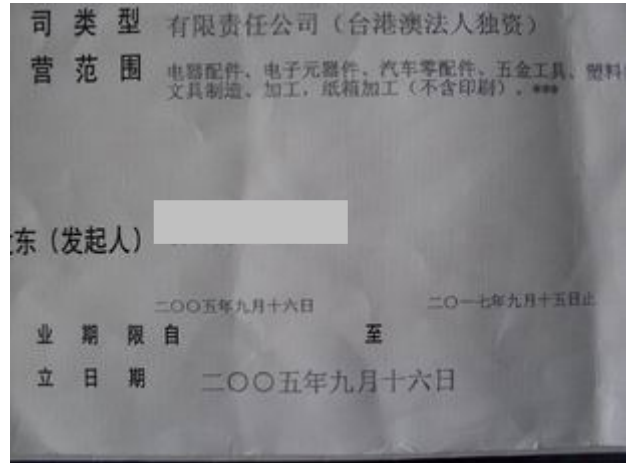
Business license



Business license



Business license



Business license

Related pictures:

Production lines



Raw Material



Raw Material



Production line view



Production line view



Production line view



Production line view



Production line view



Production line view

Related pictures:

Managing staff



General manager: Mr. Wing



Sales: Ms. Luo



Workers



Workers



Workers

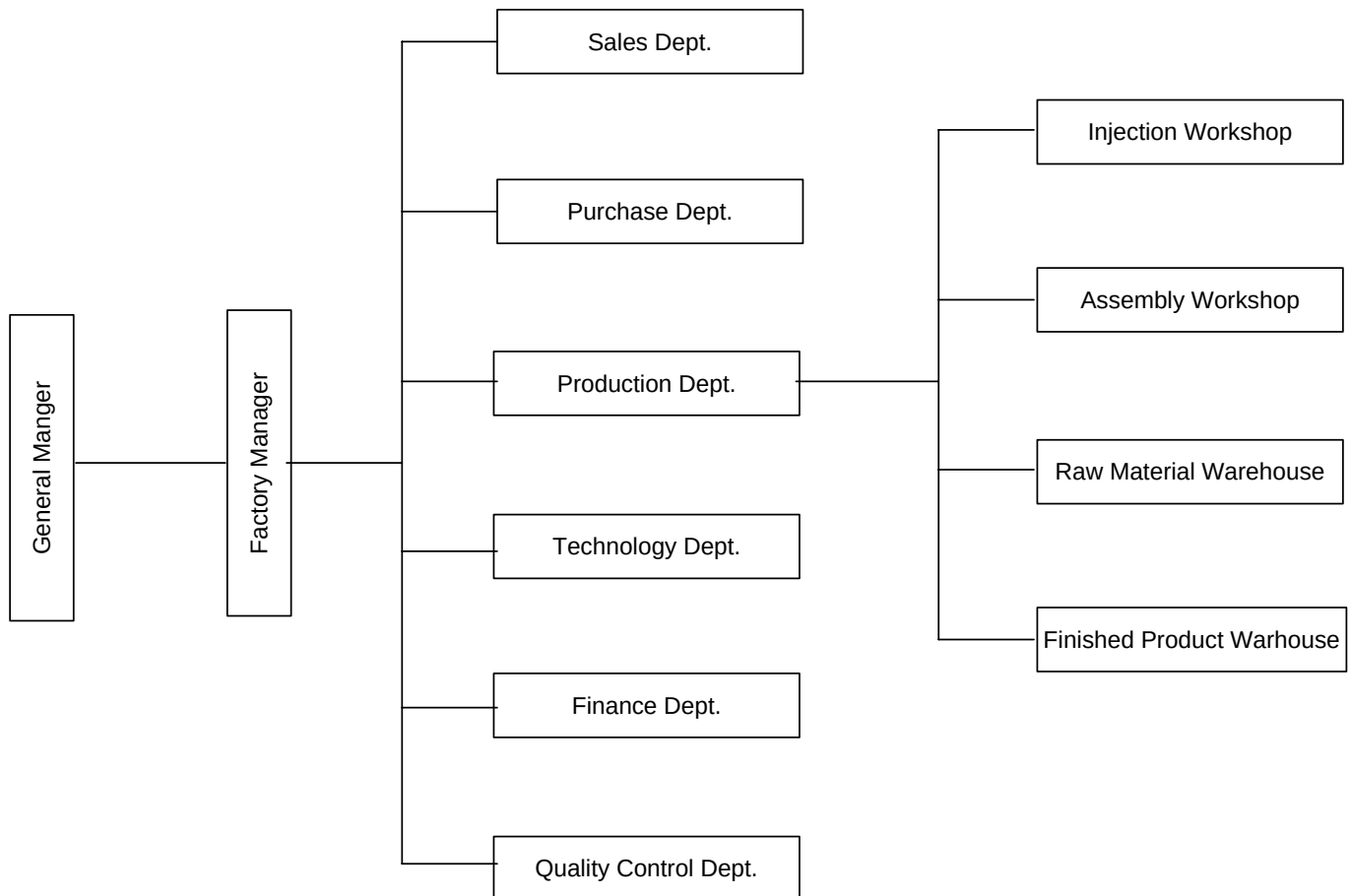


Workers

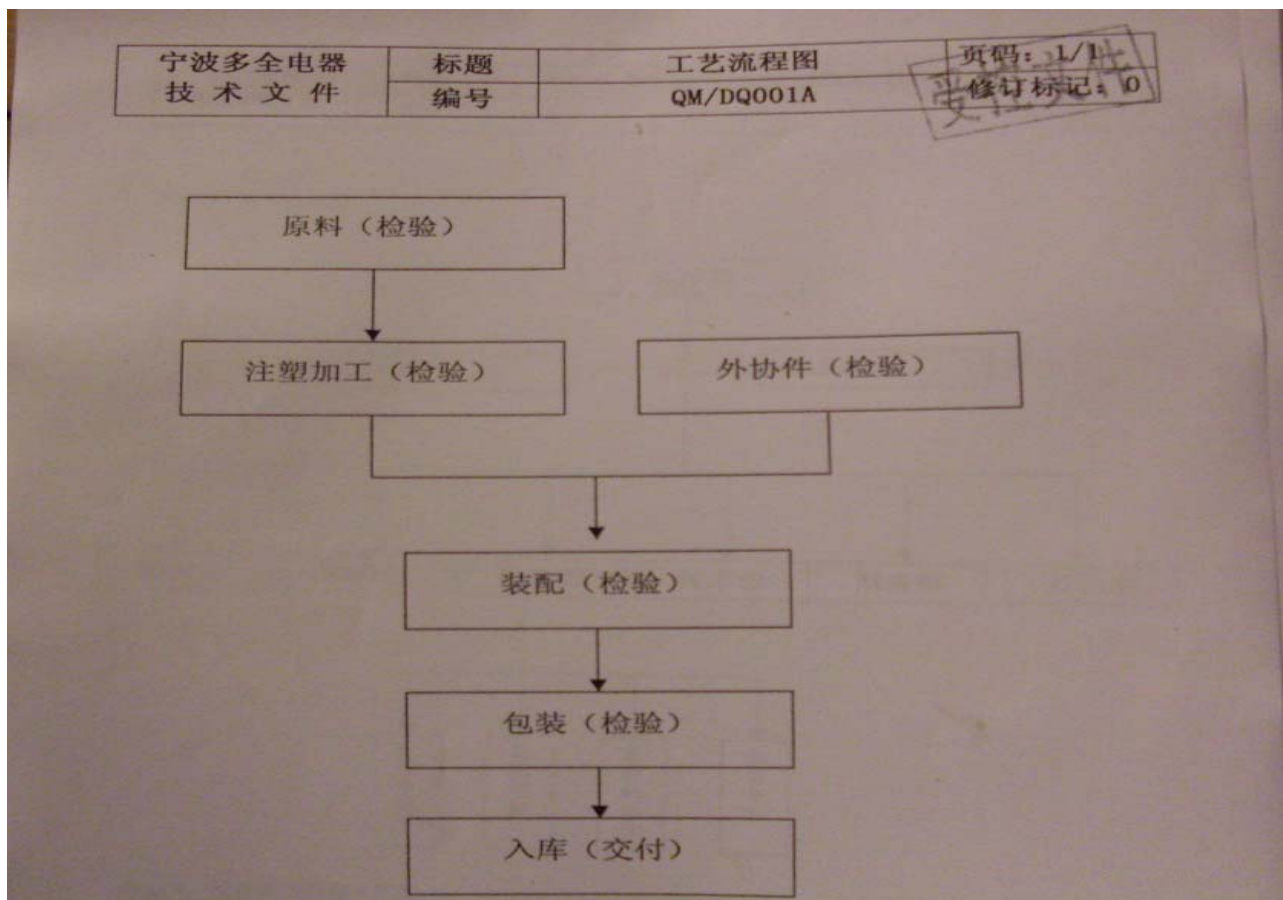
Part 2

Factory Organization and Production process

Factory Organization chart



Production workflow chart



Main processes :

- 1:Injection
- 2:Assembly
- 3:Packing
- 4:Shippment

Score : 0 1 2 3 4 5

Remarks: The production process seems to be clearly determined / The workshop is quite clean / Responsibilities identified.

Part 3

Production lines / Capacity

Production Process

Operation Name	Main Machine / Device Name	Machine count	No. of Workers / Machine	Daily capacity / Machine
Injection Workshop	Injection machine	7	1	it depends upon the style of products
Assembly Workshop	Hand puncher	10	1	it depends upon the style of products
	Spot welding machine	4	1	it depends upon the style of products
	Ultrasonic welding machine	2	1	it depends upon the style of products
	Assembly line	5	22	it depends upon the style of products

Daily output check (first check when arriving in factory – last check when leaving):

Is there a running production in the factory during the Audit?	Yes	Description of the product: Socket
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Picture(s)



START

FINISH

Total time

13:00	14:00	➡	1 Hour
Raw material	Raw material		Consumption
<i>Available</i>	<i>Available</i>		
Finished products	Finished products		Output
0 Pcs	420 Pcs	➡	420 Pcs

The Auditor checked the capacity of socket at assembly workshop for one product line and found its daily output estimated is 3,300 pcs, so the factory daily output is about 17,000pcs (5 assembly lines, 8 hours per day).

Lead times for client's production:

According to	Factory	Auditor check
Raw material supply capacity:	According to different order.	The supplier list and its evaluation report were available.
Production weekly capacity:	102,000 pcs for socket, 72,000 pcs for flashlight (7 days per week, 8 hours per day).	The production capacity is all the machine capacity.
According to the production records, we found the flashlight daily output is about 12000 pcs.		

Score :	0 1 2 3 4 5
Remarks:	According to facilities observations and output check, the factory might be able to fulfill clients order.

Part 4

Factory Facilities / Machinery Conditions

Machines for production

Machine Name, Brand, Country of Origin	Pictures	Count	Comments (Machine conditions and age, location in the factory,...)
Injection machine	 	7	In good condition. Used for 1-2 years. The factory has an established maintenance plan and conducts daily maintenance.
Hand puncher		10	In average condition. Used them for 1-2 years. The factory has an established maintenance plan and conducts daily maintenance.

Spot welding machine	 	4	In good condition. Used for 1-2 years. The factory has an established maintenance plan and conducts daily maintenance.
Ultrasonic welding machine	 	2	In good condition. Used for 1 year. The factory has an established maintenance plan and conducts daily maintenance.

Assembly line		5	In average condition. Used for 2-3 years. The factory has an established maintenance plan and conducts daily maintenance.
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Warehouse condition			
Picture(s)	Comment(s) / please pay attention to the cartons in the warehouse (Quantity, product, client...): In average condition		
			
	Estimated warehouse capacity:	6X40'HQ Containers	

Sample room condition

Picture(s)	Comment(s): In average condition
	

Public power supply

Connected? Yes	Frequent Power Outage in the area? (Ask several people: workers & management) : No
Electric Power Generator Count:	No power generator in the factory.

Shipment capabilities

Picture(s)	Comment(s): In average condition
	

Delivery / Loading conditions	In average condition
Nearest port / airport	It's about 2 hours from factory to Ningbo port; It's about 1 hours from factory to Ningbo airport

Score :	0 1 2 3 4 5
Remarks:	Machines are 1-3 years old / Up-to-date technology / Machines are in quite good conditions / good maintenance.

Part 5

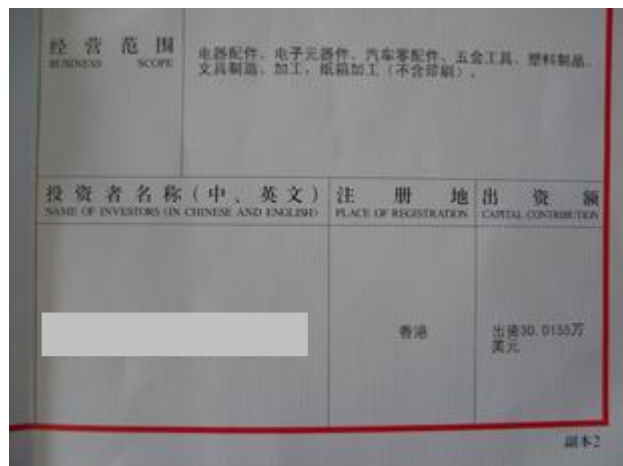
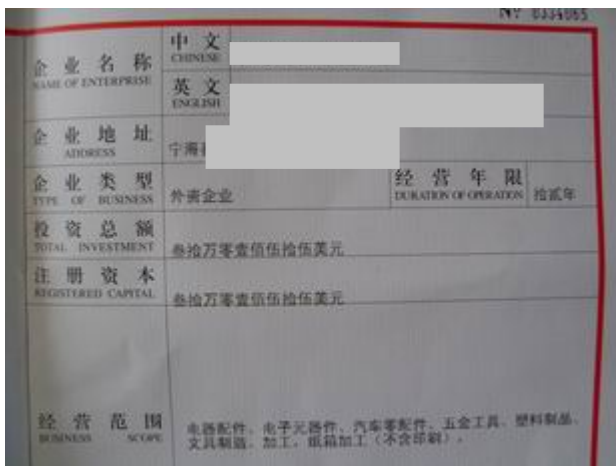
Quality Assurance System & Related Certificates

Export license

Date of the license: xxxxxx , It's a foreign-owned company, Certificate of approval as export license.

Pictures:

Comments:



Quality system management

ISO9000 series:

Yes

Comment: ISO9000:2000 Series

Others: N/A

Comment:

Quality system management

List of certificates available

(with certification company details and dates)

ISO9000:2000 standard, issued on xxxxxx by CQC

Picture(s)

Comments:



Inspection track record by client

How often is it updated?

Every batch

Last inspection by QC company (date)

July 17, 2009 / STAR IMPORIENTAL

Pictures:

Comments: Inspection records were available.

[illegible]

		地址：浙江·宁波市杭州湾新区滨海一路	
Add: No. 19, Jinhua Rd., Shaoxing & Ningbo New Zone, Ningbo 315012 China		邮编：315012	
电话：0574-27960125		手机：1874-2796012	
E-Mail: china@nbs.com.cn		E-Mail: nbs2003@gmail.com	
Tel: 3755016		Fax: 485-874-279606	

验货报告

订单号	型号	备品名称	数量	样品数量	抽检数量	抽检合格数量
27960125	X310070	8033689533222	70	100	7,000	210
27960125	X310080	8033689533283	50	100	5,000	150
27960125	X310090	8033689533293	70	50	5,500	140
27960125	X310171	80336895332815	70	80	8,000	140
27960125	X310175	80336895332691	30	50	2,500	140
27960125	X310178	80336895332694	50	80	4,000	240
27960125	X310179	80336895332757	80	50	2,500	100
27960125	X311100	80336895331849	400	80	32,000	800
27960125	X311107	80336895333096	400	30	12,000	800
27960125	X311512	80336895333110	200	30	15,000	400
27960125	X311525	80336895333063	400	100	40,000	1200
27960125	X311528	80336895333070	400	50	25,000	200
27960125	X311541	80336895333067	400	80	32,000	800
27960125	X311542	80336895333094	400	50	20,000	300
27960125	X311554	80336895333066	400	50	2,000	100

QC

QC staff count	14 QC staff in whole factory.
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In line QC

Is there In-line QC?

Yes, total 10 QC

How is the inline QC setup?

2 QC per product line.

List of testing equipment

Receptacle integration capability tester

Record / reports available?

Yes

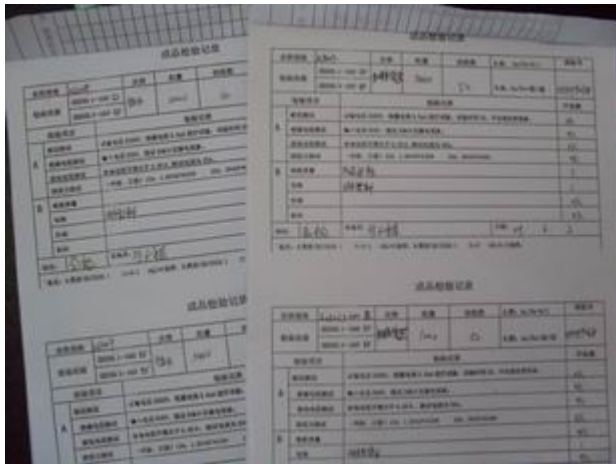
Pictures

日期	班别	产品型号	工序名称	责任人	检查数量	合格数量	次品数量	不良品项目及数量
6.1	F	2006			25	25	0	
9.28	O	2006			25	25	0	
10.25	L	2006			25	25	0	
10.22	B	2006			25	25	0	
10.29	A	2006			25	25	0	
10.20	C	2006			25	25	0	
10.23	D	2006			25	25	0	
11.20	E	2006			25	25	0	
10.16	D	2006			25	25	0	
10.27	A	2006			25	25	0	
10.22	E	2006			25	25	0	
10.23	D	2006			25	25	0	
10.20	L	2006			25	25	0	

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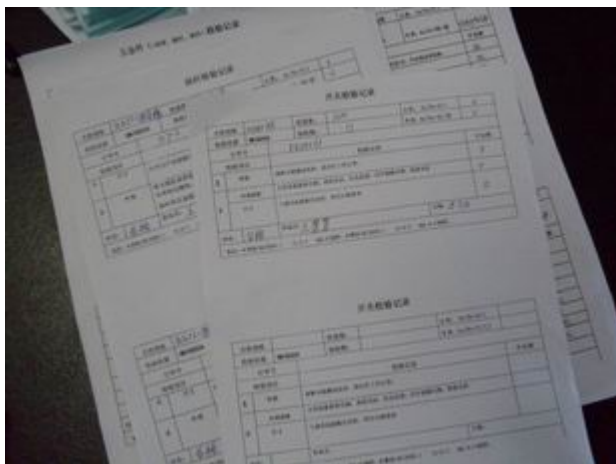
Final QC

Is there Final QC?	Yes, total 2 QC
List of testing equipment	High voltage tester
Record / reports available?	Yes
Last results / record	OK
Picture(s)	



Incoming QC

Is there an Incoming QC?	Yes, total 2 QC
List of testing equipment	High temperature testing machine
Record / reports available?	Yes
Picture(s)	



Score :	0	1	2	3	4	5
Remarks	The factory is very involved in Quality Assurance (procedures, process control...) / Many Quality Controls are performed on the products during the whole production process.					

Part 6

Social Accountability

Labor

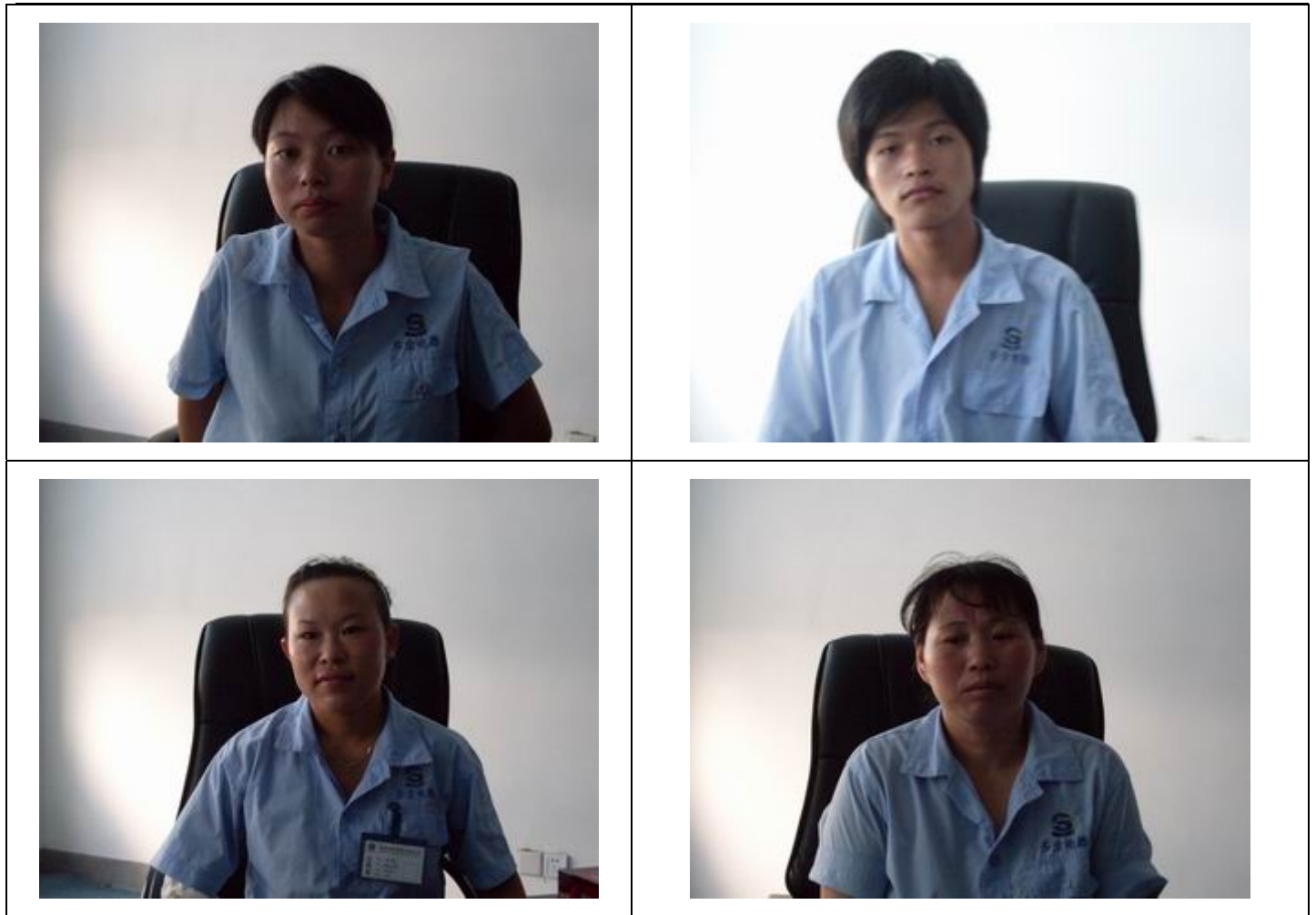
According to:		Manager	Employees	Visual check
1	Child labor	No Violation	No Violation	The Auditor didn't find Child Labor.
	Standard :	Article 15 of the Labor Law of the PRC , factory is not allowed to recruit minors less than 16 years of age.		
	Result - Comments :	OK. It is conforming to relevant national laws and standards.		
2	Forced labor	No Violation	No Violation	There weren't forced labors according view.
	Standard :	Article 88 of the Labor Law of the PRC on Employment Contract, Where an employer: (1) Compels an employee to work by use of force, threat or by means of illegally restricting personal freedom (2) Forces dangerous operations which are in violation of the relevant procedures and are harmful to life (3) Insults, corporally punishes, beats, illegally searches or detains an employee; or (4) Provides odious working conditions or a severely polluted environment, resulting in serious harm to the physical or mental health of employees; it shall be subjected to administrative punishment; where a crime is committed, (the responsible persons) shall be affixed with criminal liabilities; Where the above cases have caused harm to employee, the employer shall be responsible for compensation.		
	Result - Comments :	OK. It is conforming to relevant national laws and standards.		

According to:		Manager	Employees	Visual check
3	Base Salary / compensation	No Violation	No Violation	The worker's minimum wage is 850RMB /Month conforming to labor law.
	Standard :	Article 48 of the Labor Law of the PRC the wage paid to an employee by an employer shall not be lower than the minimum wage standard of the locality. Article 44 of the Labor Law of the PRC the employer shall, according to the following standards, pay employees remuneration higher than those for statutory working hours under any of the following circumstances. (1) To pay no less than 150% of the wages when extended working hours are assigned to employees; (2) To pay no less than 200% of the wages when employees are assigned to work on rest days and no deferred rest can be taken; and (3) To pay no less than 300% of the wages when employees are assigned to work on statutory holidays.		
	Result - Comments :	OK. It is conforming to relevant national laws and standards.		
4	Working Hours	8 hours per day	8 hours per day	8 hours per day
	Standard :	Article 36 of the Labor Law of the PRC (with amendment in Order of State Council No. 174 dated March 25, 1995), employees shall work for 8 hours a day and 40 hours a week.		
	Result - Comments :	OK. It is conforming to relevant national laws and standards.		
5	Overtime Regulations	Within 3 hours per day 1 day off at least per week	Within 3 hours per day 1 day off at least per week	Within 3 hours per day 1 day off at least per week
	Standard :	Article 38 of the Labor Law of the PRC , factory shall make sure that the employee can take at least one rest day each week; Article 41 of the Labor Law of the PRC , under the precondition that the physical health of employees is ensured, overtime shall not exceed 3 hours per day and 36 hours per month.		
	Result - Comments :	OK. It is conforming to relevant national laws and standards.		

According to:		Manager	Employees	Visual check
6	Association / Discrimination / Coercion	No violation	No violation	The workers have the freedom of association, and there were not discrimination and coercion according interview and factory tour.
	Standard :	Article 11 of PRC Labor Union Law, the establishment of a primary labor union, local all-level federation of labor unions, or industry-specific labor union must be reported to the labor union organization at the next higher level for approval. The highest level is the state sponsored All China Federation of Trade Unions (ACFTU)Article 5.1 of SA8000, The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age; Article 12 of the Labor Law of the PRC, labors shall not be discriminated against in employment, regardless of their ethnic community, race, sex, or religious belief. Article 6.1 of SA8000, The company shall not engage in or support the use of corporal punishment, mental or physical coercion and verbal abuse.		
	Result - Comments :	OK, It's conforming to labor law.		

Interviewed Workers Pictures





	Comments	Pictures
Canteen / Drinking / Kitchen facilities	No canteen / kitchen facilities in the factory. Drinking water was placed in workshop.	
Emergency medical	No First aid kit in the workshop, only small quantity of drugs was kept in office.	N/A

Dormitory conditions	No dormitory building.	N/A
Safety conditions / fire prevention	Fire extinguishers and fire hoses were adequate.	 

Score :	0 1 2 3 4 5
Remark	Correct work conditions (Work Hours, Atmosphere...) / Salary is correct (higher than legal requirement) / No First aid kit in the workshop, only small quantity of drugs was kept in office.

Part 7

Hygiene / Security

Facilities		
First aid supply	Description: No First aid kit in the workshop, only small quantity of drugs was kept in office.	
Time to the nearest medical facility	It's spent about 10 minutes to the nearest hospital.	
Workers (appropriate) protective equipment	List: glove; mask; sunglasses, earplug	List: glove; mask; sunglasses, earplug
Fire protection facilities	List: Fire hoses and fire extinguisher	List: Fire hoses and fire extinguisher
Picture(s)		
		

Trainings

First aid training	No	Comment: No first aid training
Fire evacuation drills	No	Comment: No fire drill

Score :	0 1 2 3 4 5
Remark	Workshop relatively clean and safe / Workers wear protections / First aid kit is not sufficient / No first aid training / No fire drill.

Part 8

RoHS Standards

Knowledge & Awareness

Is the factory aware of the RoHS regulation?	Yes	Comment: RoHS regulations were collected and kept in the factory.	
Who is in charge of implementing the RoHS standards within the Factory?			
Name	Mr. Wayne Wang	Position	Technology Manager

RoHS Products

Has the factory already produced RoHS products?	Yes
Name & description of the products: Socket and flashlight	
List of certificates available (including Name & details of Certifying Company + scans)	RoHS Certificate
	Issued by Most Technology Service Co., Ltd. on May 19, 2009
Is there a running RoHS production in the factory during the Audit?	Yes
Description of the products: Socket	
List of certificates available (with certification company details and dates)	RoHS Certificate
	Issued by Technology Co., Ltd. on May 19, 2009
Picture(s)	Comments:

Part 9

Synopsis of major facts and problems found

Capacity of manufacturing client's product:

Very bad	Bad	Average	Good	Very good
Comments: According to facilities observations and output check, the factory might be able to fulfill clients order.				

Production conditions: (machines, building, employees training, internal quality control)

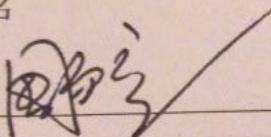
Very bad	Bad	Average	Good	Very good
Comments: Machines are 1-3 years old / Up-to-date technology / Machines are in quite good condition / good maintenance. The factory is very involved in Quality Assurance (procedures, process control...) / Many Quality Controls are performed on the products during the whole production process.				

Social accountability conditions

Very bad	Bad	Average	Good	Very good
Comments: Proper work conditions (Work Hours, Atmosphere...) / Salary is adequate (higher than legal requirement) / No First aid kit in the workshop, only small quantity of drugs was kept in office. Workshop relatively clean and safe / Workers wear protection / First aid kit is not sufficient / No first aid training / No fire drill.				

Factory behavior during Audit:

Very bad	Bad	Average	Good	Very good
Comments: The related department can cooperate with the Auditor smoothly.				

Inspection		Inspection Protocol	
On behalf of: 受益人:	[Redacted] (Authorized signature only) 授权人)		
<i>I have read, understood and I agree with all above items and I accept that the Inspector can not give authorization for shipment. The only decision is taken by [Redacted] (我已阅读, 和同意以上各条款, 本次报告仅为初步检验结果, 并不授权出货。一切结果由 [Redacted] 决定。)</i>			
Name of Factory Representative 工厂代表姓名			
Signature: 签名			DATE: 日期
[Redacted]			
Name of Inspector: 检验员姓名			
Signature: 签名	Alex Li		DATE: 日期
[Redacted]			

END