



Innovating for 2030: The Future of Supply Chains and Auditing

Overview

Technology is rapidly changing the way most industries and businesses work. From 3D printing to artificial intelligence (AI) and automation, the opportunities provided by innovation are still being defined. For the audit industry, this presents a challenging new ethical frontier.

As developments like Machine Learning, AI and Blockchain become more integral to supply chains, could we imagine a time when auditing could be done without auditors – or even human beings altogether.

In the context of the latest and predicted digital and technology innovations, for this session, the FTA is excited to have secured a panel of leading experts from global technology companies who will share and debate what the future might hold for supply chains and the audit industry in particular.

Speakers

Moderator: **Jonathan Ivelaw-Chapman** CEO of Sedex Group

- **Michael Jordan**, Product Owner, Analytics/Academic Ambassador at SAP SE
- **Christophe Liebon**, Vice President Supplier Management – Business Assurance at Intertek
- **Mandie Quartly**, Worldwide Lead, Machine Learning and High Performance Analytics – IBM OpenPOWER Ecosystem
- **Ian Spaulding**, Chief Executive Officer - Elevate

Session Highlights

Auditing today, Christophe Liebon

Two of the biggest challenges within the industry are: transparency and traceability, and unsustainability improvement. It is important to engage with suppliers and gain their buy in to design sustainable programmes of improvement.

One solution is improved data analytics, but it's important to use the data analytics correctly and understand how to use this tool. Demands of 'I want data' are made, but people are too lost in their supply chains to identify risk factors objectively and of how to correctly apply the data.

Ian Spaulding: Rapid Round: 4 challenges

The retail industry is getting killed – bankruptcy is widespread. To survive, companies are going to poor factories in underdeveloped markets, and this is leading to a fragmented supply chain. The turnover of producers is annually 40-50% so, it's difficult to monitor and manage supply chains.

Standards are also constantly improving so when combined with factors such as foreign migrant workers, audits are becoming more difficult. Audit commoditisation is a factor, this can mean a decline in audit quality because auditors are becoming less qualified which leads to less trust in the audit; perpetuating the cycle of distrust.

It is important to situate the response to challenges with the knowledge of auditors. For example interviews are often useless in China because workers won't tell you anything. So what are the options? In Bangladesh, NGOs have a relationship with a worker helpline to understand the issues that are ongoing within their factories. But it is important that these tools are used correctly.

Mandie Quartly: Ethical Supply Chain Monitoring

The key is data, it is central to understanding auditing and the supply chain. The two important elements to this process are: getting hold of the data and ensuring its quality and relevance. The second part is making use of it. If you don't use the data it's worthless.

The speed of data collection is getting so much quicker, data are coming in thick and fast in many different types. The internet of things is connecting more and more devices (internet recordings, such as location, temperature etc.) So what we can see more observations and make more connection but it is important to know what the data means, and what is meaningful.

Michael Jordan - Trust vs. Transparency.

Sometimes we don't recognise what we have is true until we think about it. It is important to be open to what the data can tell you, and recognise the bad side of big data. We need relationships that work so, trust vs transparency is an important balance to strike.

Quotes

Christophe Liebon: The methodology of audits is changing, BSCI shifting to semi-announced affects the way audits are carried out and the types of data received. This may increase transparency but there are questions of whether organisations want are able to handle the data collected e.g. do organisations really want to know about double book keeping?

If producers are constantly audited it can induce audit fatigue. So, the question should be asked, how can we reduce the demands on producers for audits and instead engage them in continuous improvement?

Iain Spaulding: Auditing needs to work within supply chain developments. The recognition that auditing shouldn't be a ticklist, but a tool in continuous improvement programmes e.g. demanding an 'A' from your suppliers might mean that you are asking them to bribe auditors because they want to ensure they receive the orders. It may therefore be better to work with them over a longer period and focus on continuous improvement.

Mandie Quartly: Technology and Data are not there to replace the human. They are there to help you make better decisions.

Michael Jordan: Companies are technology fetishists but it's important to remember what the question is you are trying to answer. It's not all about the data, data should sit in the need for data – don't put the cart before the horse!