

# EMSFEP-002 – FEP Audits

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## 1 Introduction

Farm Environment Plan audits are an essential component of the farm planning process to ensure actions identified to mitigate risks in the Farm Environment Plan are being implemented and to support farmers with continuous improvement in their farm systems.

All Farm Environment Plan (FEP) Audits will be completed by a suitably qualified professional in accordance with the *Canterbury Certified Farm Environment Plan Auditor Manual May 2020*.

All FEP Audits and supporting information may be subject to external peer review to maintain transparency and consistency in the FEP Auditing process outcomes.

## 2 Purpose

The purpose of this document is to ensure robust audit standards which drive continuous improvement on-farm, ensure scheme policies are met and to satisfy conditions 12(c), (d), 13, 19 and 20 of resource consent CRC185857, which state:

### **Condition 12 (c) and (d)**

- c) *ensure the Consent Holder has robust audit and reporting procedures in place to ensure a high level of compliance with Farm Environment Plans, Schedule 24a Plans or Certified Freshwater Farm Plans (as might apply);*
- d) *have appropriate procedures in place (through the EMS and each Farm Environment Plan, Schedule 24a Plan or Certified Freshwater Farm Plans) to ensure the identification of effects on neighbouring sensitive receptors are appropriately avoided, remedied or mitigated;*

### **Condition 13**

*The EMS shall provide for or require:*

- a) *effects on neighbouring sensitive receptors to be managed through further measures (in addition to Condition 12(b), including:*
  - i. *requiring that stock are excluded from waterbodies in accordance with Regional Council rules, any granted resource consent(s) and the Resource Management (Stock Exclusion) Regulations 2020; and*
  - ii. *encouraging the establishment of vegetated riparian strips to minimise nutrient, sediment, and microbial pathogen loss to waterbodies.*
- b) *the management of nutrient losses on Properties (which are not Authorised Properties) through a Farm Environment Plan or Certified Freshwater Farm Plan (as might apply) and audit process in accordance with the conditions of this resource consent.*
- c) *Properties provided for in Conditions 4(a) and (b) shall:*
  - i. *have their annual nutrient losses assessed in accordance with the Matrix Method identified in Schedule CRC185857B;*
  - ii. *be subject to an audit procedure in accordance with Condition 19 and 20 (with the EMS being required to specify the steps that will be taken (including consequences to ensure future compliance) for Properties where condition 12(b)(iii) applies and is not being met).*

- d) *with the Farm Environment Plan audit records for each Property undertaken in accordance with this condition 13(d) being kept and made available for the Canterbury Regional Council to inspect, upon request; procedures to enable each Farm Environment Plan, Schedule 24a Plan or Certified Freshwater Farm Plan to be amended to address any changes that might be recommended following the preparation of a Remediation and Response Plan that is prepared in accordance with Condition 26.*
- e) *the monitoring and data required under this consent and the EMS to be collected and reported to the Canterbury Regional Council in accordance with Condition 28 (with a copy to be provided to Te Runanga o Arowhenua); and*
- f) *within 20 working days of the exit of any Property from Schedule CRC185857A (and the management of nutrient losses by the consent holder), the consent holder is to advise the Canterbury Regional Council of the authorised land use that is to apply to the departing Property.*

**Condition 19**

*All Farm Environment Plans as required by Condition 18(a) shall be audited within the frequency by either:*

- a) *the audit grade received in the previous audit, as provided for in Table CRC185857-1 below:*

Table CRC185857-1

Audit Grade	Audit Frequency	
	No change in management or significant change	Change in management or significant change
A	4 years	1 year
B	2 years	1 year
C	1 year	In the following year
D	6 months	Within 6 months

*A "year" is the period from 1 July to the following 30 June.*

*Provided that the Consent Holder may consult with the Regional Leader - Monitoring and Compliance, Canterbury Regional Council for the purposes of developing an agreed transitional regime for the audit frequencies provided for in Table CRC185857-1 (given the 10 September to the following 9 September reporting date being implemented by the Consent Holder at the Commencement Date). An agreed transitional regime will apply in place of Table CRC185857-1.*

*Or*

- a. *in the case of Properties added to Schedule CRC185857A, within one year of the Property being added to that Schedule; or*
- b. *in the case of a Property located within a Community Drinking Water Protection Zone where the risk level increased, within one year of the completion of the updated risk assessment; or*
- c. *where there are exceptional circumstances, and the Consent Holder is able to obtain an approved exemption (in writing) from the Regional Leader - Monitoring and Compliance, Canterbury Regional Council from the frequencies of audits identified in Conditions 19(a) and (b). For the purposes of this condition 'exceptional circumstances' may include any*

*event or action that reasonably prevents an audit being undertaken - including but not limited to any event of force majeure, the death or serious illness of a shareholder or shareholder's representative(s) or their dependents, biosecurity or natural hazards, or recent Property sales or lease changes; or*

- d. *should a Certified Freshwater Farm Plan be certified and available for use in accordance with condition 18 then the Consent Holder shall comply with the required timings for audits provided for in that plan (and if no audit process is provided for then the Consent Holder shall comply with timeframes for audit set out in the conditions 19(a) to (d)).*

#### **Condition 20**

- a. *Farm Environment Plan audits shall be conducted in accordance with the 'Certified Farm Environment Plan Auditor Manual', May 2020, or such other methodology (including any subsequent version of the 'Certified Farm Environment Plan Auditor Manual', May 2020) as may be mutually agreed with the Regional Leader -Monitoring and Compliance, Canterbury Regional Council, including the timing and implementation of such other methodology.*
- b. *The audit of Certified Freshwater Farm Plan shall be undertaken in accordance with any associated guidance manual, or if no audit process is provided for, or no such guidance material available, the audits shall be undertaken on the basis of applying the 'Certified Farm Environment Plan Auditor Manual' with any necessary modifications as may be mutually agreed with the Regional Leader- Monitoring and Compliance, Canterbury Regional Council.*
- c. *If requested by the Regional Leader - Monitoring and Compliance, Canterbury Regional Council, the consent holder shall facilitate the Canterbury Regional Council undertaking spot checks of any Farm Environment Plan Auditors previously approved by Canterbury Regional Council. This shall include providing copies any audits and the relevant supporting information that are available to the consent holder.*

## **3 FEP Auditing Process**

### **3.1 Auditor Selection**

Farm Environment Plan Auditors are contracted to deliver audits for MHV Water in accordance with this procedure. All FEP Auditors must meet the following criteria for selection to complete audits for MHV Water:

- ECan Certified FEP Auditor
- Suitably qualified and experienced in Mid-Canterbury farm systems
- Understand MHV Water's Environmental policies, objectives, and EMS
- Understand promotion of continuous improvement
- Sufficient capacity and capability to deliver the volume of audits required to a professional standard

Auditors are usually randomly allocated to MHV Water shareholder properties, but may be reallocated in the following situations:

- Conflict of interest identified
- Cover another auditor who is unable to attend a scheduled audit
- Auditor has a specific skill set applicable to a particular property

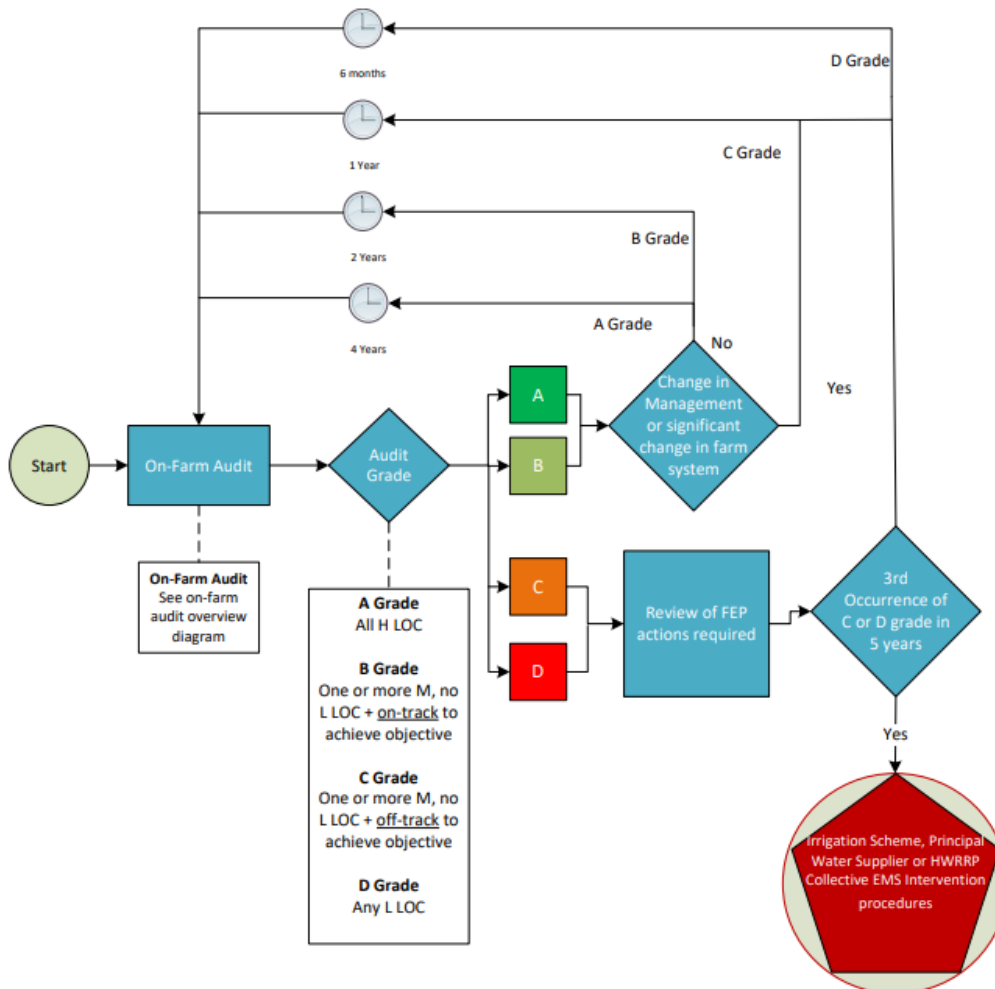
### 3.2 Start of Season Audit Identification

MHV Water will identify the properties to be audited during the coming season each spring. Factors to be considered when creating a list of properties to be audited include:

- Any property due for an audit this coming season, based on their previous grade (Figure 1)
- Any new shareholders (either transferred or recently joined)
- Any shareholder where a change of management or ownership was identified
- Any shareholder who has had a FAVA or Permitted Change approved and implemented in the previous 12 months
- Any shareholder property where MHV Water felt it appropriate to audit more frequently.
- Any shareholder property with a N loss less than 15 kg N/ha, which has not implemented the farm practices detailed in Schedule CRC185857D of resource consent CRC185857.

The complete list of properties due for an FEP Audit will be provided to either MHV Water or the Environmental Manager to start the process for FEP auditors.

Figure 1: FEP Audit Frequency<sup>1</sup>



<sup>1</sup> Note – FEP Audits that receive an Advanced Mitigation grade follow the A grade repeat frequency.

### 3.3 FEP Audit Scheduling

The Environmental Team will book FEP audits according to consent requirements, land use and location at least 10 working days prior to the audit<sup>2</sup>. Where possible, audits will be timed to avoid high workload periods e.g., during calving for dairy farms, during harvest for arable properties etc.

MHV Water will confirm the FEP Audit date, time, and auditor via email.

### 3.4 FEP Audit Deferrals

In some cases, FEP Audits may be scheduled outside of the consented timeframes provided exceptional circumstances approval is first obtained from Environment Canterbury in writing under condition 19(d) of resource consent CRC185857. Reasons for a deferral include:

- Force majeure events
- Death or serious illness of shareholders, shareholder's representative, or their dependents
- Biosecurity or natural hazards
- Recent property sales or changes in lease
- Other

Where possible, deferrals should first be made within consented timeframes, with approval from ECan only applied for where consented timeframes are unable to be met.

### 3.5 FEP Audit Cancellation

The shareholder will have an opportunity to defer audits to another day at the time of booking, provided the new date is still within consented timeframe.

Late cancellations can cause the auditor to have significant down time between audits and/or increase travel time and costs. Therefore, shareholders are expected to provide at least 5 working days' notice to enable the auditor or the Environmental Team to book in another shareholder in that time slot. Shareholders may be liable for the costs of re-auditing their property if they cancel their pre-arranged audits within less than 5 working days.

To ensure FEP audits are completed within expected timeframes, shareholders will be allowed to defer or cancel their FEP audit once. A second delay or cancellation will result in a level 2 formal written warning, with a request to undertake the FEP Audit within 20 working days to maintain water supply.

MHV Water may use their discretion for cancellation of FEP Audits where exceptional circumstances apply.

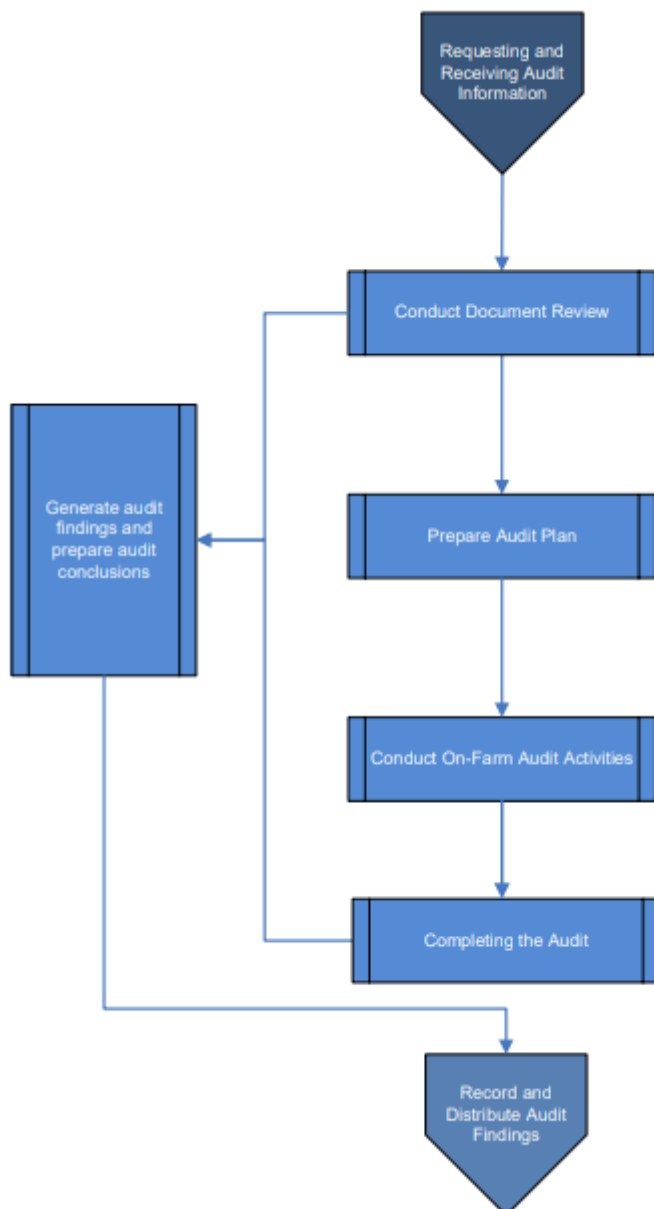
### 3.6 FEP Audit Procedures

All FEP Audits will be conducted in accordance with the [Canterbury Certified Farm Environment Plan Auditor Manual May 2020](#) and in accordance with **Error! Reference source not found.**

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<sup>2</sup> Except where specifically requested by the shareholder or FEP operator to undertake the audit in less time.

Figure 2: On farm Audit Process



### 3.7 FEP Audit Grades

#### 3.7.1 Schedule CRC185857C Objectives and Target Grading

FEP Audit reports shall be assessed and graded in accordance with the *Canterbury Certified Farm Environment Plan Auditor Manual May 2020*, any Environment Canterbury Auditor Guidance Notes and consistency standards collectively agreed to by the auditors for the targets and objectives specified in Schedule CRC185857C of resource consent CRC185857.

#### 3.7.2 Community Drinking Water Protection Zones

Properties with a Community Drinking Water Protection Zone (CDWPZ) are subject to additional targets, which are to be included in their Farm Environment Plans, which states:

- i. *land located within the CDWPZ is managed to prevent deterioration of drinking water from activities occurring on that land; and*

- ii. *for the Property Owner to maintain records to demonstrate all agreed minimum actions are being implemented*

The actions required to be implemented to meet these objectives have been defined through the CDWPZ risk assessment process and resource consent conditions and incorporated into the Farm Environment Plan.

Audits of properties with CDWPZs are to assess that the actions required by the risk assessment are implemented and graded as follows:

<b>CDWPZ Target</b>	
Land is managed within CDWPZ to prevent deterioration of drinking water from activities occurring on that land; and	
High LOC	Farm can demonstrate all actions in the CDWPZ Risk assessments are implemented
Medium LOC	Farm unable to demonstrate all actions in the CDWPZ Risk assessment are implemented, unlikely to result in increased risk to drinking water supply.
Low LOC	Farm unable to demonstrate all actions in the CDWPZ Risk assessment are implemented, likely to result in increased risk to drinking water supply.
Property owner to maintain records to demonstrate all agreed minimum actions are being implemented	
High LOC	All necessary records are available
Medium LOC	Some records are not available, unlikely to result in an increased risk to drinking water supply
Low LOC	Some or all records not available, likely to result in increased risk to drinking water supply.
<b>CDWPZ Objective</b>	
Quality of drinking water supplies do not deteriorate as a result of land use activities within CDWPZ impacted land	
High LOC	Both Targets High LOC
Medium LOC	One or more Targets Medium LOC, no Low LOC
Low LOC	Any Low LOC
<b>Overall Audit Grade</b>	
A	High LOC CDWPZ Objective
B	Medium LOC CDWPZ Objective, on track with meeting requirements
C	Medium LOC CDWPZ Objective, not on track with meeting requirements
D	Low LOC CDWPZ Objective

### 3.7.3 EMS Requirements Grading

As part of the process of continuous improvement, MHV Water have included additional requirements in the Farm Environment Plan, which need to be assessed through the audit process and reported back to the scheme. These requirements are parallel to the audit process required by Condition 19 of resource consent CRC185857, and do not inform the overall audit grade.

Where EMS requirements are audited as not being met, MHV Water will follow up with the shareholder in accordance with [EMSFEP – 003](#), FEP Audit Follow Up Process.

#### 3.7.3.1 Sites of Cultural Significance

Sites of Cultural Significance have been identified by Te Rūnanga o Arowhenua, and include:

- Popular harvest locations



- Wāhi tapu sites (e.g. urupa)
- Waterways and their margins
- Common travel routes and camping sites

Where a site of significance is located on a property, a risk assessment has been completed in accordance with a process developed with Te Rūnanga o Arowhenua. The risk assessment identifies recommended actions to be implemented to avoid, remedy, and mitigate effects on the site, which are then included in the Sensitive Receptors section of the Farm Environment Plan.

### 3.7.3.2 Nutrient Management

Schedule CRC185857C does not include a target to manage nutrients from an individual property. Nutrients from MHV Water shareholder properties are managed through the Authorised Land Use policy and has legal effect under the shareholder's water user agreement.

From the 2021-22 FEP Audit season, all shareholders will have an Authorised Land Use (ALU) or a Permitted Land Use (PLU) for their property which details their permitted farm system parameters. Intensification of key parameters in the ALU or PLU could trigger the need for approval by MHV Water prior to the change occurring through the Farm Activity Variation Application process.

During the FEP Audit, FEP Auditors are to determine if the property farm system is within the ALU and PLU limitations, recording their assessments in the FEP Audit reports in accordance with the supplied FEP Audit report templates.

### 3.7.3.3 Farm Activity Variation Applications

Where a property has been through a Farm Activity Variation Application to change their farm system, approvals are usually subject to conditions which need to be demonstrated as met through the audit process.

### 3.7.3.4 EMS Requirements Grading

<b>EMS Target 1</b>	
Land is managed to ensure effects on sites of cultural significance are avoided, remedied, or mitigated.	
High LOC	Farm can demonstrate all actions from the Sites of Cultural Significance Risk assessment are implemented
Medium LOC	Farm unable to demonstrate all actions in the Sites of Cultural Significance Risk assessment are implemented, unlikely to result in increased risk to site.
Low LOC	Farm unable to demonstrate all actions in the Sites of Cultural Significance Risk assessment are implemented, likely to result in increased risk to the site.
<b>EMS Target 2</b>	
Farm system operates within authorised or permitted land use parameters.	
High LOC	Farm can demonstrate system is within Authorised Land Use or Permitted Land Use.
Medium LOC	Farm cannot demonstrate system is within Authorised Land Use or Permitted Land Use, change is not Significant and unlikely to result in an increase in nitrogen losses from the property in the long term.
Low LOC	Farm cannot demonstrate system is within Authorised Land Use or Permitted Land Use, and change is Significant and/or likely to result in an increase in nitrogen losses from the property in the long term.
<b>EMS Target 3</b>	
Farm Activity Variation Application Approval Conditions are Complied with	

High LOC	Farm can demonstrate all Farm Activity Variation Application approval conditions are complied with.
Medium LOC	Farm cannot demonstrate all Farm Activity Variation Application approval conditions are complied with, but is on track with implementing changes.
Low LOC	Farm cannot demonstrate all Farm Activity Variation Application approval conditions are complied with, but is not on-track with implementing changes.
<b>EMS Objective</b>	
Additional Requirements of the MHV Water Environmental Management Strategy are met	
High LOC	All Targets High LOC
Medium LOC	One or more Targets Medium LOC, no Low LOC
Low LOC	Any Low LOC

### 3.7.4 Advanced Mitigation

Properties can be assessed on achievement of Advanced Mitigation in accordance with the EMS process [EMSNM-005](#), Advanced Mitigation.

## 3.8 FEP Audit Reports

All FEP Audit Reports will be completed using the template provided to FEP Auditors.

## 4 FEP Audit Draft Report Correspondence to Shareholders

In accordance with the *Canterbury Certified Farm Environment Plan Auditor Manual May 2020*, Shareholders and MHV are to be provided with the draft FEP audit report/s via email by the FEP Auditor within 10 working days of the FEP audit being completed. The draft audit report communication email will be completed in the format specified in Figure 2 and allow the shareholder or the Environmental Team 10 working days to advise if there is any:

- Factually incorrect information included in the original draft report
- Further information or evidence is provided

The Environmental Team shall be included in all written correspondence between the FEP Auditor and shareholder.

### 4.1 FEP Audit Final Report

Where the FEP Auditor has received feedback from either the shareholder or the Environmental Team relating to the draft FEP Audit Report, the FEP Auditor will update the FEP Audit report to reflect this information.

The FEP Auditor will finalise FEP Audit reports as required within 10 working days of the draft report being sent to the shareholder.

A final copy of the audit report will be emailed to the shareholder along with a link to the FEP Audit Feedback survey by the Environmental Team.

FEP Auditors will, upon finalising the FEP Audit Report, provide MHV all information relating to the FEP Audit, including, but not limited to:

- audit scheduling
- all written shareholder communications
- field notes (if available)
- photographs
- nutrient budget robustness checks

- any other relevant information used to inform the Level of Confidence grades of the FEP Audit
- Any other relevant information required by MHV Water

## 4.2 FEP Audit Spot Check

FEP Audit reports and all relevant supporting information will be provided to Environment Canterbury upon request for the purpose of completing spot checks to ensure audits are completed in accordance with the *Canterbury Certified Farm Environment Plan Auditor Manual May 2020*.

# 5 Reporting

## 5.1 Board Reporting

Regular reporting will be prepared by the Environmental Manager for the MHV Water Chief Executive and MHV Water Board of Directors and the details are to be included in each set of Board Papers. The report will include, where appropriate:

- Progress report on completing FEP Audits for the season, including grades and compliance with EMS requirements
- Reasons for C or D audit grades and actions taken
- Complaints received and action taken
- Issuing of any non-compliance notice

## 5.2 Internal Assessments

At the conclusion of an audit season, an analysis will be completed to identify the following:

- Progress of achievement of environmental objectives and targets
- Identify reasons for lower level of confidence grades
- Identify opportunities for extension to improve audit grades
- Identify inconsistencies in grading by auditors
- Evaluate performance of FEP Auditors

## 5.3 Annual Compliance Reporting

An annual report on the compliance with MHV Water resource consent CRC185857 is to be prepared by the Environmental Manager and submitted to Environment Canterbury and Te Rūnanga o Arowhenua by 1<sup>st</sup> December each year.

The information to be included in the report is as follows:

- A summary of the performance of the scheme in meeting its environmental targets and objectives stated in Schedule CRC185857C and Condition 20.
- Methodology and implementation of Farm Audits
- Summary of FEP audit results including
  - Name of Auditor (s)
  - Planned number of FEP audits vs completed audits
  - Audit results by area and land use
  - Summary of reasons for C and D grades
  - Actions taken to remedy C and D grades
  - Summary of properties with repeated “C” or “D” grades
  - The progress achieved for previously identified issues, if applicable

The annual report will be approved and endorsed by the MHV Water Board of Directors prior to submission to ECan and made available to shareholders upon request.

## 6 Relevant Documents

Document
<a href="#">Resource Consent CRC185857</a>
MHV Water Environmental Management Strategy
<a href="#">Canterbury Certified Farm Environment Plan Auditor Manual May 2020</a>
<a href="#">Industry-agreed Good Management Practices relating to water quality</a>
Dairy Effluent Management Guidance for FEP Auditors (June 2021)
Irrigation Guidance for FEP Auditors (June 2021)
Soil Management Guidance for FEP Auditors (June 2021)
EMSFEP – 005 Advanced Mitigation
EMSFEP – 003 FEP Audit Follow Up

## 7 Document Management Control

Version	Date Reviewed	Purpose / Amendments	Section Reviewed	Reviewer	Status
1.0	May 2022	Development of EMSFEP - 002	All	Eva Harris and Nicole Matheson	DRAFT – Peer Reviewed
<b>1.0</b>	13 May 20200		All	Mel Brooks	Approved