



**Livestock and Seed Program  
Audit, Review, and Compliance Branch  
Quality System Audit Report**

**AUDIT INFORMATION**

<b>Applicant Name:</b>	Guaranteed Organic Certification Agency
<b>Est. Number:</b>	NA
<b>Physical Address:</b>	5464 Eight Street, Fallbrook, CA 92082
<b>Mailing Address:</b>	Same
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<b>Auditor(s):</b>	Miguel A. Caceres
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	October 29 – December 10, 2005
<b>Audit Identifier:</b>	NP5301MMA
<b>Action Required:</b>	Yes
<b>Audit Type:</b>	Desk Audit
<b>Audit Objective:</b>	To determine the compliance of the company's 2005 Annual Update Report to the requirements of the audit criteria
<b>Audit Criteria:</b>	<ul style="list-style-type: none"><li>• <i>USDA, AMS, 7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000, Amended November 2003.</i></li></ul>
<b>Audit Scope:</b>	The 2005 Annual Update Report and supporting documents
<b>Location(s) Audited:</b>	Desk

The Annual Update Report stated that the Guaranteed Organic Certification Agency (GOCA) internet and email address on the National Organic Program (NOP) website is incorrect because they have changed. The new addresses are identified in Section 8 *Changes to program* of this report.

The following information was received by the auditor on August 20, 2005:

1. **Certification Files:** 4 files; 1 for each category – crops, handlers, livestock, and wild crop.
2. **Annual Program Review:** The annual Program review was conducted January 17 – 31, 2005 and identified as *GOCA NOP Compliance Audit 2004* and included *GOCA Changes to be implemented in 2004 – Summary of progress and implemented changes 2004/5* however it was not clear how the proposed “corrective actions to be taken” related back to the annual program audit findings. Provided performance evaluations for 8 personnel as identified on the GOCA 2004/5 List of Employees and Contractors.



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Did list did not contain Sarah Heermans who conducted the inspection on the wild crop application file that was submitted with the report (see findings).

3. **Conflict of Interest Disclosure Reports:** 9 current *Annual Confidentiality and Conflict of Interest Disclosure Statement* forms were submitted for staff members and inspectors.
4. **Current Certification Activities:** The ARC 1025C Checklist stated GOCA currently certifies operation in 11 states and 4 foreign countries and plans to expand certification to any state or country in which a client submits an application. Also submitted was the GOCA Client Directory as of 07/31/2005. The list had approximately 245 certified operations, 1 denied certification, 1 suspended, and 80 listed as voluntary withdrawals.
5. **Current fee Schedule:** 2005 Fee Schedule in US Dollars. Fees for group certification are composed from the 2005 Fee Schedule in US Dollars and the GOCA Group Certification Policy which was also submitted. The schedules did not contain information on non-refundable fees (see findings).
6. **ARC 1025C:** Completed Annual Update of NOP Accredited Certifying Agents Checklist.
7. **Other documents submitted:**
  - i. GOCA Policy Manual GA007-5210 DB, July 2005
  - ii. GOCA Administrative Procedures Manual GA008-5210 DB, July 2005
  - iii. GOCA Group Certification Policy
  - iv. Five samples of Reviewer's Comments on Inspection Report. Developed to evaluate the inspectors and reviewers on each file.
  - v. Nine resumes submitted for staff members and inspectors
  - vi. Administrative Review Checklist
  - vii. Missing Documents Letter – Initial Review
  - viii. Initial Review Comments – 5 versions – general or scope specific
  - ix. Product Approval Form and other OSP Processor/Handler forms
  - x. Annual Renewal Letter, Inspector Instructions, 2 different Continuation of Certification Letters and 3 different withdrawal letters (examples)
  - xi. Primus Labs test results
  - xii. CAAQ Letter of Recognition
  - xiii. Group Participant Renewal Application
  - xiv. Forms and NOP Crop Production Regulations Excerpt translated into Portuguese
  - xv. Sample letters to applicants for updating organic system plan and certification; re-establishing exempt status for those with less than \$5,000.00 of sales or less; missing documents; notification of upcoming inspection; withdrawal statement and letter; inspector instructions
  - xvi. Samples of forms used by staff during the administrative reviews
8. **Changes to program:**
  - i. Internet and email addresses were changed and need to be updated on the NOP website. New Addresses: Internet – [www.goca.ws](http://www.goca.ws); Email – [cheermans@goca.ws](mailto:cheermans@goca.ws)
  - ii. Policy Manual and Administrative Procedures Manual were extensively updated and revised. The checklist stated “The review of both manuals showed



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noncompliant language and/or practices in many sections. These sections have been updated to reflect GOCA's actual practices and policies and/or revised to correct the noncompliant language." A review of both manuals was conducted and non-compliances are identified in the "findings" section.

iii. Certification Process:

1. The *Initial Review* is conducted by the Administrative Assistant who makes the determination is the applicant is able to comply or may be able to comply with the Final Rule.
2. *Inspections* are conducted by the Administrator or subcontracted inspectors.
3. The *Administrative Review* and *Final Administrative Review* are conducted by the Director. The Administrative Review is conducted after the inspection report is submitted to see if the applicant's file is missing information as discovered by the inspection or the operation must correct non-compliances. When the information is received by GOCA the Final Administrative Review is conducted and the certification decision is made.

iv. Training and evaluation policy and procedures changed for reviewers and inspectors to include an evaluation of each file review.

### FINDINGS

Procedures and records reviewed verified that Guaranteed Organic Certification Agency is not operating in compliance to the audit criteria. There were 6 major and 6 minor non-compliances identified during the audit. The GOCA policy under "Analytical Testing" makes reference to the Food, Agriculture, Conservation, and Trade Act of 1990. The reference to this regulation needs to be clarified

GOCA submitted a letter dated August 2, 2005 to the NOP entitled Summary of Corrective Actions Implemented for Outstanding Non-compliance Issues. This was in response to the Notice of Proposed Suspension dated September 23, 2004. The notice identified 5 non-compliances. Based on the review of the 2005 Annual Update Report the auditor finds that (items are referenced as they were noted in the notice):

Item 1) Paragraph 205.501(a)(11)(iv) - All references to recommendations and language indicative of consulting was removed from the Policy Manual and the Administrative Procedures Manual. Additionally staff and inspectors are reminded and warned in several of the documents submitted.

Item 2) Paragraph 205.501(a)(11)(vi) – Refer to the non-compliance identified below (NP5301MMA.NC6).

Item 3) Paragraph 205.404 – There were no apparent additional requirements noted in the documents reviewed.

Item 4) No paragraph noted – The inspectors are no longer required to read the statement and procedures revised to verify that there is more than 1 sole reason to deny certification.



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Item 5) Paragraph 205.510(a) – No 2004 Annual Update Report was submitted. The 2004 Annual Update would have been pertinent to the 2003 certifications. The report submitted was the 2005 Annual Update Report.

**NP5301MMA.NC1 – Major** – Final Rule section 205.404(a) states, “If the certifying agent determines that the organic system plan and all procedures and activities of the applicant’s operation are in compliance with the requirements of this part and that the applicant is able to conduct operations in accordance with the plan, the agent shall grant certification.” Section 205.404(b) states, “The certifying agent must issue a certificate of organic operation which specifies...” *GOCA has procedures in place to provide transitional certificates. The sample provided states, “Guaranteed Organic Certification Agency...after reviewing all documents has determined that the transitional products listed below are compliant with the National Organic Program, in accordance with the United States Department of Agriculture standards and those set forth in the GOCA program for a period of more than 12 months but less than the required 36 months.” The certificate has an area for “Certified Organic Product” and goes on to state, “This product is represented by the Transitional Producer to be Organically Grown, Processed or Handled in accordance with the standards stated above.”*

**NP5301MMA.NC2 – Major** – Final Rule section 205.501(a) states “A Private or governmental entity accredited as a certifying agent under this subpart must: (11)(v) Prevent conflicts of interest by: Requiring all persons who review applications for certification, perform on-site inspections...to complete an annual conflict of interest disclosure report.” *No conflict of interest disclosure report was submitted for inspector Sarah Heermans who conducted the inspection on the wild crop client file that was submitted with the annual update report. The inspection was conducted November 2004. The inspector was not listed on the GOCA 2004/5 List of Inspectors and Reviewers.*

**NP5301MMA.NC3 – Major** – GOCA Policy Manual, Part 2, section C states “NON-NOP SCOPES, GOCA provides as its base service, NOP accredited organic certification. However, GOCA offers additional services based on scopes not covered by the NOP. GOCA has adapted NOSB recommended standards as its own standard in those areas where the NOSB has published their recommendations, such as, cosmetics, pet foods, textiles, honey and, aquaculture. Upon request, GOCA will use any other accredited organic standards to certify products as organic. Any area not specifically covered by the NOP, but which does otherwise meet the NOP regulations, will be eligible for NOP certification”. *NOSB recommendations cannot be used for certification until they are incorporated into the regulations. Aquaculture cannot be certified to the NOP as the definition for livestock specifically excludes aquatic animals, and only agricultural products that are in compliance with the regulations can be certified to the NOP standards.*

**NP5301MMA.NC4 – Major** – Final Rule section 205.2 defines Agricultural product as “Any agricultural commodity, or product, whether raw or processed, including any commodity or product derived from livestock, that is marketed in the United States for human or livestock consumption.” *Non-agricultural product (as defined by the NOP) certified by GOCA. The certification certificate for Flora Pacifica, stated the Certified Organic Product as “Wild Harvested, Fresh, Dried, and Preserved Flora Arrangement Ingredients, Wreaths and Finished Products”.*



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**NP5301MMA.NC5 – Major** – GOCA Policy Manual, Part 5, section J states “If the person most knowledgeable of the operation is not in attendance at the inspection, the inspector must contact the GOCA office. In most cases the entire inspection will have to be rescheduled.” *This is not in compliance with the NOP standards. Section 205.403(b)(2) requires an authorized representative who is knowledgeable of the operation to be present for the inspection, not necessarily the most knowledgeable.*

**NP5301MMA.NC6 – Major** – Final Rule section 205.501(a)(11)(vi) states “A Private or governmental entity accredited as a certifying agent under this subpart must: Prevent conflicts of interest by: Ensuring that the decision to certify an operation is made by a person different from those who conducted the review of documents and on-site inspection.” *The Administrative Procedures Manual, Part 6, section E states, “When GOCA receives an application for certification that includes a notification of noncompliance or notification of denial of certification, GOCA treats the application as a new application and begins the certification process with an Initial Administrative Review. The Director is required to monitor and review the Initial Review to verify the Initial Reviewer’s accuracy”. Since the Director makes the certification decision and there was no objective evidence that there is another staff member making the certification decision when the Director is also involved in the Initial Administrative Review this is noted as a non-compliance. Several areas of the Policy Manual also state that the Director will get involved in the initial administrative review of previously denied operations.*

**NP5301MMA.NC7 – Minor** – Final Rule section 205.501(a)(11)(vi) states “Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part”. *The GOCA Policy Manual, Part 3, section D states, “If a brand name material has already been reviewed for a client by GOCA or another accredited certification agency...then GOCA will determine that the brand name material is compliant and acceptable for use in organic production or handling”. This procedure is not in compliance with the NOP standards because if the formulation is changed or an ingredient is substituted the procedure does not allow for the GOCA to review the ingredients and ensure that they are acceptable in accordance with the National List.*

**NP5301MMA.NC8 – Minor** – Final Rule section 205.501(a)(5) states “A Private or governmental entity accredited as a certifying agent under this subpart must: Ensure that its responsibly connected persons, employees...have sufficient expertise in organic production or handling techniques to successfully perform the duties assigned” and 205.501(a)(6) states, “Conduct an annual performance evaluation of all persons who...” *There was no information provided on inspector Sarah Heermans who conducted the inspection on the wild crop client file that was submitted with the annual update report. The inspection was conducted November 2004. The inspector was not listed on the GOCA 2004/5 List of Employees and Contractors and there was no performance evaluation submitted for her.*

**NP5301MMA.NC9 – Minor** – Final Rule section 205.501(a)(14) states, “A Private or governmental entity accredited as a certifying agent under this subpart must: Refrain from making false or misleading claims about its accreditation status...” *The GOCA Policy Manual, Part 2, section I.1 states “GOCA was announced by the USDA as a NOP accredited certification agency in the first round of announcements on*



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April 21, 2002.” *GOCA was accredited in the first round and listed on the NOP website on April 29, 2002.*

**NP5301MMA.NC10 – Minor** – Final Rule section 205.601(a)(2) states, “In accordance with the restrictions specified in this section, the following synthetic substances may be used in organic crop production: (a) As algicide, disinfectants, and sanitizer, including irrigation system cleaning systems. (2) Chlorine materials – Except, that, residual chlorine levels in the water shall not exceed the maximum residual disinfectant limit under the Safe Drinking Water Act.” *The GOCA Highlights of Organic Crop Production Standards states “9. Water: There are no regulations specifically about water source, and in organic agriculture, any source of water may be used (Section 205.671) as long as it does not contain a prohibited substance that can be detected at a residual rate higher than 5% of the EPA’s tolerance.” Similar statements are made on the Livestock and wild crop “Highlight” forms that the applicants are required to sign. These statements are not totally accurate in that water used for crops and livestock must meet the maximum residual levels of the Safe Drinking Water Act.*

**NP5301MMA.NC11 – Minor** – Final Rule section 205.642 states, “... the certifying agent may set the nonrefundable portion of certification fees; however, the nonrefundable portion of certification fees must be explained in the fee schedule.” *Non-refundable fee information contained in the GOCA Policy Manual, Part 4 and in the GOCA Administrative Procedures Manual, Part 4, section I is not included in the 2005 fee schedules submitted. Fee information for Production Groups and Marketing Groups contained in the APM, Part 6, section O is not contained in the fee schedule.*

**NP5301MMA.NC12 – Minor** – Final Rule section 205.642 states, “... the certifying agent shall provide each applicant with an estimate of the total cost of certification and estimate of the annual cost of updating the certification.” *The GOCA Policy Manual, Part 4, section H states, “At the request of an applicant or client, and with sufficient information regarding the operation, GOCA will provide a quotation for all services rendered.” There is no requirement in the policy manual or the administrative procedures manual to provide applicants with an estimate of the total cost of certification and estimate of the annual cost of updating the certification unless they request the estimate. The certifying agent is required to supply the estimate, this is especially important with a fee schedule that incorporates as many variables on the fees as the GOCA Fee Schedule.*