



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

AUDIT INFORMATION

Applicant Name:	Certified Organic, Incorporated
Est. Number:	N/A
Physical Address:	500 First Street, Keosauqua, IA 52565
Mailing Address:	500 First Street, Keosauqua, IA 52565
Contact & Title:	Nanette Rambo, Certification Manager
E-mail Address:	certifiedorg@netins.net
Phone Number:	866.581.6428
Auditor(s):	Rick Skinner, Lead Auditor and Patricia Tyler, Auditor
Program:	National Organic Program (NOP)
Audit Date(s):	May 24-26, 2005
Audit Identifier:	NP5144EEA
Action Required:	Yes
Audit Type:	Initial Onsite
Audit Objective:	To verify compliance to the audit criteria and to determine the implementation and effectiveness of corrective actions in addressing the previous non-compliances.
Audit Criteria:	<ul style="list-style-type: none">• <i>USDA, AMS 7 CFR Part 205 National Organic Program, Final Rule</i>, dated December 21, 2000.• <i>Certified Organic, Inc. – Administrative Policies and Procedures Manual</i>, dated March 2004.
Audit Scope:	The Certified Organic, Inc. policies and procedures manual, and an evaluation of the inspection and certification procedures at the office in Keosauqua and at two pre-selected certified sites.
Location(s) Audited:	<ul style="list-style-type: none">• Certified Organic Office – Keosauqua, IA• Red Gate Farm – Keosauqua, IA (crops)• Radiance Dairy – Fairfield, IA (livestock, processing)

Certified Organic, Inc. has undergone major administrative changes since the original application was processed in 2002. Only two of the original 5 board members remain with the company. Nanette Rambo and Dave Fisher co-own the company and are the only employees. All inspections are contracted. Of the 69 clients originally estimated, 10 clients are currently listed, some with dual certification. The address and phone numbers originally submitted have changed and those changes are reflected in this report.

FINDINGS

Records and procedures reviewed, observations made, and interviews conducted indicate that Certified Organic, Incorporated is currently operating under the guidelines of the NOP Rule except as noted in the non-compliances listed. There were three non-conformances from the accreditation audit to review; one



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of the three non-compliances was verified for implementation and cleared. The remaining two non-compliance remain outstanding. One major and twelve minor non-compliances were identified during the audit:

NP2280OA.NC1 – CIP – Cleared – NOP §205.672 Emergency pest or disease treatment. *Policy for dealing with mandated application of prohibited substances was not found.* **Corrective Action:** COI inserted Emergency Pest and Disease Treatment to their Section H of COI Administrative Policies and Procedures Manual. The policy submitted complies with the NOP Final Rule for this section. **Corrective Action Verified:** The policy in §205.672 which deals with mandated application of prohibited substances was incorporated into the Certified Organic policies and procedures as stated.

NP2280OA.NC2 – CIP – Outstanding - There are several references throughout the material which references the State of Iowa. *The State of Iowa does not have a state program which is recognized by NOP.* **Corrective Action:** COI stated that all references to The State of Iowa have been removed from their materials. **Corrective Action Verified:** The company policies and procedures reviewed during the audit still refer to this Program. Therefore, this non-compliance remains outstanding.

NP2280OA.NC3 – CIP – Outstanding – NOP §205.405(f) requires a certifying agent to request from a new applicant, who previously made application with another certifying agent, notices of non-compliances or notices of denial issued by the previous certifying agent. *COI's Administrative Policies and Procedures Manual Section B (1.2) states "COI shall accept applications from all applicants who have filled out the appropriate forms and paid their application fee". COI makes no reference to requesting applicant for previous notices of non-compliances or notices of denials on their applications.* **Submitted Corrective Action:** COI inserts into their application package a document asking information about prior certification activities. When new application packets are printed, that information will be included. **Corrective Action Verified:** The corrective actions could not be verified. Therefore, this non-compliance remains outstanding.

NP5144EEA.NC1 – Major – NOP §205.510 states, "...an accredited certifying agent must submit annually to the Administrator..." *A review of Program documentation since accreditation in November of 2002 could not verify that annual updates for 2003 or 2004 had been submitted to the Administrator as required.*

NP5144EEA.NC2 – Minor – NOP §205.501(18) states, "...provide the inspector, prior to each on-site inspection with previous on-site inspection reports and notify the inspector of its decision regarding certification of the production and handling operation..." *Interviews with the certifying agent verified that a copy of the previous inspection report is not included with the information sent to the contracted inspector prior to the on-site inspection. Additionally, decisions resulting from the inspection are not communicated back to the inspector.*

NP5144EEA.NC3 – Minor – NOP §205.501(7) – 205.505(4) states, "...have an annual internal program review conducted of its certification activities conducted by the certifying agent's staff..." *A December 2004 record of an abbreviated internal review was provided. However, there were no other records of annual reviews since accreditation.*



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NP5144EEA.NC4 – Minor – NOP §205.501(11v) states, “...requiring all persons who review applications, perform onsite inspections, review certification documents...complete an annual conflict of interest disclosure report.” *There were no current conflict of interest disclosures on file. There is no evidence that any have been updated since initial accreditation.*

NP5144EEA.NC5 – Minor – NOP §205.504(3) states, “...a description of the qualifications, including experience, training, and education in agriculture, organic production and organic handling.” *There were no resumes or other evidence of expertise for the two principals of the company.*

NP5144EEA.NC6 – Minor – NOP §205.505(3) states, “...conduct an annual performance evaluation of all persons who review applications for certification...” *There is no evidence that annual performance evaluations have been performed for those persons making certification decisions, or for those performing on-site inspections.*

NP5144EEA.NC7 – Minor – NOP §205.303(b1,2) states, “...(1) identify each organic ingredient in the ingredient statement with the word “organic” ...” and (2) “...on the information panel, below the information identifying the handler or distributor of the product, and preceded by the statement, “Certified organic by...” *The labels approved for use by Futterman Nut Butters did not include the term “organic” in the ingredient part of the label and did not reference an associated statement. The labels for Radiance Dairy do not meet the requirements for the reference to “organic” ingredients and do not meet the requirement to have the certifying agent listed on the label.*

NP5144EEA.NC8 – Minor – COI Policies and Procedures Section J 2.2.1 states, “...COI documents are controlled in the following manner: each document is assigned a 2.1.1.1 Document name, 2.1.1.2 Page number in sequence, 2.1.1.3 Creation date, and 2.1.1.4 Revision number. Each document’s information is entered into a spreadsheet containing the following fields: 2.2.1 Document name, 2.2.2 Creation date, and 2.2.3 Revision number. *There is no evidence that obsolete documents, current documents and recently issued documents are being managed according to this protocol. The Policies and Procedures manual in use as a hard copy was dated 2003 and the electronic version was dated 2004.*

NP5144EEA.NC9 – Minor – COI Policies and Procedures Section J 2.3 states, “...all documents necessary for certification are sent to individuals on request. Each applicant, initial and update, for certification and certified operation receives updated information on an annual basis. *There is no evidence that any client has received updates on an annual basis since accreditation.*

NP5144EEA.NC10 – Minor – COI Policies and Procedures Section F 1.1 states, “...all persons having access to or knowledge about applicants, or certified operation files shall: 1.1 sign the Confidentiality Agreement of Certified Organic, Inc. prior to doing any work for or with COI. *There are no current Confidentiality Agreements on file. There have been agreements signed since the initial accreditation. The inspector of record today, signed both a confidentiality statement and a conflict of interest statement prior to performing the inspection.*



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NP5144EEA.NC11 – Minor – NOP §205.662 states, “...when an inspection, review, or investigation of a certified operation by a certifying agent reveals any noncompliance with the Act or regulations a written notification of noncompliance shall be sent to the certified operation. Such notification shall include...” *The certifying agent has not issued a notification of non-compliance to date. All findings from the inspections have been managed as observations and not as non-compliances to the Rule.*

NP5144EEA.NC12 – Minor – NOP §205.505(2) states, “...a granted accreditation will carry out the provisions of the Act including: (2) furnish reasonable security, in an amount and according to terms as the Administrator may by regulation prescribe, for the purpose of protecting the rights of production and handling operations certified by such certifying agent under the Act and the regulations...” *There is no evidence that Certified Organic has purchased or is capable of furnishing reasonable security as required in the Act.*

NP5144EEA.NC13 – Minor – NOP §205.402 (b) (1) and (2) requires an inspection report and any test results to be sent to the client. *Test results are being reported to the client only if the test results show a violation. Records indicate that clients had submitted results from water sampling and the reports to COI. The actual testing process and results were not controlled by the certifier or an agent of the certifier as required by the Act.*