



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

AUDIT INFORMATION

Applicant Name:	Indiana Certified Organic (ICO), LLC
Est. Number:	N/A
Physical Address:	8364 S SR 39, Clayton, IN 46118
Mailing Address:	8364 S SR 39, Clayton, IN 46118
Contact & Title:	Cissy Bowman, CEO
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Phone Number:	317 539 4317
Auditor(s):	Darrell Wilson
Program:	USDA National Organic Program (NOP)
Audit Date(s):	June 15, 16 & August 11, 2005
Audit Identifier:	NP5166OOA
Action Required:	No
Audit Type:	Annual Update
Audit Objective:	To determine the compliance of the company's information to the requirements of the NOP
Audit Criteria:	<ul style="list-style-type: none">• <i>USDA, AMS, 7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; Amended November, 2003.</i>
Audit Scope:	Company's submitted information.
Location(s) Audited:	Desk Audit

Information submitted by ICO for the 2005 Annual Update review included:

1. Certification Files: 1 Wild Crop, 2 Handler, 1 Crop, 1 Crops & Livestock, 1 Crops, Livestock & Wild Crops & 1 Crops, Livestock & Handler.
2. Annual Program Review dated 04/03/05
3. Conflict of Interest Disclosure Reports for all staff and inspectors
4. Current Certification Activities: Certifications activities in the following states: AR, IN, IL, MO, KS, OH, MI, MN, CA, TN, TX, WI, SD, KY, LA, NE, OR & VA
5. Current fee schedule
6. *ICO's Certification Standards Guidance & Quality Manual*, dated February 3, 2005
7. Changes to the program



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FINDINGS

Procedures and records reviewed verified that ICO is currently operating in compliance to the requirements of the audit criteria. Corrective actions for five outstanding non-compliances were reviewed. The corrective actions adequately addressed and cleared those non-compliances.

NP3310GA.NC1 – CIP – Cleared - 205.504(a)(4) – Requires entities seeking accreditation as a certifying agent to submit “A description of any training the applicant has provided or intends to provide to personnel to ensure that they comply with and implement the requirements of the Act and the regulations in this part”. *Training was identified as a weakness in the annual review. However, the training to be required or provided by ICO was not addressed.* **Corrective Action:** Documentation was submitted that listed projected and completed training. Documentation indicated that training is at no cost to employees. The latest annual program review identifies training needed, addresses the types of training available, and when training is scheduled.

NP4156GA.NC1 – Major – Cleared - 7 CFR Part 205.100 (a) requires “Each production or handling operation or specified portion of a production or handling operation that produces or handles livestock, livestock products or other agricultural products that are intended to be sold, labeled, or represented as “100 percent organic”, “organic”, or “made with organic” must be certified according to the provisions of subpart E of this part and all other applicable requirements of this part.” Part 205.300 (a) states, “The term “organic” may only be used on labels and in the labeling of raw or processed agricultural products..... That have been produced and handled in accordance with the regulations in this part.” *A review of the Roseland Farm file revealed that certified cattle were slaughtered and processed in separate facilities, neither of which is a certified organic processor/handler. The inspection report clearly indicates the resulting beef products were labeled as “organic” displaying the USDA shield and that the product was certified organic by Indiana Certified Organic (ICO). The products are marketed at the farm store and distributed to other venues such as health food stores and co-ops. Roseland Farm was certified with the condition to provide copies of the labels used on the beef products. The inspection report for 2004 was provided as part of the corrective actions submitted to the auditor by ICO. The inspector states the slaughtered animals are transported to the same non-certified facilities discussed in the 2003 inspection report, stating “there are no certified organic processors close enough for the Clark’s to take their cattle to for processing.” The inspector states the 2003 previous requirements, one being “Beef labeled as organic”. The response to this previous requirement is that ICO certifies livestock but not the processing. Certified organic processing is not available to the Clarks. The inspector does not address the mislabeling of the beef products with labels that include the USDA shield and certified organic by ICO. The reviewer identified the non-compliance as “Certification documents for the handling/processing facility concerning beef/beef products to be labeled as “Organic.”” A letter of non-compliance was issued to Roseland Farm after the gravity of the non-compliance was brought to ICO’s attention by the ARC auditor. Roseland Farm has been certified by ICO for 4 years. The documentation reviewed indicates the same problem has existed for at least the past three years with no letter of non-compliance issued until July 6, 2004. ICO has not submitted any indication of a corrective or preventative action to assure major non-compliances will be documented and addressed.* **Corrective Action:** Communications were sent out to all clients addressing and warning them of this issue and potential actions that could be taken for non-compliances. Beef produced on Roseland Organic Farms ceased being labeled as organic until a processor is found which is certified as an organic processor in



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compliance to the NOP. Two meat processors have since been certified. Surveillance audits have been increased in the market place to review and compare labels for all clients.

NP4156GA.NC2 – Minor – Cleared - 205.504 (a)(4) – states, (a) “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production and handling techniques; its ability to comply with and implement the organic certification program established and its ability to comply with the requirements for accreditation. . . . (4) A description of any training that the applicant has provided or intends to provide to personnel to ensure that they comply with and implement the requirements of the ACT and the regulations in this part.” *Documentation was provided indicating the training available to staff and contracted employees. However, the documentation suggests that there is a cost for the conferences which is born by the employee, and therefore the training is not provided by ICO. Additionally a list of attendees to these events was not provided.* **Corrective Action:** Documentation was submitted listing the training which has been done and projected training. Documentation indicated that training is at no cost to employees.

NP4156GA.NC3 – Minor – Cleared - 7 CFR part 205.510(a)(3) – Requires the applicant to provide a description of the measures implemented in the previous year and any measures to be implemented to satisfy any terms and conditions determined by the Administrator to be necessary, as specified in the most recent notice of accreditation or notice of renewal of accreditation. *ICO has not sufficiently addressed one of the non-compliances identified in the 2003 annual update. Corrective actions have been submitted to the auditor of record for the on-site evaluation; however, they have not been evaluated pending resolution of the annual update non-compliances.* **Corrective Action:** Non-compliances from the prior annual update have been addressed. The corrective actions have been reviewed and are adequate.

NP4156GA.NC4 – Minor – Cleared - 7 CFR part 205.510(a)(4) – Requires the applicant to provide the results of the most recent annual program review and a description of adjustments to the certifying agent’s operation and procedures implemented or to be implemented in response to the program review. *ICO completed an annual program review for 2003; however, it was not performed according to the procedures contained in the ICO quality manual, and did not address 4 of the 6 elements listed in the procedure. ICO has not provided documentation of the adjustments or procedures implemented as a result of the program review. ICO has not completed a program review for 2004.* **Corrective Action:** Annual Program Review for 2004 addresses all elements in the procedures. The Program Review references procedures in the program manual where changes have been made. The current manual was submitted.