



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

AUDIT INFORMATION

Applicant Name:	North Carolina Crop Improvement Association, Inc. (NCCIA)
Est. Number:	N/A
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Contact & Title:	Dr. Daryl Bowman, Director
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Auditor(s):	Steve Ross
Program:	USDA National Organic Program (NOP)
Audit Date(s):	December 19, 2006
Audit Identifier:	NP6268DDA
Action Required:	No
Audit Type:	Corrective Action Audit
Audit Objective:	To verify that corrective actions adequately address the non-compliances identified during the previous audit
Audit Criteria:	<ul style="list-style-type: none">• <i>7 CFR Part 205.510, National Organic Program (NOP) Final Rule, dated December 21, 2000, Amended November 3, 2003.</i>
Audit Scope:	Submitted corrective actions
Location(s) Audited:	Desk

NCCIA submitted corrective actions on November 7, 2006 and received by auditor November 26, 2006 that included:

- Letter identifying the corrective actions taken
- New Organizational chart that includes names of all employees involved in certification program for NCCIA
- Criteria for employee performance evaluations
- Policy for decision making regarding organic certification
- New processor/handler auditor checklist used by NCCIA

FINDINGS

NCCIA submitted corrective actions that adequately addressed the one major outstanding non-compliance and the one major and three minor non-compliances identified during the 2006 annual update audit.



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NP6033FFA.NC1 – Major – Adequately Addressed - NOP §205.510(a)(1) requires “An accredited certifying agent must submit annually to the Administrator... A complete and accurate update of information submitted pursuant to §205.503 and §205.504.”

- a) NOP §205.504 (c)(2) states, “A conflict of interest disclosure report for all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and all parties responsibly connected to the certifying agent. The report must identify any food- or agriculture-related business interests, including business interests of immediate family members that cause a conflict of interest.” **2004 Annual Update** - *NCCIA did not submit for review the conflict of interest disclosure reports with the 2004 Annual Update. Corrective Action: The 2006 Annual Update – NCCIA submitted conflict of interest disclosure reports and confidentiality statements but the auditor was unable to ascertain if the reports or statements were for all personnel involved in the accreditation process. Corrective Action (submitted November 2006):* The organizational chart was updated to identify all personnel involved in the certification process and all personnel identified had conflict of interest and confidentiality submitted.
- b) NOP §205.510 (a)(4) requires the submission of the results of the most recent performance evaluations and 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 performance evaluations and program review. **2004 Annual Update** - *NCCIA did not submit performance evaluations for review. 2005 Annual Update* - *NCCIA only submitted the summary of actions taken from the 2005 annual program review. For the performance evaluations, NCCIA only submitted a statement stating, “Employees involved in the organic certification have received annual performance evaluations. All were found to be performing satisfactorily”. NCCIA did not provide the auditor with clear criteria on how employees are evaluated and an affirmative accounting of each employee that was evaluated. Corrective Action: The 2006 Annual Update – submitted the exact same statement as 2005 and once again did not provide the criteria as to how the employees were evaluated which employees were evaluated. Corrective Action (submitted November 2006):* The organizational chart identifies the employees that were evaluated and the criterion for employee performance evaluations identifies what criterion is used by NCCIA for evaluations.

NP6033FFA.NC2 – Minor - Adequately Addressed - NOP §205.504 (d)(2) states, “Copies of at least 3 different inspection reports and certification evaluation documents for production or handling operations certified by the applicant during the previous year for each area of operation for which accreditation is requested.” **2004 Annual Update** - *The producer (crop) file submitted with the 2004 annual update did not have an “Organic Farm Plan” included in the file for the auditor to review. 2005 Annual Update* - *The livestock file did not have the “Organic Livestock Plan and the Livestock Inspection Checklist” for review (only the “Organic Crop Plan and Crop Inspection Checklist” was submitted). The 2005 processor file did not have the “Organic Processor/Handler Plan” for review. Corrective Action: 2006 Annual Update – NCCIA submitted all information for the producer, livestock, and processor reviewed.*



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NP6033FFA.NC3 – Minor – Adequately Addressed - NOP §205.404 (b)(2) states, “The certifying agent must issue a certificate of organic operation which specifies the (2) Effective date of certification.” **2004 Annual Update** – *The certificate for the producer (crop) did not have the effective date on it. The certificate only had a statement “Certified since 2002”.* **2005 Annual Update** - *The certificate for the processor did not have the effective date on it. The certificate only had a statement, “Certified since 2004”.* **Corrective Action: 2006 Annual Update** – *NCCIA submitted certificates that now have an effective date of certification and the current date of certification.*

NP6268DDA.NC1 – Major – Adequately Addressed - NOP §205.501 (a)(11)(iv) states, “A private or governmental entity accredited as a certifying agent under this subpart must prevent conflicts of interest by not give advice or consultancy services, to certification applicants or certified operations, for overcoming identified barriers to certification.” *NCCIA decision letters to certified clients provides advice or consulting in how to overcome identified barriers to certification.*

1. *In the letter to Holly Hill Farm, NCCIA stated, “Please provide additional information on cover crops used. NCCIA does not suggest using all one crop kind for cover crops, i.e. all legumes (vetch, etc.), but rather to rotate cover crops as you would with main crops.” Also in the same letter NCCIA stated, “Just for your advance notice, we would like to have a soil test with next year’s application. This will satisfy NCCIA’s request for soil sample results every two years.” This statement is also an additional request for certification not required by the NOP Rule.*
2. *In the letter to Bethel Farm, NCCIA stated, “Question 59 from the Inspectors Report indicated that a buffer zone in Area 4 near the power pole and in Area 5 where the pasture adjoins the riding ring. An acceptable buffer zone is 30-50 feet.” Also in the Bethel Farm Livestock decision NCCIA stated, “Question 74 from the Inspectors Report indicated that Blu-Guard teat dip was located in a storage cabinet. Please discard this product since it is prohibited in organic production.”*

Corrective Action: Letters in the future will not contain language that implies advice or consulting. The NCCIA Program Assistant has had a responsibility added to the job to review all correspondence to ensure that advising and consulting are not occurring and training of the Assistant will be recorded.

NP6268DDA.NC2 – Minor – Adequately Addressed - NOP §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.” *The NCCIA Policy for Decision Making Regarding Organic Certification states, “Factors involved in the decision will include compliance of USDA_NOP regulations, previous decisions on certification, and compliance with requests made by NCCIA. The requests will include production of records, placement of “No Spray” signs, testing of water, or any other requests that may arise.” The Processor Inspection Report also has questions that indicate additional requirements other than those established in the NOP Rule.*

This Policy has additional requirements for certification other than compliance with the NOP rule.

1. *The “No Spray” signs are not a requirement of the NOP Rule,*
2. *The testing of water – needs to be defined as to who requests the testing, why, and who will pay for the testing (has to be NCCIA). Question #41 on the Livestock Inspection requests that a water test is needed for nitrates and coliform for the water that the dairy animals drink.*



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3. *The Processor Inspection Checklist question #27 requires the inspector to ascertain the “applicants plan to source organic ingredients in case of shortages or price increases.”*

Corrective Action: The Policy for Decision Making has been revised and requirements or suggestions that additional requirements are used have been removed from the policy. The processor checklist reviewed also removed questions that have additional requirements.

NP6268DDA.NC3 – Minor – Adequately Addressed - NOP §205.105 states, “to be sold or labeled as “100% organic,” “organic,” or “made with organic (specified ingredients or food group(s)),” “the product must be produced or handled without the use of (a-g)...” *In all the inspection reports and decision documents, the inspector or decision maker refers to the use of the OMRI list. Statements such as “Bio Comp Soil Mix is used, however, we cannot find this listed in our current edition of OMRI. NCCIA must use the National list of approved or prohibited substances in the NOP Rule and not the OMRI for making certification decisions.* **Corrective Action:** NCCIA does use the NOP Rule as to ensure that only approved products are used and OMRI is used just as a reference. NCCIA will no longer refer to the OMRI list in making decisions.

NP6268DDA.NC4 – Minor – Adequately Addressed - NOP §205.311 states, “The USDA seal described in paragraphs (b) and (c) of this section may be used only for raw or processed agriculture products described in paragraphs (a), (b), (e), (1), and (e)(2) of 205.301.” *NCCIA approved the use of the USDA seal on coffee products from client Joe Van Gogh that states adjacent to the USDA Seal, “Joe Van Gogh 100% organic, certified organic by NCCIA, Planet Friendly, palate perfect. This indicates that the USDA is approving the planet friendly and palate perfect part of the statement.* **Corrective Action:** A follow-up letter to Joe Van Gogh requiring that the wording be moved to another area of the label or be removed so that it is not associated with the USDA Seal.