



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

**AUDIT INFORMATION**

<b>Applicant Name:</b>	Stellar Certification Services, Inc.
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	39609A Luckiamute Road, Philomath, OR 97370
<b>Mailing Address:</b>	P.O. Box 1390; Philomath, OR 97370
<b>Contact &amp; Title:</b>	Jim Fullmer, Executive Director
<b>E-mail Address:</b>	<a href="mailto:jfullmer@peak.org">jfullmer@peak.org</a>
<b>Phone Number:</b>	(541) 929-7148
<b>Auditor(s):</b>	Steve Ross
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	October 2-3, 2007
<b>Audit Identifier:</b>	NP7033DDC
<b>Action Required:</b>	Yes
<b>Audit Type:</b>	Corrective Action Audit
<b>Audit Objective:</b>	To verify that corrective actions adequately address the non-compliances identified during the on-site Accreditation Renewal Audit.
<b>Audit Criteria:</b>	7 CFR Part 205 National Organic Program, Final Rule, dated December 21, 2000; Updated September 11, 2006
<b>Audit Scope:</b>	Submitted Corrective Actions
<b>Location(s) Audited:</b>	Desk

Stellar Certification Services (SCS) submitted corrective actions to the USDA NOP on September 14, 2007 and were forwarded to the auditor of record on September 21, 2007. Corrective actions submitted included:

- Letter from SCS detailing corrective actions to the stated non-compliances,
- SCS Policy Manual,
- SCS Certification Procedures Manual, and
- Revised Fee Schedule.

**FINDINGS**

Based on a review of the documentation submitted, SCS adequately addressed four of the five non-compliances. One non-compliance was not adequately addressed and remains outstanding.

**NP7033DDC.NC1 – Adequately Addressed** - NOP §205.681(a) Appeals states, “An applicant for certification may appeal a certifying agent’s notice of denial of certification, and a certified operation may



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

appeal a certifying agent's notification of proposed suspension or revocation of certification to the Administrator, *Except*, That, when the applicant or certified operation is subject to an approved State organic program the appeal must be made to the State organic program which will carry out the appeal..." SCS's Policy Manual, 8. Appeals Process, Procedures Manual, B. Certification, XV Handling Appeals of Certification Decisions, and XVI Special Appeals Committee states an operator wanting to appeal a decision should submit the appeal to SCS and SCS establishes an Ad Hoc committee to handle appeals of certification decisions. A copy of the appeal is forwarded to the inspector for comments and then the appeal and inspector's comments are reviewed by the Evaluation Circle and staff member that made the certification decision. If the Evaluation Circle and staff member don't agree to the appeal then it is forwarded to the Special Appeals Committee for further review. SCS's appeals procedure is not in accordance to the NOP rule because all appeals must be made to the Administrator or State organic program (currently only California). **Corrective Action:** SCS revised both the Policy Manual and Procedures Manual to reflect that appeals will be made to the Administrator of the NOP or to the applicable state program if necessary.

**NP7033DDC.NC3 – Adequately Addressed** - NOP §205.662(b)(c) Noncompliance procedures for certified operations states, "*Resolution; When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent... shall send the certified operation a written notification of noncompliance resolution. Proposed suspension or revocation; When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent... shall send the certified operation a written notification of proposed suspension or revocation of certification....*"

- 1) *SCS has not been providing clients with a written notification of resolution of non-compliance.*
- 2) *SCS has been sending a reminder e-mail if the client has not submitted the corrective action within the specified time period and is not sending a letter of proposed suspension or revocation.*

**Corrective Action:** Effective immediately, SCS will send a written notification to clients once the non-compliance is satisfactorily corrected. Also, effective immediately proposed suspension or revocation notifications will be sent to clients if the correction of the non-compliance is not completed within the prescribed time period.

**NP7033DDC.NC4 – Adequately Addressed** - NOP §205.642 Fees and other charges for certification states, "...The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification. The certifying agent may require applicants for certification to pay at the time of application a nonrefundable fee... the nonrefundable portion of certification fees must be explained in the fee schedule submitted to the Administrator."

- 1) *SCS is not providing cost estimates to the clients for either the initial or annual certification.*
- 2) *SCS has a non-refundable fee of \$100 for the application that is not explained in the fee schedule submitted to the Administrator.*

**Corrective Action:** SCS will provide a cost estimate in the Letter of Receipt for renewal clients beginning in February 2008 and for new clients a cost estimate will be in the Letter of Receipt when a client applies. The non-refundable fee of \$100 is now explained in the submitted fee schedule.

**NP7033DDC.NC5 – Adequately Addressed** - NOP §205.405(a) & (c)(3) Denial of certification states,



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

“When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply... with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. Provide notice of... denial to the Administrator.”

- 1) *SCS did not provide the notice of noncompliance and denial of certification using the forms listed on master document list.*
- 2) *SCS did not provide the notice of denial to the Administrator.*

**Corrective Action:** Effectively immediately SCS will use the correct form to provide the notice of noncompliance and denial of certification. SCS will also forward the appropriate notice to the Administrator.

**NP7033DDC.NC2 – Not Adequately Addressed** – NOP §205.501(a)(6), General requirements for accreditation states, “A private or governmental entity accredited as a certifying agent under this subpart must: conduct an annual performance evaluation of all persons....” *Stellar’s Policy Manual, C. Personnel Procedures, Section XI Evaluating Personnel, states that the Board of Directors (BOD) will evaluate the Executive Director (ED) and the ED will evaluate all remaining personnel. A review of the personnel evaluation found that the BOD’s evaluation of the ED didn’t cover his duties as an inspector. It was further determined that the Office Manager conducted an evaluation of the ED’s inspection duties, which is not in agreement with the quality manual. Corrective Action:* Future evaluations by the BOD will include information supplied by the Office (Program) Manager for the review of the ED for the inspection process. The Quality Manual has not been updated to reflect the duties of the Program Manager to conduct evaluations of inspectors. An evaluation of the ED including the inspection duties should be submitted by SCS.