



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

**AUDIT INFORMATION**

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| <b>Applicant Name:</b>      | BCS Öko - Garantie GmbH (BCS)  |
| <b>Est. Number:</b>         | N/A  |
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| <b>Auditor(s):</b>          | Rick Skinner, Lead Auditor; Vickie Robertson, Auditor for Germany Audit; Miguel A. Caceres and Corey D. Gilbert, Auditors for China Audit; and David Hildreth, Auditor for Romania Audit (Livestock)   |
| <b>Program:</b>             | USDA National Organic Program (NOP)  |
| <b>Audit Date(s):</b>       | China: August 23 – 24, 2007; Germany: September 10 -14, 2007; Romania: September 12, 2007 (Wild Crops) and November 12, 2007 (Livestock)   |
| <b>Audit Identifier:</b>    | NP7253EEA  |
| <b>Action Required:</b>     | Yes  |
| <b>Audit Type:</b>          | Surveillance - Accreditation Renewal Audit   |
| <b>Audit Objective:</b>     | To verify continuing compliance to the audit criteria  |
| <b>Audit Criteria:</b>      | <ul style="list-style-type: none"> <li>• 7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000, updated September 11, 2006</li> </ul>  |
| <b>Audit Scope:</b>         | The BCS – Öko-Garantie GmbH Quality Manual, including the processes, personnel, procedures, facilities, and related records.   |
| <b>Location(s) Audited:</b> | BCS Central Office in Nuremberg, Germany; crop operation in Hamburg, Germany; wild crop operation in Brasov, Cluj, Romania; livestock operation in Cluj, Romania; processing operation in Dalian, China, and a crop operation in Dunhua, China |

BCS Öko- Garantie GmbH is an accredited NOP certifying agent, applying the National Organic Program (NOP) standards for crops, wild crops, livestock, and processor/handlers. BCS certifies a limited number of wild crop operations most of which are apiaries in South and Central America. Records show that current NOP certifications are for companies within Brazil, Chile, China, Costa Rica, Ecuador, Dominican Republic, Romania, Columbia, and Guatemala. Companies that are direct satellite offices and are fully company owned are located in Ethiopia, Turkey, Cuba, Japan, Spain, and Thailand. Countries that have representatives of BCS managing the certifications are: Honduras, El Salvador, Nicaragua, Mexico, Uruguay, Tunisia, South Africa, and Bulgaria.

BCS is a private limited company under German law (GmbH). Commercial supervision lies with the general meeting of the company. BCS Oko Garantie offers services to all companies, and the legal and technical supervision of work as a control office for organic farming in controlled by authorities of the



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

region, Federal Government, and EU level.

When a written or oral request for NOP certification is received by the secretary of BCS, the NOP responsible person is apprised via the request for NOP Certification Form. This form gives an initial overview of the request and contains the client's name (responsible for the operation), address, phone, email, etc., as well as information regarding the type and size of the operation.

The applicant is then informed by BCS using the Letter to the Applicant Form. Enclosed in this letter is a complete NOP information package. This package contains general information on the requirements for NOP Certification, an application form, the Organic System Plans (OSP) including attachments, as well as a first cost estimate and the text of the Organic Food Production act Final Rule and its Amendments. The attachments of the OSP are chosen with regard to the specific conditions of the applying operation. The first cost estimate is based on the preliminary information given by the client and listed in the request for NOP Certification. Projects with several participants can be charged as one unit with the responsible person for the whole project (for example, parties to a project could be a processor and other participants supplying ingredients). During the certification process of a specific project, BCS only communicates with the responsible representative for the project and one single project NOP Certificate will be issued.

This onsite evaluation of the BCS Certification scheme included the evaluation of wild crops and livestock in Romania, processing and crop production in China, and a crop operation in Hamburg, Germany. A review of certification activities in China was completed by an audit team that performed witness inspections .

### **Overview of some key Chinese Government Offices associated with organic certification in China**

The General Administration of Quality Supervision, Inspection and Quarantine (*AQSIQ*) and the State Environmental Protection Administration (*SEPA*) are just two of the administrations that fall directly under the China State Council. *AQSIQ* manages the China National Accreditation Association (*CNCA*) which was established in 2001 and charged with the responsibility to develop, promulgate, and implement the state laws, regulations and rules concerning certification and accreditation. One of the many regulations that give's the *CNCA* its authority is the *Regulation's of the People's Republic of China on Certification and Accreditation* which became effective on November 1, 2003.

Under the approval of the *CNCA* the China National Accreditation Service for Conformity Assessment (*CNAS*) was established March 31, 2006 by merging two former National Accreditation Boards (certifiers and laboratories). *CNAS* is responsible for the **accreditation** of all certification bodies and laboratories. There are currently thirty domestic certifiers accredited for domestic organic certification. Fifteen of these certifiers conduct organic certification only, and fifteen were system certifiers that added organic certification to their scope. Accreditation is valid for one year.

Accreditation is not required for foreign certification bodies; however, they must be **registered** and approved by *CNCA*. All certification bodies foreign and domestic must be registered with the *CNCA*. This includes but is not limited to ISO 9000, ISO 14000, HACCP, and organic certification bodies. In order to register with the *CNCA* the foreign certification body must: be established with a Chinese company; be accredited in their home country or region; and be engaged in certification activities for not



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

less than three years. Foreign certifiers can register as an equity joint venture (EJV) company or as sub-contracted company.

The China Certification and Accreditation Association (CCAA) is one of ten trade associations affiliated with AQSIQ. The CCAA is responsible for the **accreditation** of auditors, inspectors, and trainers. Inspectors must meet established minimum qualifications and their accreditation is valid for three years. National accreditation of inspectors began in 2006. Inspectors conducting only international inspections do not have to be accredited.

### **Land Stewardship**

All land in China is owned by the government; however, it can be used for organic production in four different ways.

1. State Farm where government invests money in the land for agricultural production and pays farmers to manage the land.
2. Private Company rents the land from the State Farm and pays the farmers.
3. Private Company rents land that is not a State Farm (undeveloped) and pays the farmers.
4. Farmers rent land from the government and operate privately.

### **BCS China On-site Audit Specific Information**

As part of the 5 year re-accreditation audit of BCS Öko - Garantie GmbH (BCS) two witness inspection audits were conducted in China to verify inspection procedures and compliance with the National Organic Program Standards. Hunan Öko Co., Ltd. Located in Hong Kong (BCS China) is an Equity Joint Venture (EJV) company between BCS Germany and Shenzhen Öko Co., Ltd. BCS China has been registered through two accreditation audits by the China National Accreditation Service (CNAS). Dr. Nie Quianzhong, Senior Inspector and Mr. Wang Ruigang, Senior Inspector were the BCS China personnel utilized for inspections and translations during the witness inspections. In addition to conducting inspections for BCS China, Dr. Nie is an adjunct professor at the Hunan Agricultural University, College of Food Science and Technology. Mr. Wang is employed solely by BCS China. The USDA audit team had to continually ask for interpretations as multiple conversations were taking place without translation during many times throughout the audit.

*Certification Process:* Applicants apply directly through the BCS China office and are sent the applicable forms and organic system plans. The client documents are reviewed for completeness and then submitted to BCS Germany. BCS Germany will review the file for compliance to the NOP standards and send the client a cost estimate. Once the client accepts and signs a contract for certification an inspector is assigned by BCS China. After the inspection report is submitted the BCS Germany office will make the certification decision.

*Witness Inspections:* The first witness inspection was conducted at Jilin Jinya Nuts Processing Co., Ltd. The company is an organic only processing facility and purchases product from three organic farming projects. All three projects are inspected by BCS and paid for by Jilin Jinya Nuts. The three projects are located in Dunhua (Dashtou), Shangzhi (Yabuli), and Fuyu counties. The second witness inspection was conducted at Dayushu Organic Base located in Dunhua County. There are fourteen contracted farmers in the project. The inspector interviewed four of the contracted farmers and inspected all of their fields



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

during the witness inspection. He was going to interview the remaining farmers and inspect the rest of the fields in the next two days. He would also inspect the Jilin Jinya Nuts Processing Plant in Dunhua City.

**FINDINGS**

Observations made, interviews conducted, and procedures and records reviewed verified that BCS is operating in compliance to the requirements of the audit criteria except as noted in the non-compliances. Eleven non-compliances were identified during the audit.

**(China)**

**NP7253EEA.NC1** – NOP §205.206(c)(6) states, “Weed problems may be controlled through : (6) Plastic or other synthetic mulches; Provided, that they are removed from the field at the end of the growing or harvest season.” *During the witness inspection one farmer was using plastic row covers in the corn field but this was not included in the organic system plan.*

**NP7253EEA.NC2** – NOP §205.402(b)(2) states, “The certifying agent shall within a reasonable time: (2) Provide the applicant with a copy of the on-site inspection report, as approved by the certifying agent, for any on-site inspection performed.” *During the processor inspection the client stated he had not received a copy of the previous inspection report. The inspectors stated that the clients do not receive a copy of the inspection reports unless they request one because the reports are in German.*

**NP7253EEA.NC3** – NOP §205.406(a) states, “To continue certification, a certified operation must annually pay the certification fees and submit the following information, as applicable, to the certifying agent: (1) An updated organic production or handling system plan.” *The Inspector and translator stated that they generally receive the organic production and handling plan before inspections but in rare occasions because of the remoteness of the operation may not. In these instances the organic system plan (OSP) is received during the inspection and then forwarded to BCS. Without receiving the OSP, the BCS office cannot meet the requirements of §205.406(b). Additionally, BCS Germany did not provide the 2007 OSP to the audit team prior to the inspection. The inspector stated he received the 2007 OSP on August 2, 2007 and forwarded it to BCS Germany, but it was never provided to the auditors.*

**(Germany)**

**NP7253EEA.NC4** – §NOP 205.404(c) states, “Once certified, a production or handling operation’s organic certification continues in effect until surrendered by the organic operation or suspended or revoked by the certifying agent, the State organic program’s governing State official, or the Administrator.” - *The Master Certificate contains the phrase “Next renewal date\_\_\_\_\_”, This statement comes right under the phrase “Effective date of certification\_\_\_\_\_.” It is unclear if the certification or the certificate expires, and the company management was not clear on this point. The wording suggesting that the certification remains in effect..... was not contained in the certificate to clearly distinguish that certification remains in effect.*

**NP7253EEA.NC5** – §NOP 205.406(a)(1) states, “To continue certification, a certified operation must annually pay the certification fees and submit the following information, as applicable, to the certifying agent: An updated organic production or handling plan which includes (i)(ii).” The BCS document, BCS Information on the Application for Certification and Inspection According to the United States of



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

America National Organic Program (NOP) dated 10/25/06 requires an updated OPS to be sent to BCS prior to February 15 each year. *Per management interview and client file review, it was concluded that the OSP is not required by the date specified in the BCS document, nor prior to the inspection as required by 205.406(b) of the Regulation. The inspector may retrieve information concerning the updated OSP during the inspection and inspection/certification is not held for the updated OSP. A non-compliance may be issued if the OSP is not received, but this is not always the case.*

**NP7253EEA.NC6** – §NOP 205.402(b)(2) states, “The certifying agent shall within a reasonable time: Provide the applicant with a copy of the on-site inspection report, as approved by the certifying agent, for any on-site inspection performed.” *BCS currently provides the client with a copy of the inspection report immediately following the inspection via the inspector leaving a copy with the operation. This policy does not allow for the certifying agent to approve the report prior to providing it to the client.*

**NP7253EEA.NC7** – §NOP 205.402(a)(2) 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 requirement could not be verified through the client file review, since neither the files nor other client documentation contained evidence of the required review.*

**NP7253EEA.NC8**– §NOP 205.501(a)(8) requires the certifying agent to provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part. *BCS does not provide the Regulation in the language of its Chinese and German clients. During the witness audit of the producer the client stated that he has trouble understanding the regulation as he is not fluent in English. BCS provides only a matrix that explains the differences between the EU and NOP regulations.*

**NP7253EEA.NC9** – §NOP205.662(b) states, “When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent or the State organic program’s governing State official, as applicable, shall send the certified operation a written notification of noncompliance resolution.” *The client file review did not contain the client response to cited non-compliances. The files do not clearly indicate that a review of the client responses occurs. BCS does not provide the client a resolution letter; however, they do issue a revised letter of certification that has the resolved non-compliances removed from the previous letter of certification. BCS also issues a revised certificate if necessary for a revised issue date.*

**NP7253EEA.NC10** – NOP §205.642 Fees and other charges for certification states, “Fees charged by a certifying agent must be reasonable, and a certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator.” *BCS adopted a new fee schedule on December 31, 2006, and is currently using the schedule matrix for charging. The company has not filed this changed schedule with the Administrator.*

**NP7253EEA.NC11** - NOP §205.501(a)(4), General Requirements for Accreditation states, “Use a sufficient number of adequately trained personnel, including inspectors and certification review personnel to comply with and implement the organic certification program...” *The witness inspection in Eastern*



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

*Romania found that there was no procedure in place to evaluate the accuracy of antibiotic use in the goat/sheep herds. The certifier did not require the reconciliation of treated animals and herd records.*