



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

Applicant: NASAA Certified Organic Program (NASAA)
Program : National Organic Program/Accreditation for Organic Certification
Organizations – Initial On-site Audit
Location(s): Adelaide, South Australia, Australia
Audit Date(s): December 10 – 15, 2004
Audit File Number: NP4345DDA
Action Required: Yes
Auditor(s): Steve Ross, Lead Auditor, Audit Review and Compliance Branch
Mark Bradley, Accreditation Manager, USDA National Organic Program
Contact & Title: Brad Nott, NOP Program Manager
Phone (61) 8 8370-8455 Fax (61) 8 8370-8371
E-mail Address: Certification@nasaa.com.au

AUDIT ACTIVITIES

On December 10 – 15, 2004, representatives of the USDA, AMS, LS Audit, Review, and Compliance (ARC) Branch and USDA, AMS, Transportation and Marketing, National Organic Program conducted an on-site audit of the NASAA Certified Organic Program (NASAA), located in Adelaide, South Australia, Australia. The purpose of the audit was to assess NASAA's compliance to the USDA, AMS 7 CFR Part 205, National Organic Program (NOP). NASAA export certification services are governed by the Australian Quarantine Inspection Services (AQIS) export standards, a Division of the Australian Government. NASAA is also accredited by IFOAM and the EU 2092/91 Rule. Audit documentation is on record for review.

AQIS export standards require that organic food must be certified and inspected to the AQIS standard for one year before it can be exported even with the NOP three year rule applied with the ban of prohibited substances. The AQIS standard also requires the testing of soil and plant testing at the beginning and end of this one year period to determine if the test results show less than 10% of the allowed and prohibited substances according to AQIS standard. AQIS export standards also require the use of the client's certification number on the packaged material but the logo of the certifying agent is not required on the goods. The Australian Government also requires the crop and livestock operations to control certain pests such as grasshoppers and wild dogs or wild pigs with fungicides or poisons respectively. The poison used on the wild dogs or pigs is a product called "1080" which is put into a meat block and left in the pastures for the animals to consume. The risk of cattle consuming this product is almost non-existent.

The audit included observations and interviews of NASAA's certification and inspection activities at the Valley Beef slaughter and processing facility located in Grantham, Queensland. This facility slaughters and fabricates approximately 600 cattle each day. The facility has numerous quality programs identified in order to be in compliance with different requirements from export countries. AQIS meat inspectors were observed doing the same type of assignments as our USDA FSIS inspectors. Records at the facility were able to show how animals that qualify for different programs are recorded and traced through slaughter and fabrication.

Also reviewed as an observation audit, was the Shane and Simone Tully livestock operation located in Yetman, Queensland. The Tully livestock operation currently has approximately 300 cow/calf pairs and some weanlings on 8000 acres of owned property. The Tully operation is a participant in the OBE Beef Organic system. The OBE system is comprised of 30 or so livestock producers that raise organic beef in accordance to the National Association for Sustainable Agriculture Australia, (NASAA) standards. The OBE system is attempting to gain NOP certification for the independent operators.

The Jenbrook tea tree crop production facility in Alstonville, New South Wales produces tea tree oil for use or inclusion in cosmetics or personal care products. The client harvests tea tree bushes, distills the natural oils from the bush, and then packages the oils.

NASAA employee inspector Doune Couttie conducted the annual update witness inspection at Valley Beef and participated in the observed inspections at the livestock and crop operations as the NASAA representative.

NASAA created NASAA Certified Organic Program Company in order to be in compliance to the NOP rule for conflicts of interest. None of the Board of NASAA or staff of NASAA is currently certified to the NOP rule. The current NOP Program Manager was hired approximately 6 months ago and operates the NOP program as a separate program within NASAA.

FINDINGS

Records reviewed, interviews conducted and observations found that NASAA was not operating under the guidelines of the NOP as noted in these findings. Four (4) major non-conformances and four (4) minor non-conformances were identified during the audit. There were no outstanding non-conformances from the accreditation audit to review.

Non-conformances:

NP4345DDA.NC1 Major – 205.406(a)(3) To continue certification, a certified operation must annually pay the certification fees and submit the following information, as applicable, to the certifying agent: An update on the correction of minor non-compliances previously identified by the certifying agent as requiring correction for continued certification. *The Ogilvy, Schmidt, and Frasure operations had minor non-compliances issued in 2003 that needed corrective actions. NASAA failed to identify a time frame for the corrective actions. Also, the three operations failed to inform NASAA of corrective actions to the non-compliances identified. NASAA failed to follow-up with the three clients. The 2004 annual update submitted by the three operations failed to inform the certifying agent of the corrective actions or identify the non-compliances. NASAA conducted the annual inspection and review and issued continued certification without any reference to the outstanding non-compliances.*

NP4345DDA.NC2 Major – 205.237(a) the producer of an organic livestock operation must provide livestock with a total feed ration composed of agricultural products, including pasture and forage, that are organically produced and, if applicable organically handled. *The Tully livestock operation OSP indicated the livestock had been fed barley and a “lick block”. A review of the certificates used to verify the organic integrity of the feeds showed that both products had been certified to the Australian Certified Organic (ACO) BFA standards and not the NOP production standards. There was no verification by NASAA that the “lick block” was comprised of only trace minerals and did not have a carrier base of molasses or meal products.*

NP4345DDA.NC3 Major – 205.236(c) the producer of an organic livestock operation must maintain records sufficient to preserve the identity of all organically managed animals and edible and non-edible animal products produced on the operation. *The Tully and Ogilvy livestock operations did not have records to show which animals were in compliance to the NOP rule as both operations had cattle that were not in compliance and running a dual operation.*

NP4345DDA.NC4 Major – 205.201(a) the producer or handler of a production or handling operation ...must develop an OSP that is agreed to by the producer or handler and the certifying agent. An OSP must meet the requirements set forth in this section for organic production or handling ... *The Tully livestock operation had applied for certification and sent in an OSP. NASAA reviewed the OSP and identified 13 points that needed more information or clarification, one of which was feed requirements, during the initial review. The Tully operation requested that the application be put on hold because it could not meet the feed requirements because of Copra Meal being fed and did not address the 13 points requested by NASAA. Nine months later the Tully operation requested to proceed with the application and sent in an “annual update OSP” which stated that no changes had been made to the operation. NASAA proceeded with an inspection without agreeing to the original OSP or update. The inspector determined that the Tully operation was in compliance during the inspection. The inspector was trying to determine compliance rather than verify compliance during the inspection. NASAA granted certification without issuing any non-compliance to the client.*

NP4345DDA.NC5 Minor – 205.663 Any dispute with respect to denial of certification or proposed suspension or revocation... may be mediated at the request of the applicant ... and with acceptance by the certifying agent. *NASAA does not have a mediation process or procedure identified in their quality manual for the NOP.*

NP4345DDA.NC6 Minor – 205.403(c)(3) The on-site inspection of an operation must verify: That prohibited substances have not been and are not being applied to the operation through means which , at the discretion of the certifying agent, may include the collection and testing of soil; water; waste; seeds; plant tissue; and plant, animal, and processed products samples. *The NASSA policy currently requires testing in order to add conditions for certification if the test results show residue in excess of 5% of the EPA tolerance or 10% maximum levels of the AQIS export standard.*

NP4345DDA.NC7 Minor – 205.662(b) When a certified operation demonstrates that each non-compliance has been resolved, the certifying agent shall send the certified operation a written notification of noncompliance resolution. *The NASAA policy or procedures does not include this requirement for client notification.*

NP4345DDA.NC8 Minor – 205.501(a)(11)(i) Prevent conflict of interest by: Not certifying a production or handling operation if the certifying agent or a responsibly connected party of such certifying agent has or has held a commercial interest in the production or ... *NASSA procedures do not preclude the certification of responsibly connected parties to the NASAA requirements which are the basis for an add-on NOP certification.*

RECOMMENDATIONS:

The audit team recommends that NASAA accreditation for livestock be suspended due to the severity of the non-conformances revealed during the on-site audit. The audit team also recommends that NASAA review all NOP client files in order to ascertain if products are in compliance to the NOP Rule and that NASAA provide an analysis of that review. The team recommends that corrective actions along with supporting documentation be submitted for review as directed by the NOP.