



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

Applicant: North Carolina Crop Improvement Association (NCCIA)
Program/Audit Type: National Organic Program/Accreditation for Organic Certification Organizations- On-site Audit
Location(s): NCCIA Office-Raleigh, NC, Sanderson Farms-Four Oaks, NC
Audit Date(s): May 6-7, 2003
Audit File Number: NP3126BA
Action Required: Yes
Auditor(s): Martin Friesenhahn- Lead Auditor, Phil Frederick-Auditor
Contact: Myron Fountain-Director

AUDIT ACTIVITIES

On May 6-7, 2003, representatives of the USDA, Audit, Review, and Compliance (ARC) Branch conducted an audit of the North Carolina Crop Improvement Association (NCCIA) Organic Certification Program, Raleigh, NC. The audit also included observations and interviews of NCCIA's certification and inspection activities at Sanderson Farms, Four Oaks, NC. The purpose of the audit was to assess NCCIA's compliance to the USDA, AMS 7 CFR Part 205, National Organic Program (NOP), Final Rule. The objective of the NCCIA Organic Certification Program is to provide a third-party product certification system for organic producers, processors, and handlers.

NCCIA is a non-profit educational and service organization designated as the official agency for seed certification in North Carolina. NCCIA was accredited by the USDA National Organic Program (NOP) on July 9, 2002 for crops, livestock, and handlers.

OBSERVATIONS

NCCIA Office- Raleigh, NC

NCCIA has certified six producers and five processors since being accredited by the NOP. NCCIA has thirteen new applicants at various stages of the certification process in 2003. NCCIA has not yet certified any organic livestock operations. The NCCIA Quality Manual for Organic Certification, applications, farm/handling plans, and the NOP Standards verbatim are provided to interested clients. The Quality Manual and the applications contain information on the certification fees and refundable information. The organic certification fees include a \$50 annual membership fee to NCCIA. The annual membership fee is included in the cost of organic certification, which does not give the client the option of NCCIA membership for organic certification (**NP3126BA.NC8**).

Applications and organic farm or handling plans are completed by clients that contain adequate information to determine whether the applicant is in compliance or able to comply with the NOP requirements. The Program Assistant completes the initial application and document review before inspections are assigned. One NCCIA Inspector has completed all the inspections for NCCIA. The completed files are then reviewed by three members of the NCCIA Organic Certification Review and Evaluation Committee. The three members include the Chief Inspector, who serves as Committee Chair, the Director, and one NCCIA government employee representative. The Chief Inspector position is currently vacant and has been since October 31, 2002. Therefore, certification on some files was granted with reviews by only two committee members. In addition, the procedures in the Quality Manual contain conflicting information on how the certification decisions are made (**NP3126BA.NC4**). The actual practice has been to use 2-3 committee members with the final decision made by the Director with input

from committee members. However, the certification decisions have been separate from the document review and inspection process. If certification is granted, certificates are issued that include the applicable information required by the NOP.

Conflict of interest and confidentiality agreements were reviewed for all personnel involved in the decision-making, document review, or inspections. The review found that the Director and the Inspector of NCCIA had current signed conflict of interest agreements in place. The Chief Inspector, Program Assistant, North Carolina Crop Science Department Head, one certification review committee member and all of the Board of Directors did not have signed conflict of interest agreements on file **(NP3126BA.NC7)**. A review of applicants certified by NCCIA and interviews conducted with the NCCIA staff indicated that there were no conflicts of interests with the BOD members or the certification staff. Signed confidentiality agreements for the Director of NCCIA, the inspector, North Carolina Crop Science Department Head and one certification review committee member were on file. The Chief Inspector, Program Assistant and all the Board of Directors did not have signed confidentiality agreements on file **(NP3126BA.NC6)**.

Employee records for qualifications, position descriptions, and training were reviewed. The review found that all employees, which included the inspector and decision makers, had the necessary qualifications and training to the new NOP requirements and their job requirements. The inspector had completed IOIA training on crops and handling operations.

NCCIA has had no denials, revocations, suspensions or appeals to date, nor has there been a need for mediation. However, NCCIA has procedures in their Quality Manual to address these issues that are compliant with the NOP.

NCCIA has been accredited by the NOP for approximately 10 months. Annual performance evaluations had not been completed but interviews indicated that they would be before the annual update. The annual program review had not been completed or scheduled by the Director **(NP3126BA.NC5)**.

A review of nine certification files indicated that the majority of the certification procedures and the NOP Rule were being followed except as identified in the FINDINGS Section of the report. The files contained applications, farm/handling plans, inspection reports, decision checklists, certificates and letters to the clients that listed the issues and concerns discussed by the NCCIA Organic Certification Review and Evaluation Committee. The letters submitted to the clients did not list a timeframe for submitting corrective action **(NP3126BA.NC9)**. The Director mentioned that it was the assumption that the corrective actions would be verified at the next inspection. Since corrective actions were not addressed by the clients, NCCIA did not send written notifications of noncompliance resolutions **(NP3126BA.NC9)**. A review of invoices showed that the fees charged and collected from clients were as listed in the fee schedule.

A review of the Sanderson Farms file showed that the NCCIA Director allowed the use of some watermelon seeds that were treated with Thiram **(NP3126BA.NC1)**. The information had been documented on 3/12/03 that the treated seeds would be allowed after washing. A detailed review of the circumstances showed that Sanderson Farms had tried to order untreated seeds for a certain variety of seedless watermelons but was unsuccessful. The Director then allowed the use of the treated seeds (after washing) under the circumstances. The nonconformance was identified as a continuous improvement point since the final evaluation and decision on certification for 2003 was not completed by the NCCIA Organic Certification Review and Evaluation Committee.

Sanderson Farms- Four Oaks, NC

Sanderson Farms has approximately 3 acres of organic cantaloupes, watermelons, tomatoes, and squash. The farm also produces conventional vegetables. An actual inspection was completed by NCCIA Inspector Terry Eldridge. The farm was first certified organic in 2002 by NCCIA. Sanderson Farms had completed and submitted an updated Organic Farm Plan Worksheet and application to NCCIA. Sanderson Farms had received the NOP Standards, fee schedule, and the NCCIA Quality Manual for Organic Certification from NCCIA. Organic certificates and a letter identifying issues of concern from the last inspection were available. Sanderson Farms could not locate a copy of last year's inspection report. Interviews conducted at the NCCIA Office indicated that the clients were not sent the inspection report (NP3126BA.NC2).

The inspector used the Organic Farm Inspection Report that had a checklist and comments. The inspector completed a physical review of the three different organic farm plots and the greenhouse. The previous conditions and concerns from the last inspection were discussed with the client. Some records and information from the farm plan were checked such as the invoices, inputs, seeds, and planting records. The checklist used covered the applicable areas of the NOP. However, the inspection did not include a detailed review of all areas of the farm plan (NP3126BA.NC3). The procedures for clean out were discussed but the records were not checked. The actual observations of the planting, tilling, and cultivating equipment were not completed. A brief exit interview was completed but the inspector did not confirm the accuracy of inspection observations or mention the issue of using treated seed (NP3126BA.NC3).

FINDINGS

NCCIA has forms, procedures, and documents in place that operate under the NOP. Nine continuous improvement point (CIP) non-conformances were found from the on-site audit.

Non-conformances:

NP3126BA.NC1- Continuous Improvement Point (CIP)- 205.204 (a)(2)- Seeds and planting stock practice standard- Nonorganically produced seeds and planted stock that have been treated with a substance included on the National List of synthetic substances allowed for use in organic crop production may be used to produce an organic crop when an equivalent organically produced or untreated variety is not commercially available. *The NCCIA Director allowed the use of some watermelon seeds treated with Thiram at Sanderson Farms. Sanderson Farms had documented (3/12/03) that the NCCIA Director allowed the use of the treated seeds after washing. Thiram was not listed in the National List as a synthetic substance allowed for use in organic crop production. (The nonconformance was not identified as a Hold Point since the final evaluation and decision on certification for 2003 was not completed by the NCCIA Organic Certification Review and Evaluation Committee).*

NP3126BA.NC2- CIP- 205.402(b)(2)/205.403(e)(2)- The certifying agent is to provide the applicant with a copy of the on-site inspection report. *NCCIA did not provide the applicants with a copy of the final on-site inspection report.*

NP3126BA.NC3- CIP- On-site inspections- 205.403(c)(2)- The on-site inspection of an operation must verify that the information in the organic production or handling system plan.....accurately reflects the practices used or to be used by the applicant for certification or by the certified operation. *The inspector observed during the on-site inspection did not verify all the information on the farm plan (i.e. Equipment, clean out records).*

205.403(e)- Exit interview- The inspector must conduct an exit interviewto confirm the accuracy and completeness of inspection observations and information gathered during the on-site inspection. The inspector must also address the need for any additional information as well as any issues of concern. *The inspector did not confirm the accuracy of the inspection observations or mention the issue of using treated seed.*

NP3126BA.NC4- CIP- Granting certification- 205.404 (a)/NCCIA Quality Manual for Organic Certification- Section 2, 1.6 & Section 3, 3.0 - requires three members of the NCCIA Organic Certification Review and Evaluation Committee. *Certification was granted on some clients with reviews by only two committee members. In addition, the NCCIA procedures for granting certification contained conflicting information. One part of the Quality Manual (Section 2, 1.2.5) stated that the Chief Inspector determines the certification of the applicant while another part (Section 3, 3.2) states the Chief Inspector makes recommendations.*

NP3126BA.NC5- CIP- General requirements for accreditation-205.501(a)(7)- Have an annual program review of its certification activities conducted *The annual program review had not been completed or scheduled by NCCIA.*

NP3126BA.NC6- CIP- General requirements for accreditation-205.501(a)(10)/NCCIA Quality Manual for Organic Certification- Section 1, 4.7- Maintain strict confidentiality with respect to its clients under the applicable organic certification program and not disclose to third parties..... *Signed confidentiality agreements for the Program Assistant, Chief Inspector and all the Board of Directors were not on file.*

NP3126BA.NC7- CIP- General requirements for accreditation- conflict of interest reports- 205.501 (a)(11)(v)- The certifying agent must have all persons who review applications, perform on-site inspections, review certification documents.....or make certification decisions.....to complete an annual conflict of interest disclosure report. *Annual conflict of interest disclosure reports were not completed by the Board of Directors, Program Assistant, Chief Inspector, one member of the Certification Review and Evaluation Committee, and the North Carolina Crop Science Department Head.*

NP3126BA.NC8- CIP- General requirements for accreditation-205.501(a)(19)- Accept all production or handling applications that fall within..... to do so without regard to size or membership in any association or group. *The NCCIA Schedule of Fees and the applications for organic certification require the client to become a member of NCCIA and pay annual membership fees.*

NP3126BA.NC9- CIP- Noncompliance procedure for certified operations-205.662(a)(3)- A written notification of noncompliance shall be sent to the certified operation and provide the date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible. *The notification of issues and concerns sent to clients did not list a timeframe for submitting corrective action.*

205.662(b)-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. *NCCIA did not send written notifications of noncompliance resolutions to clients.*

RECOMMENDATIONS

The audit team recommends granting continuing accreditation to NCCIA with the condition of submitting

corrective/preventive actions on the non-conformances in a timeframe determined by the NOP.