



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

AUDIT INFORMATION

Applicant Name:	Canadian Organic Certification Co-operative Ltd.
Est. Number:	N/A
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Auditor(s):	Vickie Robertson
Program:	National Organic Program
Audit Date(s):	April 1, 2005
Audit Identifier:	NP4230GGA
Action Required:	Yes
Audit Type:	Corrective action audit
Audit Objective:	To verify that corrective actions adequately address the non-compliances identified during the on-site audit conducted August 17-19, 2004
Audit Criteria:	<i>USDA, AMS, 7 CFR Part 205 National Organic Program Final Rule</i>
Audit Scope:	Submitted corrective actions
Location(s) Audited:	Desk

Canadian Organic Certification Co-operative Ltd. (COCC) submitted corrective actions to the National Organic Program, Program Manager dated March 5, 2005 to address the non-compliances identified during the on-site audit performed on August 17-19, 2004. The corrective actions were forwarded to the auditor of record for review on March 9, 2005.

FINDINGS

The review of the corrective actions verified that Canadian Organic Certification Co-operative Ltd. is not operating in compliance to the requirements of the audit criteria. The corrective actions do not adequately address the non-compliances as noted below. As a result of this review, four major non-compliances and five minor non-compliances remain outstanding.

NP3311GA.NC2 – CIP – Upgraded to a Major Non-compliance – 205.510(a)(4) – Requires the applicant to provide the results of the most recent performance evaluations. *While a generalized report of the results of the annual performance evaluations was provided, individual annual performance*

evaluations were not submitted for review. Reason for upgrade: 205.501(a) (6) Requires the certifying agent to “conduct annual performance evaluations of all persons who review applications for certification, perform on-site inspections, review certification documents.....” In addition COCC does not follow the requirements of its performance evaluation procedure, CCB_EP-07015. A review of the personnel files revealed that performance evaluations have not been performed as required. Only two evaluations have been performed this year, and they have not been performed according to the criteria set forth in COCC’s performance evaluation procedure, CCB_EP-07015. The COCC annual internal program review performed on January 19 – 20, 2004 noted “A detailed review of the {performance evaluations} procedures provided evidence that congruency with actual practice needs to be addressed. Also the reference action items in the {Annual Update} report require further implementation and should be tracked.” To date an action plan for corrective and preventative actions has not been completed by COCC. Corrective action: The COCC corrective action states, “Individual evaluations of all personnel for 2005 will be completed by September 30, 2005. The internal review of Jan 20, 2004 – item # 4 cited: “Action items identified in the Annual Personnel Evaluation submitted to the USDA 2004-12-24. Training and qualification procedures need to be amended to reflect actual practice. This will be completed prior to evaluation activity for 2005.” COCC has not provided evidence of the scheduling of the performance evaluations. COCC did not provide evidence the evaluations for 2004 were ever completed.

NP4230GGA.NC1 – Major – Not adequately addressed - 205.405(a) – States, “When a 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 or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of non-compliance to the applicant.” *A review of the Les Truffes file indicated the use of chocolate that was not certified to the NOP standards in the processing of products for which certification was requested. The inspector did not identify the non-compliance; however, one of the two reviewers did identify it. The final review identified it as a minor non-compliance, asking that the EU certification be justified to the NOP Standards in the future. NOP certification was granted because the company did not intend to export product to the United States. In two other cases clients were not issued non-compliances when the inspector determined that they were not ready for the inspection, i.e. the records were not available or not kept in a way to be available to perform the inspection at the scheduled time. (See 205.400(d)). Due to the age of the applicants and their status as organic growers in the community, the inspections were re-scheduled and no non-compliances were issued. An over-all client file review indicated discrepancies in the certification process from the initial application review, to the inspection report, to the final decision for certification. COCC has not issued any notification of non-compliance, or refused certification to any client since being accredited by NOP. Corrective action:* The COCC corrective action states, “In the past, COCC had not issued specific notices of minor non-compliance; however items requiring corrective action were identified on contractual agreements as part of the certification process and signed by the clients prior to certification. COCC has since developed a computerized database to formally issue notices of minor non-compliance and to provide for corrective action responses.” While the corrective action submitted is a good start, it does not address the over-all systemic certification process problems. The corrective action addresses training for ingredient requirements of the NOP, but not the issue of record availability in the case of the re-scheduled clients. It does not address the discrepancies between inspection, review and final decision made.

NP4230GGA.NC2 – Major – Not adequately addressed - 205.501(a) (4) – Requires a certifying agent to “use a sufficient number of adequately trained personnel to comply with and implement the organic certification program.....” *Interviews conducted and records reviewed indicated only two inspectors performed the on-site inspections in 2004 for approximately 100 clients. All on-site inspections are*

conducted within an approximate 45 day span due to the short growing season. Inspection reports have not been received from one inspector for any on-site inspections performed this year. The reports from this inspector will not be written and submitted until all inspections for the season have been completed. It will then take approximately 30 additional days to complete the reports once all of the inspections are completed. The Executive Director is solely responsible for the final review for certification decisions for all files and has limited office time. The limited personnel create an unreasonable time frame for NOP certification as indicated by the file reviews from the on-site inspection to the final certification decision (see 205.404(a)). **Corrective action:** The COCC corrective action states, “We have secured four inspectors for the 2005 season which will significantly reduce the individual workload per inspector. We are also requiring as part of the contractual arrangement a turnaround time on reports to be submitted of 14 days. The situation we found ourselves in during 2004 will not be tolerated again.” COCC did not provide evidence of securing the new inspectors or evidence of their expertise. COCC did not provide a copy of the new contractual agreement to verify the new requirement of the 14 day turnaround time.

NP4230GGA.NC3 – Major – Not adequately addressed - 205.501(a)(11)(i) – requires a certifying agent to not certify 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 handling operation. *The COCC nine member board of directors all operate organic operations certified by COCC. The Board of Directors is responsible for the financial obligations of COCC, and makes personnel decisions concerning the Executive Director and Certification Coordinator.* **Corrective action:** The COCC corrective action states, “The Board of Directors have been duly notified. The COCC was incorporated within the requirements of the Co-operative Act of Saskatchewan [Chapter C 37.3 of the Statutes of Saskatchewan, 1996]. The following sections are quoted in regard to Director Liability: Liability of directors 90(1) Directors are jointly and severally liable to make good any loss or damage suffered by the co-operative where they vote for, consent to a resolution authorizing or approve by any other means:

(f) an act not consistent with the purpose of the co-operative as set out in its articles and with respect to which the co-operative has paid compensation to a person. We believe that the Board of Directors does not meet the definition of Section 205.501[11][i] as ‘a responsibly connected party’.” The corrective action does not indicate what the directors have been notified of, or that COCC will not certify its Board members. COCC does not agree with the interpretation of “responsibly connected party”.

NP4230GGA.NC4 – Minor – Not adequately addressed - 205.402(a) (1) – States, “Upon acceptance of an application for certification, a certifying agent must: (1) Review the application to ensure completeness pursuant to 205.401.” **205.501(11) (vi)** Requires the certification agent to prevent conflicts of interest by ensuring “that the decision to certify an operation is made by a person different from those who conduct the review of documents and on-site inspection.” *Documentation was not available to verify an initial review is completed or who performed it. The COCC internal audit performed in January 2004 stated that Ken Hymers was performing both the initial document review and making the final certifying decision. Interviews indicate that Anne Ford has performed the initial document review for the past 12 months. Documentation of the initial review is necessary to confirm separation of initial review and final decision. The client file review indicated that the files are incomplete. Farm Organic System Plans do not include field history reports in all files and many questions are left unanswered that are applicable to the operation, indicating that an adequate initial review was not performed.* **Corrective action:** The COCC corrective action states, “As a result of the USDA exit dialogue and to address concerns about requirements for the initial review of the Organic System Plan, any subsequent initial reviews include signed documentation by persons other than Ken Hymers.” COCC did not provide evidence of the documentation to be used to verify the initial document review is performed and by whom. The corrective action did not address the adequacy of the initial document review.

NP4230GGA.NC5 – Minor – Not adequately addressed - COCC Procedure CCB_EP-07127 Section 3.2(3) Required COCC to conduct one full two-day NOP training workshop in August of 2002 and also requires the inspectors to complete accreditation self study or an update every other year. *The August 2002 training was not conducted. The bi-annual update training in 2004 did not include all personnel involved in the certification process, specifically the reviewers and all listed potential inspectors.*

Corrective action: The COCC corrective action states, “The training update planned for 2005 will include all personnel involved in all aspects of the certification process and will be completed prior to certification activities for 2005. Copies of training certificates issued to participants will be filed for audit.” COCC does not indicate that the training is actually scheduled, or a listing of the personnel that would be required to attend.

NP4230GGA.NC6 – Minor – Not adequately addressed - 205.505(a)(4) – Requires a certification agent to have an “internal program review..... and implement measures to correct any non-compliances with the Act and the regulation in this part.” The COCC annual Internal Program Review performed on January 19-20, 2004 noted several findings requiring actions. *COCC has not addressed nor implemented corrective actions for the majority of the findings noted in the internal program review, i.e. purging the quality manual of non-NOP requirements and conducting annual performance evaluations.* **Corrective action:** The COCC corrective action states; “While we did not file a formal action plan with the USDA, we have implemented several measures to address the issue that arose from the Annual Internal Audit in 2004. We are currently reviewing the internal program audit findings to and will address and/or implement corrective actions prior to our 2005 internal review planned for April.” COCC did not provide any evidence of the measures implemented to address the issues from the Annual Internal Audit.

NP4230GGA.NC7 – Minor – Not adequately addressed - 205.403(c) (1, 2, 3) – Specifies the requirements for verification of information during the on-site inspection. *A review of 7 of 50 available files revealed that the inspectors did not verify all aspects of the organic system plans, and/or required documentation, and/or records necessary to verify compliance with the NOP regulation and standards.* **Corrective action:** The COCC corrective action states, “Several amendments have be introduced to the inspection reporting format, to address areas of the Organic System Plan that were previously not addressed i.e. The checklist now includes section 205.406[a], a section to include a narrative overview and a narrative summary. The training update planned for 2005 will ensure that all aspects of the organic system plans including all required documentation and records must be verified according to the NOP regulations and standards.” COCC did not provide a copy of the new inspection reporting format or checklist. COCC did not provide evidence that the training is actually scheduled.

NP4230GGA.NC8 – Minor – Not adequately addressed - 205.501(a)(9) - requires a certifying agent to “maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary.” *COCC provides all client files in their entirety to the inspectors at the beginning of the growing season; therefore, approximately 50% of the files were not available for review during the audit.* **Corrective action:** The COCC corrective action states, “The inspection reports, review committee reports and agent assessments on client files are all electronic and are always retained in electronic format – so that the statement that: COCC provides all client files in their entirety to the inspectors is somewhat misleading.” During the on-site audit, the audit team was told by COCC the client files were not available because they were out with the inspectors.