



United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

NATURE'S INTERNATIONAL CERTIFICATION SERVICES

210 Airport Road, Unit 104, Viroqua, Wisconsin, 54665, U.S.A.

meets all the requirements prescribed in the USDA National Organic Program Regulations

7 CFR Part 205

as an Accredited Certifying Agent

for the scope of

Crops, Handling, Livestock, Wild Crops Operations

This certificate is receivable by all officers of all courts of the United States as prima facie evidence of the truth of the statements therein contained. This certificate does not excuse failure to comply with any of the regulatory laws enforced by the U.S. Department of Agriculture .

Status of this accreditation may be verified at <http://www.ams.usda.gov>

Certificate No: **USDA-118-23**

Effective Date: **02/12/2022**

Expiration Date: **02/12/2027**

Issue Date: **12/27/2023**

Jennifer Tucker, Ph.D.
Deputy Administrator
National Organic Program

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program.

CERTIFICATE OF ACCREDITATION



NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

GENERAL INFORMATION

- **Certifier Name** Nature's International Certification Services, (NICS)
- **Physical Address** 210 Airport Road, Viroqua, Wisconsin 54665, U.S.A.
- **Audit Type** Renewal Audit
- **Auditor(s) & Audit Dates** Joshua Lindau, Emily Prisco, Sherry Aultman, 07/18/2022 to 07/21/2022
- **Audit Identifier** NOP-32-22

CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted an on-site renewal audit of Nature's International Certification Services' (NICS) certification activities during the period of November 11, 2020 to July 21, 2022. The purpose of the audit is to verify NICS' conformance to the USDA organic regulations. Audit activities included three onsite witness audits. Witness audits consisted of annual inspections of a certified crops and wild crops operation, a livestock operation and a handling operation.

NICS is a for-profit company and initially accredited on February 12th, 2007. NICS' main office is in Viroqua, Wisconsin. NICS is accredited to the following scopes: Handling, Crops, Livestock, and Wild Crops.

NICS certifies 1051 operations to the following certification scopes: Crops (1000), Livestock (426), Handling (87), and Wild Crops (9). Certification services are conducted in the United States in Alabama, Arkansas, California, Colorado, Georgia, Illinois, Indiana, Iowa, Maryland, Michigan, Minnesota, Missouri, Nebraska, New York, New Mexico, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Texas and Wisconsin.

Certification activities are performed by 33 employees and contractors. The majority of NICS' certification personnel work remotely.

NOP DETERMINATION:

NOP reviewed the audit results to determine whether NICS' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from findings identified during the audit.

Any noncompliance labeled as "**Cleared,**" indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Accepted**" indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next audit.

Noncompliances from Prior Assessments

AIA-3139-20 - Cleared.

AIA-3177-20 - Cleared.

AIA-3189-20 - Cleared.

AIA-3199-20 - Cleared.

AIA-7721-21 - Cleared.

AIA-3140-20 - Accepted. 7 C.F.R. §205.403(a)(2)(ii) states, "The Administrator or State organic program's governing State official may require that additional inspections be performed by the certifying agent for the purpose of determining compliance with the Act and the regulations in this part."

Comments: *NICS did not conduct the minimum unannounced inspections of 5% of its total certified operations in 2018 and 2019, which does not comply with instructions in **NOP 2609 Unannounced Inspections**. The auditor's review of certification files found that NICS conducted unannounced inspections of 43 operations in 2018 for 957 operations (4.4%) and conducted unannounced inspections of 49 operations in 2019 for 1,035 operations (4.7%).*

Corrective Action: NICS updated its "NICS Policy Wiki" to include formal criteria for selecting operations for unannounced inspections. NICS has also implemented an "Unannounced Request Worksheet" on August 14, 2019 which NICS uses to provide instructions to the inspector conducting the unannounced inspection, such as which production or handling activities to inspect or timing concerns. NICS began monitoring the implementation of its unannounced inspection program during weekly Quality team meetings in January 2021.

Verification of Corrective Action: The auditors reviewed unannounced inspection files and found that NICS did not conduct unannounced inspections of 5% of its operations in 2021. NICS conducted unannounced inspections of 39 out of 1143 operations (3.4%).

2023 Corrective Action: NICS determined that this issue resulted from inspectors not providing NICS timely communication when they were unable to conduct unannounced inspections, and gaps in NICS' system for monitoring completion of unannounced inspections. In July 2022, NICS implemented a practice of planning more unannounced inspections than required to meet the 5% minimum and implemented a monitoring system managed by the Inspection Division to track and verify sufficient unannounced inspections are completed to meet the 5% minimum each year. NICS implemented an unannounced inspection request guide in January 2022 and reporting worksheet in July 2022, and provided inspectors with instructions on the use of these

documents throughout 2022. NICS reported that in 2022 they completed 63 unannounced inspections, totaling 5.9% of certified operations. Additionally, NICS updated the inspector contract for the 2023 season to require inspectors provide NICS with planned unannounced inspection dates within 14 days of assignment and implemented and provided training for inspectors on an Unannounced Inspection Guide in October 2023.

AIA-3191-20 - Accepted. 7 C.F.R. §205.403(c)(1) states, “The onsite inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part;”

Comments: *NICS inspectors do not fully verify an operation’s compliance with the USDA organic regulations. The auditor’s review of certification files found that NICS's inspectors are not consistently performing mass balance and traceability audits during inspections. This does not meet the requirements of NOP 2601 Instruction: The Organic Certification Process, which states, “The inspector will review each production unit, facility, and site where the operation produces or handles organic products. The inspection includes, but is not limited to:[...] Reconciliation of the volume of organic products produced or received with the amount of organic products shipped, handled and/or sold, also known as trace-back audits or in-out balances;”*

Corrective Action: NICS conducted training for inspectors on April 8 -9, 2021 on its requirements for performing mass balance and traceability audits during inspections. NICS has also recommended that its inspectors complete several trainings in the Organic Integrity Learning Center, which are listed on NICS’ “Organic Integrity Learning Center (OILC) Checklist for Inspectors.” Additionally, NICS plans to monitor inspectors through peer-witness evaluations and through evaluations of inspection reports that are completed by NICS certification staff. NICS will verify the effectiveness of this corrective action during its annual program review.

Verification of Corrective Action: The auditors conducted witness audits and reviewed the associated certification files and found inspection reports in which the NICS inspector did not conduct traceback and mass balance exercises and inspection reports in which the inspectors’ mass balance and traceback exercises were inadequate and of insufficient detail to verify an operation’s compliance with the regulations.

2023 Corrective Action: NICS created new audit forms for inspectors to document mass balance and traceback exercises conducted during inspection, and revised the inspection report templates to add references to the new audit forms. On April 13 and October 4, 2023, NICS provided training for inspectors and certification staff on the new audit forms, revised inspection report templates, and conducting mass balance and traceback exercises. NICS’ certification decision officers now provide direct feedback to inspectors on each report, including adequacy of mass balance and traceback exercises, and NICS incorporates this feedback into their overall monitoring of inspector performance. NICS also developed mass balance and traceback training which is now required for all new inspectors during onboarding.

Noncompliances Identified during the Current Assessment and Corrective Actions

AIA-1437-22 - Accepted. 7 C.F.R. §205.403(c)(1) states, “The onsite inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part;”

Comments: NICS' inspectors do not fully verify an operation's compliance with the USDA organic regulations. The auditors' review of ruminant certification files found inspectors are not consistently verifying an operation's compliance with the requirements of §205.237 Livestock feed and §205.240 Pasture practice standard. The auditors found the following issues:

1. The inspector did not review onsite records of grazing days and dates to verify ruminants grazed the entire grazing season.
2. The inspector did not verify dry matter intake values at inspection with actual feed fed records.
3. The inspector did not identify that the dry matter demand values in an operation's organic system plan (OSP) were incorrect, which resulted in the calculation of incorrect dry matter intake values.

Corrective Action: NICS updated its OSP forms for clarity and created a separate feed ration addendum which livestock operations are now required to submit with their annual update. The feed ration addendum captures grazing and non-grazing season rations and includes the dates each ration was fed, an updated dry matter demand (DMD) reference, and instructions for the operation to justify any alternative DMD values used. NICS revised its livestock inspection report template to add specific prompts for inspectors to verify grazing records and confirm whether ruminants grazed the entire grazing season; verify DMD values used in ration calculations are accurate; and verify the operation's calculated dry matter intake values against the actual feed fed records. On April 13, 2023, NICS provided annual training to the inspectors on requirements for livestock inspection, and on October 5 and October 26, 2023, NICS conducted additional training for certification staff and inspectors on the revised templates.

AIA-1446-22 - Accepted. 7 C.F.R. §205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart;"

Comments: NICS does not consistently demonstrate the ability to fully comply with the requirements for accreditation. NICS' inspection report forms do not prompt an inspector to fully verify an operation's compliance with the USDA organic regulations. The auditor's review of certification files found the following:

1. The crops and livestock inspection report template does not require the inspector to verify an operation's healthcare treatment records per §205.238.
2. The livestock inspection report template does not require the inspector to review onsite records of actual dates ruminants grazed to verify that ruminants grazed the entire grazing season, per §205.237 and §205.240.
3. The processing and handling inspection report template does not require the inspector to verify the livestock regulations at inspections for slaughter or auction facilities as required per the regulations at §205.236, §205.237, §205.238, and §205.239.

Corrective Action: NICS revised its livestock inspection report template to add specific prompts for inspectors to verify livestock healthcare treatment records and verify grazing records to confirm whether ruminants grazed the entire grazing season. NICS revised its processing/handling inspection report template to add a section for the inspector to verify livestock requirements for slaughter or auction facilities. On October 5 and October 26, 2023, NICS conducted additional training for certification staff and inspectors on the revised templates.

AIA-1503-22 – Accepted. 7 C.F.R. §205.501(a)(3) states, "A private or governmental entity

accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

Comments: *NICS does not carry out the provisions of the Act and regulations. NICS does not consistently ensure that organic system plans (OSP) are complete and accurately describe the operation and its activities. The auditor’s review of certification files and interviews with certification staff found OSPs that were incomplete or inaccurate because the applicants did not answer various questions or update the OSP. NICS did not require the applicants to provide the missing or corrected information.*

Corrective Action: NICS determined that this issue resulted from a long-form organic system plan (OSP) format, which was cumbersome for operations to update, and a failure of certification staff and auditors to identify and address missing and inaccurate OSP information. NICS updated its full OSP forms and annual OSP update form to consolidate and reorganize the content and archive obsolete forms. NICS also created standalone forms for operations to document and report updates to feed rations, product/label information, and livestock handling activities. Additionally, NICS updated the OSP initial review training required for new certification officer onboarding to include more detail on requirements for a complete OSP. In December 2022, NICS trained certification staff on the revisions to the OSP forms. NICS plans to conduct another OSP revisions training for certification staff in January 2024. On April 13, 2023, NICS provided annual training to the inspectors which included how inspectors should document and report updates to the OSP. On October 26, 2023, NICS provided training for certification staff and inspectors on evaluating OSPs for completeness and collecting and documenting updates to the OSP.

AIA-1504-22 – Accepted. 7 C.F.R. §205.406(c) states, “If the certifying agent has reason to believe, based on the on-site inspection and a review of the information specified in §205.404, that a certified operation is not complying with the requirements of the Act and the regulations in this part, the certifying agent shall provide a written notification of noncompliance to the operation in accordance with §205.662.”

Comments: *NICS does not consistently issue its certified operations a notification of noncompliance, even though the review of the inspection report finds that the operation does not comply with the USDA organic regulations. The auditors’ review of certification files and interviews with staff found that NICS does not always provide operations with a written notification of noncompliance for noncompliant practices found during the operation’s onsite inspection. The noncompliant practices are relayed to the operations as “Issues of Concern” in the Certification Determination Letter.*

Corrective Action: NICS now issues Notices of Noncompliance to operations in accordance with its criteria for issuing noncompliances, which align with the **NOP 4002: Penalty Matrix**. NICS conducted training in September 2023 and October 2023 for all certification staff on determining what issues should be noncompliances and the process issuing Notices of Noncompliance to operations and plans to conduct additional noncompliance training for certification staff teams in early November 2023. NICS now provides training on writing and issuing noncompliances during new certification staff onboarding and evaluates new staff work (including identifying and issuing noncompliances) to verify their adherence to training.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) received Nature's International Certification Services, LLC (NICS) accreditation renewal application to become a U.S. Department of Agriculture (USDA) accredited certifier on August 12, 2016. The NOP has reviewed NICS' application, conducted an onsite audit, and reviewed the audit report to determine NICS capability to operate as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	Nature's International Certification Services, LLC (NICS)
Physical Address	22 East State Highway 56, Viroqua, WI 54665
Mailing Address	22 East State Highway 56, Viroqua, WI 54665
Contact & Title	Dave Engel, Executive Director
E-mail Address	dave@naturesinternational.com
Phone Number	608.632.1226
Reviewer(s) & Auditor(s)	Penny Zuck, NOP Reviewer Martin Friesenhahn and Lars Crail, Onsite Auditors
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	NOP corrective action review: December 2, 2016 NOP assessment review: October 19, 2016 Onsite audit: September 16, 2016 & September 19-22, 2016
Audit Identifier	NP6260BBA
Action Required	None
Audit & Review Type	Renewal Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of NICS' certification program.
Audit & Determination Criteria	<i>7 CFR Part 205, National Organic Program as amended</i>
Audit & Review Scope	NICS' certification services in carrying out the audit criteria during the period: June 20, 2014 through September 22, 2016

ORGANIZATIONAL STRUCTURE:

NICS is a for-profit business which was accredited on February 12, 2007 and maintains the accreditation scopes of crops, wild crops, livestock, and handling. NICS' list of USDA organic certification operations at the time of the assessment includes 794 certified operations: Crops (763), Wild Crop (6), Livestock (364), and Handler/Processor (40). There are no grower groups certified by NICS. Certified operations are only located in the U.S. with the majority of clients in Wisconsin and 21 additional states.

NICS has one office located in Viroqua, WI. NICS staff consists of 21 individuals: 5

Administrative staff, 12 Certification staff (Executive Director, Quality Systems Manager, Certification Manager, 6 Certification Specialists/Staff Inspectors, and 3 Certification Specialists), and 4 contract Inspectors.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether NICS' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

Non-compliances from Prior Assessments

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Outstanding**” indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

NP6039PZA.NC1 – Cleared

NP6039PZA.NC2 – Cleared

NP6039PZA.NC4 – Cleared

NP6039PZA.NC5 – Cleared

NP6039PZA.NC6 – Cleared

NP6039PZA.NC7 – Cleared

NP6039PZA.NC3 – Accepted. 7 CFR §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must:… Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” Memo to Accredited Certifying Agents – Periodic Residue Testing of Organic products, Rev01 02 28 13, states that certifying agents “...should further investigate the operation and surrounding areas to determine the source of the residue, referencing any previous tests conducted at the operation.”

Comments: *An operation was notified by NICS of a positive detection from a sampled product; however, no investigation was conducted to determine the possible causes of contamination.*

Corrective Action: NICS provided evidence that they contacted the certifier of an operation that supplied organic layer feed to one of NICS clients, which tested positive for GMOs, requesting an investigation. NICS updated the testing results portion of their database to remind staff that test results with a positive detection require an investigation. NICS provided documentation that training about this topic was provided to all staff in June 2016.

Verification of Corrective Action: A review of NICS' procedures and interview of certification personnel adequately demonstrated NICS has implemented a policy to investigate any positive residue test results. However, a review of the specific case that led to the NOP issuing the noncompliance to NICS revealed that no follow-up or outcome had taken place. The operator was notified of the positive test results, but NICS has not completed an investigation to

determine the next steps in the process.

2016 Corrective Action: NICS submitted additional correspondence to the NOP, which included the results of the test sample and completed investigation by the certifier who certified the original sampled product. NICS has developed the following forms: Sample Request Form, Sample Results Communication Worksheet, and letter templates for correspondence of sample results. The meeting agenda, attendance list, and training presentation materials were submitted to the NOP indicating training for NICS certification staff on this topic was completed. NICS has incorporated a statement in the database which indicates when an investigation will need to be completed. The investigation needs and investigation type have been incorporated into the database in order to track this information for future knowledge.

NP6039PZA.NC8 – Accepted. 7 CFR §205.501(a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must use a sufficient number of adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part.”

Comments: *During the onsite audit, the auditors discovered 207 “level one” and 432 “level two” reviews from the 2015 annual update cycle that NICS had not completed. The auditors discussed this issue with NICS management and requested that NICS submit a written plan to the NOP addressing their ability to handle the capacity of work required for their current number of certified operations.*

Corrective Action: NICS has developed a three-phase plan to address client handling capacity. First, NICS will hire additional qualified staff for the certification department and provide any necessary training. Members of management will be shifted from the inspection pool in order to devote more time to their respective duties. Second, NICS will increase administrative responsibilities so certification staff have more time to devote to certification decision making duties. NICS will pre-assign initial reviews, inspection and final reviews based on employee abilities to facilitate processing of new/renewing applicants. Certification staff will handle some noncompliance procedures with guidance from members of management. Finally, NICS has firm deadlines distributed on their annual calendar to facilitate processing of renewals, inspection planning, issuing adverse actions for failure to renew, and handling new client applications. As of the time of the corrective action report, NICS has 14 “level” one reviews, 39 “level two” reviews, and 40 inspection reports that remain outstanding. For 2016, NICS has completed 10% of the “level one” reviews, 3% of “level two” reviews, and is currently processing 179 inspection reports (22% of the expected total for this season).

Verification of Corrective Action: The auditor reviewed NICS records to determine if any new certification applicants were issued certification since the effective date of the NOP/NICS settlement agreement. No certification has been issued.

NICS certification personnel provided the following update on the status of the 2015 and 2016 annual operation updates, inspections, and certification outcomes:

	Inspection Reports Not Received by NICS	Level 1 Review Not Completed	Level 2 Review Not Completed	Total 2015 Not Completed	Total operations
--	--	-------------------------------------	-------------------------------------	---------------------------------	-------------------------

2015 Files	33	11	0	44	846
2016 Files	422	170	86	108	786 (Projected)

Although NICS hired new staff, the number of outstanding reports appears to indicate that NICS is unable to handle the capacity of work required for their current number of certified operations.

2016 Corrective Action: NICS clarified the 108 number identified in the “Total 2015 Not Completed” column of the chart was actually the number of completed files through the 2016 certification cycle. NICS continues to utilize the “Plan for Providing Timely Service to NICS Clients” as submitted to the NOP in June 2016. As part of this plan, NICS will hire two additional certification personnel for review work and has recently hired one additional administrative position. An Executive Director will also be hired to manage both the business and certification aspects of the agency. NICS submitted a status report of certification files. All 2015 certification files have been completed and the numbers show NICS is on track to have the 2016 certification cycle completed by the end of February, 2017. NICS will continue to provide training opportunities to its personnel and is tracking certification file activities and employee performance in the database, on a weekly basis, as applicable. NICS is working with a database developer to integrate and streamline the certification process. Audits, both internal and external will be conducted with the intention to verify implemented corrective actions are effective.

Non-compliances Identified during the Current Assessment

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

NP6260BBA.NC1 – Accepted. 7 C.F.R. §205.403(e)(2) states, “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.”

Comments: *A review of a crop operation file showed that an inspector pulled a sample of sweet potato tubers but no test results were sent to the certified operation.*

2016 Corrective Action: NICS implemented two additional questions to the final review decision sheet to confirm during review the consistency of sample reporting by the inspector and the verification of sample results provided to NICS. NICS has developed the following forms: Sample Request Form, Sample Results Communication Worksheet, and letter templates for correspondence of sample results. The additional review questions were discussed during the October 6, 2016 staff meeting. A training was conducted on this topic for the NICS certification staff. The meeting agenda, attendance list, and training presentation materials were submitted to the NOP.

NP6260BBA.NC2 – Accepted. 7 C.F.R. §205.670(e) states, “...sample integrity must be maintained throughout the chain of custody...”

Comments: *A sample of sweet potato tubers at a certified operation was pulled by an inspector but the sample was never submitted to the laboratory for analysis.*

2016 Corrective Action: NICS implemented two additional questions to the final review decision sheet to confirm during review the consistency of sample reporting by the inspector and the verification of sample results provided to NICS. NICS has developed the following forms: Sample Request Form, Sample Results Communication Worksheet, and letter templates for correspondence of sample results. The sample request form directs the inspector to submit the sample for testing and must be signed by the inspector, the shipper, and includes shipping and lab information. The additional review questions were discussed during the October 6, 2016 staff meeting. A training was conducted on this topic for the NICS certification staff. The meeting agenda, attendance list, and training presentation materials were submitted to the NOP. An additional training will be conducted in January/February for staff and inspectors prior to the start of the 2017 inspection season.

NP6260BBA.NC3 – Accepted. 7 C.F.R. §205.404(b)(3) states, “The certifying agent must issue a certificate of organic operation which specifies the: Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation....”

Comments: *The certificates from two files reviewed did not display the correct information for categories of organic operation. One certificate reviewed included the scope of wild crops which was requested to be removed by the operator during the annual certification. Another certificate reviewed by the auditor listed livestock products but did not include the scope of Livestock on the certificate.*

2016 Corrective Action: NICS has revised the final review decision sheet in the database to require the final reviewer to verify the appropriate certification scope is appropriately marked. If a change is identified, the reviewer will check the appropriate scopes, which will populate the certificate accordingly. This will also be verified during the Level 2 review and any changes made to certification scopes during the Level 2 review will be reflected on the certificate. NICS is working with a database developer to integrate and streamline the certification process.

NP6260BBA.NC4 – Accepted. 7 C.F.R. § 205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart; Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” The NOP website provides instructions and the terms of international trade arrangements. The 2016 Certifier Training Presentation, International Trade Arrangements, slides 31-33, instructs certifiers what must be verified.

Comments: *The review of the NICS handler OSP template instructs operations to select whether they are requesting certification or verification to an international organic standard (e.g. US-COR, Taiwan, EU, etc.); however, the template does not instruct the operator to disclose whether they export or import ingredients or products, nor intend to. The Handler Inspection Report template does not sufficiently require the inspector to record verification of compliance for imported or exported ingredients and/or products in accordance to the 2016 certifier training presentation “International Trade Arrangements.”*

2016 Corrective Action: NICS revised the Handler OSP to include questions regarding the importing of products/ingredients and exporting of finished goods. NICS revised the Handler Inspection Report to include verification questions regarding the importing of products/ingredients and exporting of finished goods and the documentation required for each trade arrangement. Training will be provided to staff regarding international trade arrangements

and inspection verification in January/February 2017, prior to the start of the 2017 inspection season and additional training will be conducted on an annual basis.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

This compliance audit includes verification of the terms of the July 13, 2015 settlement agreement between the USDA NOP and NICS.

GENERAL INFORMATION

Applicant Name	Nature's International Certification Services
Physical Address	22 East State Highway 56,
Mailing Address	22 East State Highway 56,
Contact & Title	David Engel, Executive Director
E-mail Address	dave@naturesinternational.com; nics@naturesinternational.com
Phone Number	(608) 637-7080
Reviewer(s) & Auditor(s)	Renée Gebault King, NOP Reviewer; Penny Zuck and Lars Crail, On-site Auditor(s).
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	NOP assessment review: April 8-14, 2016 Onsite audit: February 9-11, 2016
Audit Identifier	NP6039PZA
Action Required	None
Audit & Review Type	Yes
Audit Objective	Compliance Assessment
Audit & Determination Criteria	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of NICS' certification
Audit & Review Scope	7 CFR Part 205, National Organic Program as amended

Nature's International Certification Services (NICS) is a for-profit business owned by the executive director and his spouse. NICS was initially accredited as a certifying agent on behalf of the USDA National Organic Program (NOP) on February 12, 2007. NICS is accredited to certify the following scopes: Crops, Livestock, Handling, and Wild Crops. At the time of the compliance assessment, NICS certified 859 operations, which included 788 crop, 5 wild crop, 356 livestock, and 42 handling operations certified to the USDA organic standards. All certified operations are located in the United States and all certification activities are conducted at their office located in Viroqua, Wisconsin.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether NICS' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

Non-compliances from Prior Assessments

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Outstanding**" indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance.

NP221300A.NC2 – Cleared
NP4167MMA.NC1 – Cleared
NP4167MMA.NC2 – Cleared
NP4176MMA.NC3 – Cleared
NP4167MMA.NC4 – Cleared
NP4167MMA.NC5 – Cleared
AIA13350BJR.NC4 – Cleared
AIA13350BJR.NC1– Cleared
AIA13350BJR.NC3– Cleared
AIA14150BJR.NC1– Cleared

Non-compliances Identified during the Current Assessment

Any noncompliance labeled as "**Accepted**," indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

NP6039PZA-NC1 – Accepted. 7 CFR § 205.662(c)(4) Proposed suspension or revocation states "The notification of proposed suspension or revocation of certification shall state:

- (1) The reasons for the proposed suspension or revocation;
- (2) The proposed effective date of such suspension or revocation;
- (3) The impact of a suspension or revocation on future eligibility for certification; and
- (4) The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681."

Comments: *NICS accepted corrective actions from a client in response to a Notice of Proposed Suspension and subsequently issued a Notice of Noncompliance Resolution. The only two options, however, for operations that receive Notice of Proposed Suspension are to request mediation or file an appeal.*

2016 Corrective Actions: NICS updated the Notice of Proposed Suspension template to reflect the requirements in § 205.662(c)(4): the reason(s), proposed effective date, and impact of the proposed suspension or revocation. The template also explains the option for mediation per § 205.663. NICS provided documentation that staff training about the adverse action process was conducted in June 2016. The training highlighted the fact that mediation or appeal are the only options for an operation to respond to a Notice of Proposed Suspension or Revocation.

NP6039PZA-NC2 – Accepted. 7 CFR § 205.662(c) Proposed suspension or revocation states “When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance.”

Comments: *The auditor reviewed two client files for adverse action processes. For one operation, the time period from the issue date of the Notice of Noncompliance to the issue date of the Notice of Suspension was over 5 months, which did not follow the prescribed time period in the notices.*

2016 Corrective Actions: NICS hired additional staff to handle their workload. NICS updated their procedure for handling adverse actions and the Notice of Proposed Suspension template to reflect the requisite 30 days for the client to respond. The NICS company calendar is currently used to track due dates once an adverse action is issued to ensure that NICS staff are aware of the client response deadlines. NICS implemented weekly meetings to ensure staff are cognizant of looming deadlines for client response to adverse action notices. NICS also plans to add “task tracking” to their database to monitor adverse action response due dates, with implementation expected for the 2017 inspection season. NICS provided documentation that training about this topic was provided to all staff in June 2016.

NP6039PZA.NC3 – Accepted. 7 CFR §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” Memo to Accredited Certifying Agents – Periodic Residue Testing of Organic products, Rev01 02 28 13, states that certifying agents “...should further investigate the operation and surrounding areas to determine the source of the residue, referencing any previous tests conducted at the operation.”

Comments: *An operation was notified by NICS of a positive detection from a sampled product; however, no investigation was conducted to determine the possible causes of contamination.*

2016 Corrective Actions: NICS provided evidence that they contacted the certifier of an operation that supplied organic layer feed to one of NICS clients, which tested positive for GMOs, requesting an investigation. NICS updated the testing results portion of their database to remind staff that test results with a positive detection require an investigation. NICS provided documentation that training about this topic was provided to all staff in June 2016.

NP6039PZA.NC4 – Accepted. 7 CFR §205.403(c)(1) states, “The on-site inspection of an operation must verify:... The operation’s compliance or capability to comply with the Act and the regulations in this part.”

Comments: *During three witness audits, the following issues below were identified by the auditor:*

1. *During the witness audit of a processor, the inspector did not adequately verify product label compliance. The NOP auditor identified a wholesale label (on a case carton) which displayed a colored USDA organic seal where the outer circle was not brown. The inspector did not identify the non-compliant color scheme as an issue of concern, nor did the inspector identify the label having been approved by NICS.*
2. *During the witness audits of two poultry layer operations, the inspector did not allow for adequate time when conducting the inspections. The outdoor access areas for the flocks were not physically inspected. The access areas consisted of several acres and included wooded areas that could not be visually inspected from the entrance of the poultry layer barn. Additionally, material inputs located in a separate building were not fully reviewed and verified for compliance due to lack of light in the building.*

2016 Corrective Actions:

1. NICS provided evidence that the wholesale case cartons with the noncompliant USDA seal were disposed of and are no longer in use by the processor. NICS updated their initial review and inspection procedures to include a prompt requiring verification of labels, packaging and/or marketing materials. The NICS database also includes prompts for reviewers to ensure verification of labelling information. NICS provided updated portions of their OSP templates (crops, maple syrup, poultry, processing/handling), which state operations must provide copies of all labels, packaging materials and/or marketing tools. The OSPs also state that “All labels, packaging materials and/or marketing tools making an organic claim need to be approved by NICS prior to use.”
2. NICS developed a new policy requiring that inspections be scheduled to occur during daylight hours. Inspection scheduling in accordance with the NICS policy has also been incorporated into the inspector evaluation process.

NICS provided documentation that training about label verification and inspection scheduling was provided to all staff and contract inspectors received the policy update via e-mail in June 2016.

NP6039PZA.NC5 – Accepted. 7 CFR §205.403(d) states, “The inspector must conduct an exit interview with an authorized representative of the operation who is knowledgeable about the inspected operation to 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.”

Comments: *During two witness audits of poultry operations, all issues of concern were not identified during the exit interviews and recorded on the Exit Interview Forms. The poultry operations had each received a Reminder (Minor Issue) for lack of records during the prior onsite inspections. These record issues remained outstanding during the current inspections. Instead of noting these as an “Issue of Concern,” the inspector requested several records on production, feed and input materials that were not available during the onsite inspections.*

2016 Corrective Actions: NICS instituted a policy that specifies the inspector must address the need for any additional information to verify previous compliance issues, as well as issues of concern noted during the inspection. The exit interview is documented on the exit interview

form; it requires signatures from both the inspector and knowledgeable representative, along with the date. NICS provided documentation that training about this topic was provided to all staff and contract inspectors received the policy update via e-mail in June 2016.

NP6039PZA.NC6 – Accepted. 7 CFR §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 4002, Enforcement of the USDA organic Regulations Penalty Matrix, Section 4.1, states “Certifiers are to require correction during a specific period that can be no later than prior to the next inspection or annual update.”

Comments: *Based on interviews with NICS staff, the auditors discovered that NICS sends operations a Reminder (Minor Issue) a second time if the minor issues are not resolved or corrective actions are not effectively implemented. NOP 4002 does not provide for an extension of time if minor issues are determined to remain outstanding; instead, certifying agents are required to issue the operation a notice of noncompliance.*

2016 Corrective Actions: NICS updated their certification determination letter template to include language stating that minor issues must be resolved by the annual update deadline or prior to the next inspection. The NICS database has been updated to include prompts for reviewers to verify that prior minor issues have been appropriately addressed by the specified deadline and if not, noncompliance proceedings are the next step. NICS updated their review policy to include a secondary review that is conducted by upper management. This secondary review procedure is designed to ensure that NICS’ certification decision process complies with NICS policies and USDA requirements. NICS provided documentation that training about this topic was provided to all staff in June 2016.

NP6039PZA.NC7 – Accepted. 7 CFR §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 4002, Enforcement of the USDA organic Regulations Penalty Matrix, Section 4.1, states “Minor issues, whether found in operational practices or recordkeeping, indicate no systemic failure in the design or implementation of the organic system plan (OSP), i.e., they do not show an inability to comply with the USDA organic regulations.”

Comments: *The reminder on a Certification Determination Letter stated: “§205.271(d) If the practices provided for in paragraphs (a), (b), and (c) of Section 205.271 are not effective to prevent or control facility pests, a synthetic substance not on the National List may be applied, provided, that, the handler and certifying agent agree on the substance, method or application, and measures to be taken to prevent contact of the organically produced products or ingredients with the substance used: The inspection report notes that you are using a rodent control SOP that includes the use of bait stations in both the barn and the egg room. The report also notes that ‘pellet packs of conventional bait were observed on the floor of the egg room.’” NICS does not have a policy or guidelines for reviewers to determine the classification of issues as either a Reminder (Minor Issue) or noncompliance. Given the information in the inspection report, the issue of concern appears to require a corrective action plan and indicates a systemic failure in the implementation of the organic system plan; therefore, the issue of concern should be classified as a noncompliance.*

2016 Corrective Actions: NICS provided documentation that training about the USDA NOP penalty matrix, including what distinguishes a minor issue from a noncompliance, was provided to all staff in June 2016. NICS updated their certification determination letter template to include language stating that minor issues must be resolved by the annual update deadline or prior to the next inspection. The NICS database has been updated to include prompts for reviewers to verify that prior minor issues have been appropriately addressed by the specified deadline and if not, noncompliance proceedings are the next step. NICS updated their review policy to include a secondary review that is conducted by upper management to ensure staff are correctly classifying items as minor issues or noncompliances.

NP6039PZA.NC8 – Accepted. 7 CFR §205.501(a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must use a sufficient number of adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part.”

Comments: *During the onsite audit, the auditors discovered 207 “level one” and 432 “level two” reviews from the 2015 annual update cycle that NICS had not completed. The auditors discussed this issue with NICS management and requested that NICS submit a written plan to the NOP addressing their ability to handle the capacity of work required for their current number of certified operations.*

2016 Corrective Actions: NICS has developed a three-phase plan to address client handling capacity. First, NICS will hire additional qualified staff for the certification department and provide any necessary training. Members of management will be shifted from the inspection pool in order to devote more time to their respective duties. Second, NICS will increase administrative responsibilities so certification staff have more time to devote to certification decision making duties. NICS will pre-assign initial reviews, inspection and final reviews based on employee abilities to facilitate processing of new/renewing applicants. Certification staff will handle some noncompliance procedures with guidance from members of management. Finally, NICS has firm deadlines distributed on their annual calendar to facilitate processing of renewals, inspection planning, issuing adverse actions for failure to renew, and handling new client applications. As of the time of the corrective action report, NICS has 14 “level” one reviews, 39 “level two” reviews, and 40 inspection reports that remain outstanding. For 2016, NICS has completed 10% of the “level one” reviews, 3% of “level two” reviews, and is currently processing 179 inspection reports (22% of the expected total for this season).

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a mid-term assessment of Nature's International Certification Services (NICS). An onsite audit was conducted, and the audit report reviewed to determine NICS' capability to continue operating as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	Nature's International Certification Services (NICS)
Physical Address	224 State Highway 56 East, Viroqua, WI 54665
Mailing Address	Same
Contact & Title	David Engel, Executive Director
E-mail Address	dave@nauresinternational.com ; nics@nauresinternational.com
Phone Number	(608) 637-7080
Reviewer & Auditor	Janna Howley, NOP Reviewer Miguel Caceres, On-site Auditor
Program	USDA National Organic Program (NOP)
Review & Audit Dates	NOP assessment review: January 27, 2015 Onsite audit: June 16-20, 2014
Audit Identifier	NP4167MMA
Action Required	None
Audit & Review Type	Mid-Term Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of NICS' certification system.
Audit & Determination Criteria	<i>7 CFR Part 205, National Organic Program as amended</i>
Audit & Review Scope	NICS' certification services in carrying out the audit criteria during the period: June 10, 2013 through June 20, 2014.

NICS is a for profit business wholly owned by the Executive Director and his spouse. NICS was initially accredited as a certifying agent on behalf of the USDA under the National Organic Program (NOP) on February 12, 2007 for crop and livestock; March 17, 2008 for wild crops; and May 26, 2010 for handling operations. At the time of the mid-term assessment, NICS had 462 certified operations, which included 301 crops, 1 wild crop, 149 livestock, and 11 handling operations certified to the NOP. All NICS clients are certified in the United States and all certification activities are conducted at their only office located in Viroqua, WI.

The NICS staff consists of an executive director, an administrative director, a quality systems director, an inspection operations director, a certification director, three staff certification specialists, and an accounts manager. For 2013, NICS also used one contracted certification

specialist and 8 contracted inspectors. The executive director, administrative director, quality systems director, inspection operations director, certification director, and one of the three staff certification specialists can also conduct inspections. The executive director and all of the staff with the exception of the accounts manager also conduct initial and final file reviews. NICS does not have a board of directors or any committees involved with the company. In addition to providing certification activities under the Final Rule, NICS is accredited to apply their NOP organic certification program and the USDA Grass (Forage) Fed Standard as a USDA ISO Guide 65 Program.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether NICS' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

Non-compliances from Prior Assessments

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Outstanding**" indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as "**Accepted**," indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

NP221300A.NC1 – Cleared – 7 CFR §205.403(c)(1) states, "The on-site inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part."

2012 Comments: *During the wild crop witness inspection, it was revealed that the operation had 28 types of plants that were listed as wild crop harvested. During the interview process between the inspector and the representative of the operation, it was discovered that for 7 of the 28 wild crop plants, as well as 2 others not listed, the operation bought either seeds or seedlings to rejuvenate the plant species in the wild crop area and the various plants were being harvested as wild crop. This would be considered an agricultural management practice and would not meet the definition of wild crop. This was not identified by the inspector as a potential finding during the exit meeting with the representative of the operation.*

2013 Corrective Actions: NICS reviewed the finding with the operation after the on-site inspection, in the inspection report, and in other correspondence. NICS also reviewed the requirements of guidance document *NOP 5022, Wild Crop Harvesting*, of which the operation is aware and has not labeled products as wild crops. NICS issued a memorandum to all staff and inspectors reiterating its Certification manual mandate of concluding an inspection with an exit interview that includes all findings.

2014 AIA Verification: NICS provided the NOP with a copy of the February 14, 2013 staff training memo that stated the requirement to conduct an inspection exit interview to identify any findings. NICS also provided the NOP with the most recent Organic System Plan (OSP) and Inspection Report for the wild crop operation that had purchased seeds or seedlings to rejuvenate

wild crop plants. The OSP and inspection report clearly identified which crops were cultivated and which were wild crops. The operation no longer purchases seeds or seedlings to propagate wild crop species. Inspector observations were listed in the exit interview portion of the inspection report.

NP221300A.NC2 – Accepted – 7 CFR §205.501 (a)(6) states, "Conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services."

2012 Comments: *A review of the personnel files showed that performance evaluations were not conducted in 2011 or 2012 for contract inspectors employed by NICS to perform organic inspections.*

2013 Corrective Actions: NICS erred by not completing inspector evaluations in 2011 and 2012 because of staffing changes and the focus on other responsibilities. NICS assigned the inspector evaluation responsibility to an inspector operations director in order to guarantee completion of the evaluations on an annual basis. The 2012 evaluations of inspectors were conducted as reviews of completed work, but future evaluations will also include a personal evaluative assessment.

2014 Onsite Verification: This noncompliance remains outstanding based on a review of the personnel files at the onsite audit, which showed that the 2014 performance evaluation of the Executive Director was completed by junior employees. This approach to performance evaluation represents an inherent conflict of interest.

2014 Corrective Actions: In June 2014, NICS requested that an objective third party auditor conduct the performance evaluation for the Executive Director, which included the certification activities by the Director. This evaluation was conducted in July 2014. The auditor reviewed the findings with the NICS Executive Director; both the Executive Director and auditor developed five performance objectives as a result of the findings. To ensure that the Executive Director receives an unbiased annual performance evaluation in the future, the performance review will become part of the annual internal audit, which is always performed by a third-party auditor. This change was reflected in an amendment to the NICS Quality Manual.

Non-compliances Identified during the Current Assessment

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

NP4167MMA.NC1 - Accepted – 7 CFR §205.402(a)(1) states, “Upon acceptance of an application for certification, a certifying agent must: Review the application to ensure completeness pursuant to §205.401.”

Comments:

1. *A review of one file showed the dairy OSP did not contain information concerning how the operation would identify and segregate animals treated with a prohibited material, or the subsequent exclusion of milk from the treated animal. The OSP also did not contain any information on monitoring activities required or their frequencies to ensure the milk from treated animals is excluded. This made the OSP deficient in meeting the requirements for including a description of the management practices and physical barriers established to prevent commingling of organic and nonorganic products.*
2. *A review audit of a handler conducted on June 18, 2014 revealed that the OSP was incomplete prior to inspection. Based on a review of the original OSP submitted, the initial review checklist, and the initial review letter sent to the client it was clear the OSP was deficient in providing required information. A review of the inspection report indicated an updated OSP was included, indicating the OSP was updated during the inspection.*

Corrective Action: In October 2014, the two operations were contacted by registered email to request their missing information; they complied within the same month and their information reviewed and verified. NICS has developed a software-based approach as part of its initial review process that will significantly minimize the reoccurrence of the noncompliances. When an initial review is conducted, the initial review decision sheet within the NICS database is programmed with numerous pop-up warning windows to instruct the reviewer that critical information is to be obtained and/or verified prior to an inspection taking place. If certain areas of a producer's OSP are not completed properly, the reviewer is instructed to contact the producer to get the critical information. The reviewer has also been instructed to highlight areas on the OSP that have not been completed or where more clarification is needed. The highlighted document will then be returned to the producer to complete the needed information, or, if minor clarification is needed, the reviewer will, within the initial review letter, note to the operation that there are some points to be further clarified during the inspection. NICS requests the inspector to clarify and update the organic system plan with the information provided by the operation so compliance can be further assessed once their inspection report is returned to the office. A final review of the operation's request for certification is then conducted. NICS addresses minor clarifications to the OSP during the inspection. However, if it is unclear from the OSP submitted prior to inspection whether an operation is able to comply, NICS will ask for further clarification.

Because the new software system is not fully implemented, NICS uses a hard copy tracking sheet: the first page aligns with the information that is put into the database (general tracking information). The second page is the "Intake Review," which will become part of the new electronic system. To test the accuracy of the system, all new or renewal client files that have been received are being managed through both the hard copy document, and the new data software program. Once the new warning system is fully implemented into the database, an internal email will be sent to the NICS staff making them aware of the change and the expected communication to be generated if critical OSP information is not provided to NICS.

NP4167MMA.NC2 – Accepted – 7 CFR §205.403(c) states, "The on-site inspection of an operation must verify: (1) The operation's compliance or capability to comply with the Act and the regulations of this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately

reflects the practices used or to be used by the applicant for certification or by the certified operation.”

Comments: *The review audit conducted on a handling operation verified the OSP was not an accurate reflection of the actual process in place. Municipal water is used to wash apples and for equipment cleaning, but filtered municipal water may be added to the product. NICS was not aware water was added to the product if needed. The OSP did not include the possibility of adding water to adjust product consistency after thawing and prior to canning. In addition, the OSP did not contain a complete description of the sediment and charcoal filter through which municipal water passes prior to adding it to the product. The OSP stated there were sediment and charcoal filters but no information was obtained by NICS to ascertain whether the filters contained any prohibited substances. In addition, there was no information in the OSP concerning the product being labeled at the orchard and not at the handling operation.*

Corrective Action: On October 20, 2014, a registered email was sent to the operation, requesting the completion of a new long form OSP and supporting documentation. The updated OSP, and supporting documentation, was submitted to NICS. NICS provided copies of this information to the NOP. NICS has also further updated its processing/handling OSP template to request the additional information needed to assess water treatment systems (softening, filtration, chlorination) and to clarify where labels will be applied. In addition, the processing/handling inspection report has been updated to include verification of water treatments (softeners, filtration systems, chlorination) and the location of where labels will be applied.

NP4176MMA.NC3 - Accepted – 7 CFR §205.403(e)(1) states, “At the time of the inspection, the inspector shall provide the operation's authorized representative with a receipt for any samples taken by the inspector.”

Comments: *Files reviewed and interviews conducted verified that not all operations received a receipt for the sample(s) collected for analysis. In two of five files reviewed, samples were collected but this was not indicated on the exit interview form, which serves as the record used by NICS to provide a receipt to the operation for the sample(s).*

Corrective Action: Several NICS staff members took part in an August 2014 residue testing webinar conducted by the Organic Trade Association. NICS plans to conduct a similar in-house, staff-wide training regarding sampling and sampling documentation in early 2015, prior to the beginning of the next inspection season. In addition to the webinar training, NICS conducted an internal training on the use of the Exit Interview Form, which is where any samples taken are noted during the inspection. The Exit Interview Form is a 3-part form: one copy is maintained for office documentation, one copy is retained by the inspector for their records, and one copy is given to the operation after the inspection has been completed. All samples taken after the training have been communicated appropriately on the Exit Interview Form, and a copy of the exit interview form was given to the operation after the inspection was completed. During the review of a file, the inspector evaluation form is also completed; at this point the exit interview is also assessed for completeness. The exit interview is a criteria checkpoint in the Level 2 Review assessment done by NICS on all files. Reviewers verify whether samples receipts were given to the operator during this process.

NP4167MMA.NC4 - Accepted – 7 CFR §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670.”

Comments: In one of the six files reviewed, one handling operation was approved to use organic and non-organic dates. A review of the organic product profile (OPP) worksheet and emails verified the operation was using both organic and non-organic dates with the label indicating they were non-organic. In the same file, a review of all twelve OPPs verified the following:

- In seven of the product OPPs, the final percentage of the ingredients included in the OPP sheets were over or under 100 percent.
- In nine of the OPPs, the total percentage of the organic ingredients did not match the percentage indicated under the “Indicate the total percentage of organically produced ingredients used to create this product” section of the OPP. As an example, one OPP ingredient list indicated a total of 103%. In this same OPP, the total percentage of organically produced ingredients indicated it had 99%.
- All OPPs had the same amounts in the “Organic % of ingredient” column and the “% in product formulation” columns.

Corrective Action: NICS received clarification from the operation in August, 2014 that no non-organic ingredients were used in the manufacturing of their product. The employee who performed the final review took, and passed, IOIA’s Processing/Handling webinar training in August, 2014. The employee passed the course and received a Certificate of Completion.

NICS implemented database improvements to more accurately calculate organic percentages. A template for verifying labeling compliance is also being developed. This template is expected to become a component of the database, and part of the review process for each label being requested for use in the organic marketplace. Once the template for label verification is implemented, an in-house training/process memo will be provided to staff. As part of the corrective action for organic product profiles, an added verification for 7 CFR §205.606 ingredients has been added to the NICS database, and will be used as part of the initial review of a processing operation’s certification request for a multi-ingredient product. Also, as part of the database updates, changes were made to include total ingredient content.

The OPPs will be updated to provide additional clarification to the operation as to what is expected within the "Organic % of Ingredient" column and the "% in Product Formulation" column. Until the forms are revised, NICS will verify the actual organic percent of the ingredient using the database calculations. An email clarification regarding the completion of the OPP was sent to the cited operation on August 12, 2014. OPP verification will take place during initial review, with product composition entered into the database at that time. If additional clarification is needed, NICS will contact the operation to verify its ability to comply with NOP regulations. Revised forms will be in effect for the 2015 production season.

NP4167MMA.NC5 - Accepted – 7 CFR §205.660(d) states, “Each notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation issued pursuant to §205.662, §205.663, and §205.665 and each response to such notification must be sent to the recipient's place of business via a delivery service which provides dated return receipts.”

Comments: Not all notifications are sent to clients via a delivery service which provides dated return receipts. All seven of the notices of proposed suspension reviewed at the audit were sent via United States Postal Service (USPS) 2-day mail, which provides a dated return receipt. However, seven notices of noncompliance and the notices of noncompliance resolution were sent to the clients via USPS first class mail, which does not provide a dated return receipt.

Corrective Action: This procedure has been corrected; all Notices of Noncompliance, Rejection of Mediation, Notices of Noncompliance Resolution, Notices of Proposed Suspension or Revocation, and Notices of Suspension or Revocation will be sent via a delivery service that provides dated return receipts. In addition to these notices, NICS is also implementing requirements that mediation acceptance, settlement agreements, and Notices of Denials be sent to clients via a delivery service that provides a dated return receipt. All previously mentioned notices are now sent using three delivery confirmation service options: USPS Priority Mail service; USPS Certified Mail; or Registered Post. Each service provides electronic delivery confirmation to a designated staff email. An internal email sent to all staff reiterated the requirement for noncompliance proceedings to be sent via a delivery confirmation service. All notices will be sent by the Quality Systems Director to ensure proper procedures have been followed, and appropriate supporting documentation maintained. Since implementing the corrective action, NICS has sent out 118 adverse action notices via Rmail, USPS Priority Mail, or certified mail with delivery confirmation obtained electronically.

Applicant Name:	Nature's International Certification Services (NICS)
Est. Number:	N/A
Physical Address:	224 State highway 56 East, Viroqua, WI 54665
Mailing Address:	224 State highway 56 East, Viroqua, WI 54665
Contact & Title:	David Engel, Executive Director
E-mail Address:	dave@naturesinternational.com ; nics@naturesinternational.com
Phone Number:	(608) 637-7080
Auditor(s):	Julie Hartley, Accreditation Manager
Program:	USDA National Organic Program (NOP)
Audit Date(s):	April 8 – May 6, 2013
Audit Identifier:	NP2213OOA
Action Required:	No
Audit Type:	Corrective Action audit
Audit Objective:	To verify review and approve corrective actions addressing the noncompliances identified during the 2012 Renewal Assessment.
Audit Criteria:	7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; revised March 15, 2012.
Audit Scope:	NICS' March 8, 2013 response letter and subsequent April 19, 2013 documentation to the Renewal Assessment noncompliance report
Location(s) Audited:	Desk

GENERAL INFORMATION

NICS is a for-profit operation which was initially accredited as a certifying agent to perform certification activities on behalf of the USDA under the National Organic Program (NOP) on February 12, 2007 for crop and livestock; March 17, 2008 for wild crops; and May 26, 2010 for handling. At the time of the renewal assessment, NICS had 195 certified operations, which included 143 crops, 1 wild crop, 79 livestock, and 6 handling operations certified to the NOP. The clients are certified in U.S., mostly in the Midwestern section of the country. All certification activities are conducted at the Viroqua office.

AUDIT INFORMATION

During the Renewal Assessment, the corrective actions for the noncompliances identified during the 2008 Initial Site Evaluation were found to be implemented and effective. Those noncompliances were cleared. There were two noncompliances identified during this audit. The NOP notified NICS of these findings in writing on March 7, 2013. NICS submitted a response to the NOP on April 8, 2013.

FINDINGS

NP221300A.NC1 – Accepted – NOP §205.403(c)(1) states, “The on-site inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part.” *During the wild crop witness inspection, it was revealed that the operation had 28 types of plants which were listed as wild crop harvest. During the interview process between the inspector and the representative of the operation, it was discovered that for 7 of the 28 various plants, as well as 2 others not listed, the operation bought either seeds or seedlings to rejuvenate the plant species in the wild crop area and the various plants were being harvested as wild crop. This would be considered an agricultural management practice and would not meet the definition of wild crop. This was not identified by the inspector as a potential finding during the exit meeting with the representative of the operation.* **Corrective Actions:** NICS reviewed the finding with the operation after the on-site inspection, in the inspection report, and in other correspondence. NICS also reviewed the requirements of guidance document NOP 5022, Wild Crop harvesting, of which the operation is aware and has not labeled products as wild crop. NICS issued a memorandum to all staff and inspectors reiterating its Certification manual mandate of concluding an inspection with an exit interview that includes all findings.

NP221300A.NC2 – Accepted – NOP §205.501 (a)(6) states, “Conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services.” *Review of personnel files showed that NICS has not conducted 2011 or 2012 performance evaluations of contract inspectors employed by NICS to perform certification inspections.* **Corrective Actions:** NICS erred by not completing inspector evaluations in 2011 and 2012 because of staffing changes and the focus on other responsibilities. NICS assigned the inspector evaluation responsibility to an inspector operations director in order to guarantee completion of the evaluations on an annual basis. The 2012 evaluations of inspectors were conducted as reviews of completed work, but future evaluations will also include a personal evaluative assessment.



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

AUDIT INFORMATION

Applicant Name:	Nature's International Certification Services
Est. Number:	N/A
Physical Address:	224 State Hwy 56 East, Viroqua, WI 54665
Mailing Address:	P.O. Box 131, 224 State Hwy 56 East, Viroqua, WI 54665
Contact & Title:	David J. Engel, Executive Director
E-mail Address:	david.engel@naturesinternational.com
Phone Number:	608-637-7080
Auditor(s):	Miguel A. Caceres
Program:	USDA National Organic Program (NOP)
Audit Date(s):	October 1, 2009 – February 4, 2010
Audit Identifier:	NP9274MMA
Action Required:	No
Audit Type:	Desk Audit
Audit Objective:	To determine the compliance of the company's proposed significant change to the requirements of the audit criteria; and to verify that corrective actions adequately address the non-compliance identified during the previous desk audit.
Audit Criteria:	7 CFR Part 205, National Organic Program, Final Rule, dated December 21, 2000; updated May 14, 2009
Audit Scope:	Nature's International Certification Services' quality manual and supporting documentation
Location(s) Audited:	Desk

Natures International Certification Services (NICS) was accredited by the USDA, National Organic Program (NOP) for crops and livestock on February 12, 2007. NICS submitted documents and a request for amending the scope of accreditation to the NOP in order to expand the scope to include wild crops and handlers. The NOP granted the amendment of accreditation to include the scope of wild crops on March 17, 2008 and denied the scope for handling. NICS submitted another request to amend their scope of accreditation to include handling operations which was received by the auditor of record on September 3, 2009. The desk audit for the most recent request was started on October 1, 2009. Several emails and telephone conversations were held between the auditor and NICS personnel in an effort to obtain additional information. The most recent documents submitted by NICS were received by the auditor via email on January 26, 2010.



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

NICS revised and developed several procedures, documents and records and submitted the following for the desk audit:

- NICS Quality Manual;
- NICS Certification Manual;
- NICS Fee Schedule & Policy;
- NICS Organic Producer/Processor Fee Estimate Worksheet;
- NICS Organic Processing/Handling Plan Questionnaire;
- NICS Organic Processing/Handling System Plan **Initial** Review Form;
- NICS Organic Processing/Handling System Plan **Final** Review Form;
- NICS Processing/Handler Inspection Report form;
- An example of the NICS Organic Processing Certificate;
- NICS Product Label Review Form;
- Resumes;
- NICS Conflict of Interest Disclosure and Agreement;
- Confidentiality Agreement; and
- Education, Training, and Experience charts for personnel on handling and processing.

NICS Personnel:

The NICS staff consists of an executive director, an administrative director that also serves as a pre-reviewer, and a final decision maker that can also serve as a pre-reviewer. The executive director is the sole staff inspector and can serve as a pre-reviewer or final decision maker. In addition, NICS has subcontracted a quality manager, an administrative support person, and two inspectors with an additional list of seven qualified inspectors which could be utilized if needed. Of the first two subcontracted inspectors, one has been identified as a possible final decision maker.

Because of the denial for amending the scope of accreditation to include handling operations in 2008, additional information on the qualifications for the executive director and the pre-reviewer/final certification decision maker was provided for the current request. A review of the qualifications presented for all personnel to include the subcontracted inspectors revealed that personnel now meet the minimum requirements to meet their duties as assigned in accordance with NOP §205.501(a)(5). The executive director received training from a qualified handling inspector on seven shadow inspections and conducted two inspections on his own. The training in addition to his participation as a certification review committee member for three years for another ACA aided in meeting minimum requirements. Additional information provided for the final decision maker indicated he had 2.5 months on the job training as a file reviewer and reviewed over 500 handling operation files (from simple to complex) over the time span of five years working for another ACA. Additionally, he peer reviewed the certification decisions of other reviewers for three years. The subcontracted inspectors had sufficient experience, training, and/or education in organic production and processing techniques to be considered fully qualified.



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

Certification Process:

Applicants that apply for handling certification will be sent an application packet consisting of the NICS Organic Processing/Handling Plan Questionnaire; guidance documents; the NICS Certification Manual which includes the fee schedule; a certification cost estimate; and the NOP Final Rule, Part 205.

The handler certification process will consist of a pre-review to determine if the applicant complies or appears to comply with the NOP organic standards which will be conducted by the executive director, the pre-reviewer/final decision, or 1 of the 2 subcontracted inspectors. After the pre-review, inspections will be conducted by either the staff inspector (executive director) or 1 of the 2 subcontracted inspectors. The final review and certification decision will be made by the executive director, the pre-reviewer/final decision maker, or the subcontracted inspector. The subcontracted administrative support person will review certification decision documents for punctuation, grammar, and context and makes recommendations in these areas but is not otherwise involved in the certification process. NICS has procedures in place which state that the pre-reviewer and the inspector cannot be the same individual as the final decision maker on the same file to safeguard against conflicts of interest in the certification process. Labels and product profile sheets are required to be submitted with the organic system plan (questionnaire) for each product produced and will be reviewed by utilizing a product label review form which contains the procedures for the review.

FINDINGS

Procedures and records reviewed verified that NICS is capable of operating in compliance to the requirements of the audit criteria for handlers. The information provided was sufficient to adequately address the non-compliance identified during the previous desk audit for amending the scope of accreditation (*NP7257MMA NC Report Nature's International Certification Viroqua WI 10 31 07*). No non-compliances were identified during the audit.

NP7257MMA.NC1 – Adequately Addressed – NOP §205.501(a)(5) states, “A Private or governmental entity accredited as a certifying agent under this subpart must: “Ensure that its responsibly connected persons, employees...have sufficient expertise in organic production or handling techniques to successfully perform the duties assigned.” *The individual conducting final reviews and making certification decisions does not appear to have sufficient experience or background in organic production or handling techniques.* **Corrective Actions:** Additional information and training were provided to meet the minimum requirements for personnel to perform their duties as assigned.