



Agence canadienne
d'inspection des aliments

Canadian Food
Inspection Agency

CANADA ORGANIC OFFICE PEER REVIEW OF THE UNITED STATES NATIONAL ORGANIC PROGRAM



Date: March 28th, 2013

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Directorate

1.0 PEER REVIEW TEAM

Date of Commencement: February 25th, 2013

Date of Completion: March 1st, 2013

Canada Peer Review Team:

Valeriya Staykova - Canada Organic Office Lead Auditor - Peer review Team Leader

Daniel Miller - Executive Director, Food Labelling and Claims Directorate -Observer

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2.0 BACKGROUND

On June 17, 2009, the Government of Canada entered into an arrangement on the trade of organic products with the United States. This arrangement was the result of considerable review by both the United States and Canada.

Since the United States department of Agriculture (USDA) and the Canadian Food Inspection Agency (CFIA) signed the US-Canada Organic Equivalency Arrangement (USCOEA), the National Organic Program (NOP) and the Canada Organic Office (COO) have worked to ensure a smooth implementation of the arrangement.

During the establishment of the organic arrangement it was also agreed to conduct peer reviews of each respective organic program. The NOP and the COO have decided that the process of peer reviews will alternate.

3.0 OBJECTIVES OF THE PEER REVIEW

The objective of the peer review was to assess NOP's understanding of the US Canada Organic Equivalency Arrangement and how the terms of the arrangement have been implemented.

Canada had a member of the internal audit attend the peer review, as an observer, as an opportunity for Canada to optimize and improve its peer review process and make it more efficient.

4.0 PEER REVIEW CRITERIA

The following criteria were used during the peer review:

1. ISO 17040- Conformity assessment General requirements for peer assessment of conformity assessment bodies and accreditation bodies
2. COO procedures for peer reviews
3. U.S. Code of Federal Regulations (CFR) Part 205, National Organic Program
4. US/CAN Organic Equivalence Arrangement (USCOEA), Appendices 1 and 2

5.0 PEER REVIEW PROTOCOL

5.1 Canada peer review team reviewed each level of the USDA NOP (NOP administration, accredited certifying agencies and operations) to confirm that the responsible authorities have the necessary controls in place to ensure compliance with the terms of the USCOEA.

5.2 The peer review team visited two accredited certifying agencies to determine how the terms of the USCOEA are understood and implemented.

5.3 The peer review team visited three organic operations to observe production, handling and labelling and interviewed farmers and production managers in order to determine the level of compliance accomplished by the operations within the scope of this peer review.

5.4 The peer review team was accompanied by a NOP representative throughout the review. At each of the operation visits the team was also accompanied by two representatives from the Certifying Agencies (CA).

5.5 The NOP representative was kept informed about the peer review process during the peer review. Any issues of concern were immediately brought to the attention of the accompanying representative.

6.0 PEER REVIEW PROCEDURE

The Canada peer review team planned and performed the peer review in a way which allowed the team to obtain sufficient evidence and reasonable basis for the observations and conclusions. The peer review was conducted in accordance with COO Peer Review Procedure and consisted of the following elements:

- Opening meeting
- On-site verification
- Closing meeting
- Exit Report

7.0 PEER REVIEW PROCESS

The peer review included onsite visits to the following organisations:

- USDA NOP Headquarters - Washington D.C.
- NOP Accredited Certifying Agent – Pennsylvania Certified Organic (PCO), Spring Mills, PA
- PCO Certified poultry operation
- NOP Accredited Certifying Agent- Quality Certification Services (QCS), Gainesville, FL

- QCS Certified citrus grower and packer
- QCS Certified mixed fruits and vegetables grower and packer

7.1 USDA NOP - Competent Authority

Within Agriculture Marketing Service (AMS), there are several programs, including the NOP. NOP has four (4) divisions: Standards, Accreditation & International Activities (AIA), Compliance & Enforcement, and Deputy Administration. There are thirty-two (32) people employed by the NOP. Currently the NOP oversees almost 30,000 certified operations across 133 countries.

7.1.1. Accrediation Activities

Assessment activities required under the NOP accreditation process are led by AIA Division with the assistance of the USDA Grading and Verification Division (GVD). The authority and the responsibilities of NOP as an accreditation body are documented in NOP 2000 series dated July 22, 2011.

As of February 7, 2013 NOP has granted accreditation to 49 domestic Certifying Agents and 36 international Certifying Agents.

7.1.1.1 NOP decision making process

The accreditation decisions under NOP are made by the Deputy Administrator on recommendation of the NOP Accreditation Committee. The Accreditation Committee is comprised of 5 NOP members including representatives from the four NOP divisions.

In 2012 NOP has issued 4 proposed accreditation suspensions which resulted in signing settlement agreements with the Certifying Agents.

7.1.1.2 NOP audits schedule

The audits schedule and auditors' assignments are managed by the AIA Division Director with the assistance of the Chef of Verification Services. In 2012 NOP conducted 50 on-site audits and approximately 150 witness audits. There was one new application for accreditation in 2012.

The NOP accreditation cycle includes the following types of audits:

First five years (Initial Accreditation)

1. Pre-decisional- before the accreditation is granted
2. Initial assessment – one year after the accreditation is granted
3. Accreditation Renewal – on the fifth year of the accreditation

Second five years (continuation of the accreditation)

1. Mid-term – approximately 2.5 years after the renewal
2. Renewal – on the 10th year

Under NOP the Certifying Agents are required to submit annual reports to the NOP. These reports are reviewed by the accreditation managers and an approval letter is issued. It is rare to issues a non-compliance on annual report.

In 2012 there were 4 non-compliances issue to the Certifying Agents for failing to submit the annual information by the due date.

7.1.1.3 NOP accreditation personnel

There are five (5) accreditation managers that are involved in the day to day accreditation activities. Each accreditation manager oversees the certification activities

of approximately 20 Certifying Agents. All accreditation managers are ISO 17011 trained. They are subject to two different types of evaluation: performance review and auditor evaluation. The first is done by the direct supervisor and the second one is completed by the Deputy Administrator or the AIA Division Director.

In 2012 NOP focused on standardizing the accreditation activities to minimize variations in the application / interpretation of the NOP regulations, minimize inconsistency and auditor bias. The NOP has revised the accreditation assessment checklist and the witness audit checklist to further streamline the auditing process, and improve the accreditation activities.

In addition, NOP is planning to have so called “re-calibration training” in April 2013 for all NOP auditors to discuss the new NOP rules and ensure that those are interpreted in consistent manner.

During the interviews with the accreditation managers it was determined that they are knowledgeable about the USCOEA and are aware of the terms of the equivalency arrangement. NOP has designated one accreditation manager as a main contact person for all USCOEA queries. Canada peer review team has noticed that in 2012 the number of queries went down compared to 2010.

7.1.1.4 NOP communication with the accredited Certifying Agents

Canada peer review team has observed that the communication between the NOP and the Certifying Agents had been further enhanced during the last few years. NOP continues to improve communication tools such as its website, disseminating guidance in a standardized method by publishing program handbooks, guidance, policy memos and questions and answers.

In 2012 NOP provided additional in-depth training to Certifying Agents with specific focus on the non-compliance trends.

In January 2013 NOP organised annual Certifying Agents training that focused on new NOP rule for residue testing rules as well as the NOP penalty matrix.

7.1.2 Compliance and Enforcement Activities

The NOP Compliance and Enforcement Division is responsible for the investigation of various complaints under the NOP. In 2012 58% of the complaints came from non-certified operations and 42% were from certified operations.

Currently, the NOP complaint process is in a process of revision and is expected that a new complaint procedure will be implemented by the end of March 2013. NOP Compliance and Enforcement Division has established a database - complaint log where all complains are registered. All complains are registered by completing a standardized complaint form. There are seven (7) people that manage the complaints under the NOP.

NOP has established clear timelines to address complaints. The Certifying Agents are given 30 days to close a complaint. If the Certifying Agents does not respond within 30 days non-compliance might be issued.

The NOP Compliance and Enforcement Division investigation process is the primary retail surveillance system, which captures complaints from retail stores.

7.1.3 NOP Administration

NOP has a quality manual. Canada peer review team has noticed that each division has its own record management procedure and internal procedures about how folders and documents should be organized.

NOP conducted an internal audit in January 2013 which focused on accreditation activities.

Although NOP has not established a peer review panel as per § 205.509 of the NOP regulations to conduct annual evaluation of NOP accreditation requirements, Canada peer review team confirmed that in 2012 this evaluation was conducted by the National Institute of Standards and Technology (NIST). For 2013 the evaluation will be conducted by American National Standards Institute (ANSI).

7.2 NOP Accredited Certification Agency

Both Certifying Agents are accredited by NOP and meet ISO Guide 65 requirements under GVD accreditation. According to the NOP Memo Rev. 2012 NOP gives an option to the accredited Certifying Agents to decide whether or not to issue an attestation for compliance to the terms of the USCOEA. Both visited accredited Certifying Agents have a system in place to verify the critical variances of the arrangement. The peer review team interviewed the CA personnel to determine their ability to provide organic certification services and to assess their knowledge of organic certification and the terms of the US-Canada Organic Equivalency Arrangement. The team also reviewed personnel and operators files.

7.2.1. Pennsylvania Certified Organic

Pennsylvania Certified Organic was founded in 1997 as a non-profit organization. It was

initially accredited by NOP in 2002 for crop, wild crop livestock and handling operations. Pennsylvania Certified Organic currently employs 20 employees, 16 contactors and 18 inspectors. Pennsylvania Certified Organic certifies 710 operations, mainly in Pennsylvania and New York State, including crop, livestock wild crop and processors/handling operations. Pennsylvania Certified Organic does not work internationally and does not offer certification to other standards.

Pennsylvania Certified Organic maintains a quality system which is updated at least once a year. Pennsylvania Certified Organic Quality Manager is responsible for conducting internal audits every year. The last one was completed on April 19, 2012 and covered two sections-administration and certification. Pennsylvania Certified Organic maintains a complaint log .There were no complaints filed in 2012.

Pennsylvania Certified Organic staff files are up-to-date and include qualification requirements, resumes, training records, conflict of interest and confidentiality declaration and annual performance assessments. Pennsylvania Certified Organic requires its inspectors to possess a relevant education, experience and International Organic Inspectors Association (IOIA) training. Every year Pennsylvania Certified Organic conducts full day training with the inspectors on Pennsylvania Certified Organic certification requirements. Last training was organized on March 30, 2012.

Communication between the Pennsylvania Certified Organic and the inspectors is adequate and all the necessary information is provided to the inspectors in timely manner. The Pennsylvania Certified Organic inspectors are subject to two evaluations – mid-season and annual review. In addition, in 2012 Pennsylvania Certified Organic implemented a witness audit procedure to monitor the performance of its inspectors. Pennsylvania Certified Organic inspectors conduct average of 50 inspections per year. All inspections are done during the growing season. With regards to processing facilities

that handle organic and non -organic products there is no specific requirement that the inspector has to inspect the organic run.

Pennsylvania Certified Organic has established rigorous certification process with set time lines. The inspectors have 15 days to submit the inspection report after the on-site visit. Every year certified operations are required to submit organic system plan annual update. Those updates are reviewed by certification specialists and provided to the inspectors who will conduct the on-site inspection. Pennsylvania Certified Organic maintains all records for 10 years.

Currently, Pennsylvania Certified Organic takes samples only in cases of drift contamination, however with the new NOP rule for residue testing Pennsylvania Certified Organic will be expected to take more samples.

In 2012 Pennsylvania Certified Organic conducted only 2 unannounced inspections. Starting 2013 PCO will implement the NOP requirement for 5 % unannounced inspections.

Pennsylvania Certified Organic has developed and implemented an internal material review procedure. Two Pennsylvania Certified Organic specialists are designated to conduct material review and to maintain inputs data base. The list of Pennsylvania Certified Organic reviewed inputs is shared with the Pennsylvania Certified Organic clients.

The peer review team has reviewed three certified operations files (mushroom producer, livestock producer and processor). All of them were certified to the term of the US Canada Organic equivalency arrangement. The peer review team has observed that

the files were well organized and thorough. These included annual updates, copies of the inspection report, copies of the exit interview, and relevant communication between the operator and Pennsylvania Certified Organic.

Inspection reports utilize checklist format and include section on verification of the critical variances under the USCOEA.

Pennsylvania Certified Organic inspectors are familiar with the terms of the arrangement and verify those for operators exporting to Canada.

Pennsylvania Certified Organic certificates also include reference to the terms of the arrangement for products exported to Canada.

The peer review team has observed that Pennsylvania Certified Organic maintains efficient communication with certified operators through quarterly newsletters, e-mails, and websites.

Pennsylvania Certified Organic was last audited by the NOP in May 2012 by two GVD auditors. It was a renewal audit and consisted of office audit and three witness audits (crop, processing, livestock and wild crop). The two non-compliances issued after the renewal audit were closed within the specified time frame.

The peer review team has noted that communication between NOP and Pennsylvania Certified Organic is satisfactory and is not limited to the surveillance activities performed by the NOP. Pennsylvania Certified Organic attended the annual training organized by NOP in January 2013.

7.2.2 Quality Certification Services (QCS)

Quality Certification Services (QCS) a non-profit organization that obtained its NOP accreditation in 2001. QCS currently employs 21 employees (including 17 reviewers) and 78 inspectors most of whom are contractors. QCS certifies 449 growers, 69 livestock and 214 processors. QCS offers certification services in several countries including Mexico, Guatemala, Ecuador, Honduras, Sweden, Taiwan, China, Bahamas, and Dominican Republic.

In addition to NOP accreditation, QCS maintains ISO Guide 65 accreditation with GVD, COR accreditation for clients in Canada, EU equivalency for third country list and food safety with American National Standards Institute (ANSI)

QCS maintains a quality system. QCS Quality Manager is responsible for conducting internal audits every year. QCS Administrative Manager maintains a complaint log.

QCS staff files are up-to-date and include qualification requirements, resumes, training records, experience, conflict of interest and confidentiality declaration and annual performance evaluation. QCS requires its inspectors to possess a relevant education, experience and strongly recommends IOIA training and ISO 9000 training. QCS conducts annual training with the inspectors. Last training was organized in June, 2012. The training is usually done via teleconference. During the annual training in 2010 there was a lengthy discussion on the USCOEA.

The peer review team has observed that communication between the QCS and the inspectors is adequate. QCS inspectors are subject to several evaluations including inspection evaluation by the client, inspection report assessment by the certification reviewer, and annual performance evaluation. The number of inspections conducted by

an inspector depends mainly on the client's location as well as the inspector's qualification and availability. A full time inspector may conduct up to 104 inspections per year.

With regards to processing facilities that handle organic and non-organic products QCS requires the inspection to be scheduled during the organic run. QCS has a set time frame for the inspection reports. The inspectors have 30 days to submit the inspection report after the on-site visit. QCS certified operations are required to submit annual update on the Organic System plan four (4) months in advance prior to renewal date. These updates are reviewed by certification reviewers who draft specific instructions for the inspectors.

QCS has already implemented the new NOP rule for residue testing. In addition, all South America operations are sampled every year.

In 2012 QCS conducted 23 unannounced inspections, mostly outside US, based on complaints or concerns. Starting 2013 QCS will implement the NOP requirement for 5 % unannounced inspections.

QCS has developed and implemented an internal material review procedure. QCS has a person designated to conduct material review and to maintain inputs data base. The list of QCS reviewed inputs is internal. As per their certification procedure, QCS does not accept material input evaluation done by another Certifying Agent.

The peer review team has reviewed three certified operations files (blueberry producer, processor, mixed operation and handler). Two of these were certified to the term of the USCOEA. The peer review team has observed that files were well organized. These

included annual organic system plans updates, copies of the inspection report, copies of the exit interview, and relevant communication between the operator and QCS.

Inspection reports utilize checklist format that includes a section called “International verification checklist” for verification of the critical variances under the USCOEA. QCS inspectors are familiar with the terms of the arrangement and verify those for exports to Canada. QCS certificates also include reference to the terms of the arrangement for products exported to Canada.

The peer review team has observed that QCS maintains good communication with the certified operators through e-mails and the website.

QCS was last audited by the NOP in October 2012 by two GVD auditors. It was a renewal audit and consisted of office audit and four witness audits (crop, processing, livestock and wild crop). The two non-compliances issued after the renewal audit were closed within the specified time frame. It was noted that communication between NOP and QCS is satisfactory and is not limited to the surveillance activities performed by the NOP. QCS attended the annual training organized by NOP in January 2013.

7. 3. NOP Certified Organic Operators

The Canadian peer review team visited one livestock producer, one grower and one mixed operation grower / handlers. None of the visited operations currently ships organic products to Canada. Prior to the visits to the organic operator premises, the Canadian peer review team was given by the NOP copies of the operator’s organic systems plan and the last inspection report.

7.3.1 Operation # 1 Livestock – Poultry Producer

The operation is a broilers producer. The producer has extensive experience in organic production. At the time of the visit there were 6 flocks in the house. Around 20 000 organic broilers are sold every week. The producer has been certified as organic by PCO since 2006. The peer review team did a tour of the facility. The last annual updated organic plan was submitted on February 8, 2012 and indicated intention to export to Canada. The inspection report was reviewed prior to the visit.

The operator confirmed that there has always been one inspection per year. He has never been subject to an unannounced visit. Usually the annual inspection takes approximately 2 hours and includes an inspection of the property inside and outside (poultry outdoor area), verification of material list, water treatment, medicine cabinet inventory, and feed formulation and consumption. The inspector leaves an exit interview report and discusses the findings with the operator. The last inspection took place on July 25th, 2012. Most of the time inspections are conducted by different inspectors.

There were two non-compliances issued to the producer. Both non-compliances were related to the US-Canada Organic Equivalency arrangement –the livestock stocking rate variance. The operator was given specific time frame to address the non-compliances. It was confirmed that there were no broilers exported to Canada yet.

During the interview with the producer it was noticed that the producer is aware of the maximum indoor and outdoor densities for broilers as per the Canadian Standard. He has already reduced the number of chickens placed in the house so that they do not exceed 21 kg/m² as per the Canadian Organic Standard.

The peer review team has noticed that the communication between the operator and

PCO is well established, open and often a two-way dialogue. The operator can contact PCO anytime, and response is received in a timely manner.

7.3.2 Operation # 2- Citrus growing and packing

The grower is the longest continued organic grower in Florida. The operation has been certified since 1946 .The producer has always worked with QCS. The products are exported to EU under the US/ EU equivalency arrangement. Currently there are no exports to Canada. The grower employs 6 people for harvesting and 9 people for packing. The peer review team conducted a complete tour of the packaging facility from receiving of the oranges to storage of the packed product

The last annual updated organic plan was submitted in September, 2012 and indicated no intention to export to Canada.

During the interview with the grower it was confirmed that there has always been one inspection per year. The operation has never been subject to an unannounced visit. Usually the annual inspection takes approximately 5 hours and includes tour of the field and the packing facility, review of the process, records verification, review of the soil tests, and label verification.

The grower explained that the soil tests are done twice a year by the grower himself however the QCS inspectors never took samples.

The grower confirmed that the QCS inspector leaves an exit interview report and discusses the findings with the grower. The last inspection took place on November 19th, 2012. Most of the time inspections are conducted by different inspectors. There were no non-compliances issued to the producer. The peer review team has reviewed

the most recent inspection report prior to the visit.

The grower demonstrated a good record keeping and was able to produce a copy of the exit interview and a copy of the organic certificate.

The peer review team has noticed that the communication between the grower and QCS is well established. The grower receives all the information electronically .The grower can contact QCS anytime and response is received in a timely manner.

7.3.3 Operation # 3- Mixed vegetables/ fruits operation

The grower has been certified since 2007 by QCS. The certified products included wide range of vegetables and strawberries. None of the products have been exported to Canada. The operator is not aware of the USCOEA and is not interested in expanding the sales outside US.

The fields have been treated with sodium nitrate and this was included in the annual organic plan. The grower employs 4 full time employees and 3 seasonal workers.

The peer review team did a tour of the fields and the packaging station.

During the interview with the grower he peer review team has confirmed that there has always been one inspection per year. The operation has never been subject to an unannounced visit. Usually the annual inspection takes approximately 3 hours and includes tour of the filed and the packing station, records verification, review of the soil tests, and label verification.

The grower explained that the soil tests are done yearly by the grower himself; however

the QCS inspectors never took residue samples.

The QCS inspector leaves an exit interview report and discusses the findings with the grower. The last inspection took place in February, 2013. Most of the time inspections are conducted by different inspectors. There were no non-compliances issued to the producer. The most recent inspection report was not reviewed prior to the visit because it was still with the inspector.

The grower was not able to provide copies of the exit interview report or a copy of its organic certificate.

The peer review team has noticed that the communication between the grower and QCS is well established. The grower receives all the information electronically.

8.0 CLOSING MEETING

The peer review team conducted a closing meeting with the NOP representatives in Gainesville, Florida. At the meeting Canada peer review team presented a summary of the observations with the opportunity for the NOP to discuss the observations and seek clarification. The peer review team left with the competent authority an exit report which listed all the observations.

9.0 PEER REVIEW OBSERVATIONS

The observations presented in this report cover all structures of the USDA NOP.

Observation #1

The NOP Checklist Rev.4/2012 does not make any reference to the USCOEA and there is no written evidence that compliance to terms of arrangement is verified during the on

site audits at the certifying agents.

Observation #2

The NOP Witness audit checklist Rev.3/2012 does not prompt the NOP auditors to ask questions on the USCOEA and verify how it is implemented by the accredited Certifying Agents.

Observation #3

During the review of an operator file a discrepancy between the projected yield of blueberries verified during the on-site inspection and the yield recorded on the organic certificate for the USCOEA was identified.

Observation #4

During the discussion with QCS the peer review team has determined that QCS does not clearly identify the person responsible for making the certification decisions.

10.0 GENERAL COMMENTS AND CONCLUSION

10.1 General Comments:

- The peer review team has observed that NOP has identified and focused on ten (10) key points for maintaining organic integrity including clear, enforceable standards and continual improvement.
- NOP has developed a document matrix which includes rules, interpretative rules, instructions, guidance documents, policy memos, and formal letters.
- With regards to the accreditation activities in 2012 NOP took over the responsibility for scheduling the audits and assigning the auditors from the GVD.
- NOP has provided training to the NOP accredited certifying agencies regarding the new rules and requirements such as residue testing and unannounced inspections.

- The two visited accredited Certifying Agents are aware of the terms of the USCOEA and take responsibility for ensuring that the variances are verified during the operation inspection.
- The reviewed operation files confirmed that the accredited Certifying Agents inspectors are trained and properly record the verification of the variances.
- The interviews with the farmers and production managers revealed that the accredited Certifying Agents have communicated the terms of the USCOEA to them and they are familiar with the critical variances and the labelling requirements for exports to Canada.

10.2 Conclusion

- NOP has developed and posted on their website information about the USCOEA.
- NOP Accreditation Managers are able to guide the ACA in case of inquiries about the USCOEA
- ACA Inspectors conduct thorough inspections following strictly the procedures established by the ACAs.
- The ACAs manage their files and records in consistent manner.
- Farmers and processors appear to understand the terms of the USCOEA and how to comply with them.