CERTIFICATE OF ACCREDITATION

United States Department of Agriculture

Agricultural Marketing Service
National Organic Program

ACO CERTIFICATION LTD.

Level 21, 12 Creek Street, 12 Creek Street, Brisbane, Queensland, Queensland, 4000, AUSTRALIA

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-28-24
Effective Date: 04/12/2022
Expiration Date: 04/12/2027
Issue Date: 06/07/2012

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

National Organic Program
1400 Independence Avenue, SW.
Room 2642-South, STOP 0268
Washington, DC 20250-0268

NATIONAL ORGANIC PROGRAM: ASSESSMENT REPORT

GENERAL INFORMATION

- **Certifier Name** ACO Certification Ltd.
- **Physical Address** Level 21, 12 Creek Street, Brisbane, Queensland 4000, Australia
- **Audit Type** Witness Audit
- **Auditors & Audit Dates** Daniel Oliver 10/22/2024
- **Audit Identifier** NOP-140-25

CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted a witness audit of ACO Certification Ltd.'s inspection activities on October 22, 2024. The operation was certified to the handling scope and is located in Singapore. The NOP assessed the certifier's compliance with the USDA organic regulations.

ACO Certification Ltd. is a for-profit, private entity initially accredited on June 7, 2002. ACO's primary office is in Brisbane, Australia. ACO is accredited to the handling, crops, and livestock scopes and currently certifies 500 operations located in Australia, China, Fiji, Japan, Malaysia, Myanmar, Papua New Guinea, Singapore, Taiwan, Thailand, and Vanuatu.

NOP DETERMINATION:

The NOP reviewed the findings identified during the audit to determine whether noncompliances should be issued to ACO.

Noncompliances from Prior Assessments

None

Noncompliances Identified during the Current Assessment

None

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NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

GENERAL INFORMATION

- **Certifier Name** ACO Certification Ltd. (ACO)
- **Physical Address** Level 21, 12 Creek Street, Brisbane, Queensland, Queensland 4000, AUSTRALIA
- **Audit Type** Renewal Assessment
- **Auditors & Audit Dates** Jessica Walden, Alicia Hudson, Samuel Schaefer-Joel, 10/03/2022 to 10/07/2022
- **Audit Identifier** NOP-77-21

CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted an onsite Renewal Audit of ACO Certification Ltd.'s (ACO) USDA organic certification program covering the period October 25, 2019 to October 7, 2022. The purpose of the audit was to verify ACO's compliance with the Organic Foods Production Act of 1990 (OFPA), the USDA organic regulations (7 CFR Part 205), and the NOP Handbook. Audit activities included a review of certification activities, interviews with ACO personnel, a records audit, and three onsite witness audits. The three witness audits consisted of a handling operation, a livestock and crops operation, and a crops and on-farm handling operation all located in Australia.

ACO is a for-profit, private entity initially accredited on June 7, 2002. ACO is accredited to the crops, wild crops, livestock, and handling scopes. ACO's office is in Brisbane, Australia. ACO certifies 401 operations and offers certification services in Australia, China, Fiji, Japan, Malaysia, Myanmar, Papua New Guinea, Singapore, Taiwan, Thailand, and Vanuatu. Certification activities are performed by 41 personnel.

NOP DETERMINATION:

NOP reviewed the audit results to determine whether ACO's 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-2579-20 - Cleared
AIA-5705-21 - Cleared
AIA-5706-21 - Cleared
AIA-5707-21 - Cleared
AIA-5708-21 - Cleared
AIA-5709-21 - Cleared
AIA-5710-21 - Cleared

Noncompliances Identified during the Current Assessment

AIA-2023-22 – 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: *ACO's organic system plan (OSP) templates do not demonstrate that ACO fully complies with the requirements for accreditation, specifically the provisions outlined in §205.201(a)(1) and (6). The auditors' review of certification files identified the following issues:*

1. *ACO's Producer OSP form does not require operations to demonstrate compliance with all requirements of **NOP 5022 Guidance Wild Crop Harvesting**. Examples of information the form does not ask operators to provide include a list of any rare, threatened, or endangered species that occur in the harvest area, a description of the natural environment of the harvest area, and training provided to collectors.*
2. *ACO's Producer OSP template does not demonstrate that ACO fully complies with the requirements of §205.204(a). The template implies that annual seedlings may be sourced nonorganically if the operator cannot source seedlings in organic form.*
3. *ACO's Livestock OSP template does not require operations to demonstrate compliance with the following livestock production regulations:*
    - *a) A description of physical alterations in a manner that minimizes pain and stress as required by §205.238(a)(5).*
    - *b) A description of bedding as required by §205.239(a)(3).*
    - *c) A description of feeding areas to ensure animals are not crowded during feeding as required by 239(a)(1).*
    - *d) A description of the reasons and timeframes for temporary confinement from the outdoors and from pasture as required by §205.239(b).*
    - *e) A description of the specific finishing period requirements for ruminant livestock raised for slaughter as required by §205.239(d).*

Corrective Actions: ACO addressed these issues as described below, trained all staff and inspectors on these issues on August 3, 2023, and submitted the training attendance log for that.

1. ACO submitted a newly developed Wild Crop OSP that includes the requirements of **NOP 5022 Guidance Wild Crop Harvesting**. ACO identified operations certified to the NOP wild crop scope and requested that each of them complete the new OSP by their next annual update.
2. ACO submitted an updated Producer OSP template, which notes in the applicable section, "For NOP, non-organic annual seedlings are not permitted for derogation. Annual seedlings MUST be certified organic."
3. ACO submitted updated OSP templates that require operations to describe physical alterations, pain management, bedding, feeding areas to ensure animals are not crowded, reasons and timeframes for temporary confinement, and details related to any finishing periods for ruminant livestock raised for slaughter.

AIA-2024-22 – Accepted. 7 C.F.R. §205.670(g) states, "If test results indicate a specific agricultural product contains pesticide residues or environmental contaminants that exceed the Food and Drug Administration's or the Environmental Protection Agency's regulatory tolerances, the certifying agent must promptly report such data to the Federal health agency whose regulatory tolerance or action level has been exceeded. Test results that exceed federal regulatory tolerances must also be reported to the appropriate State health agency or foreign equivalent."

Comments: *ACO does not fully carry out the procedures of **NOP 2613 Instruction Responding to Results from Pesticide Residue Testing**. The auditors' review of ACO's procedures and pesticide residue analysis reports found the following:*

1. *ACO does not consistently inform the operation that their product may be sold as organic when a pesticide residue analysis indicates no detection of prohibited substances.*
2. *ACO does not always immediately inform operations that their product may not be sold as organic when residues are detected above 0.01 ppm and there are no established EPA tolerance or FDA action levels.*
3. *ACO's Testing and Sampling Procedure instructs ACO certification staff to assess residue test results for soil according to the NOP guidance. NOP 2613 applies to the assessment of residue test results for agricultural products.*

Corrective Actions: ACO updated SOP 233 Sampling Manual (approved 14-Jun-2023) with NOP-specific requirements for recording, reporting, and notifying operations regarding residue test results. ACO also updated 229-04 Product Test Letter (approved 9-Jan-2023) for notifying certified operators regarding the outcomes of test results. ACO also updated Work Instruction WI 229-03 Interpreting NOP Sample Test Results (approved 20-Apr-2023) to include timeframes for providing test results and to specify when product may or may not be sold as organic. This work instruction also differentiates between soil testing done for different certification schemes versus residue sampling of agricultural products for NOP. Staff were trained on these updates on August 31, 2023, and ACO submitted the training attendance log.

AIA-2025-22 – Accepted. 7 C.F.R. §205.663 states, "Any dispute with respect to denial of certification or proposed suspension or revocation of certification under this part may be mediated at the request of the applicant for certification or certified operation and with acceptance by the certifying agent. Mediation shall be requested in writing to the applicable certifying agent. If the certifying agent rejects the request for mediation, the certifying agent shall provide written notification to the applicant for certification or certified operation. The written notification shall advise the applicant for certification or certified operation of the right to request an appeal, pursuant to §205.681, within 30 days of the date of the written notification of rejection of the

request for mediation. If mediation is accepted by the certifying agent, such mediation shall be conducted by a qualified mediator mutually agreed upon by the parties to the mediation. If a State organic program is in effect, the mediation procedures established in the State organic program, as approved by the Secretary, will be followed. The parties to the mediation shall have no more than 30 days to reach an agreement following a mediation session. If mediation is unsuccessful, the applicant for certification or certified operation shall have 30 days from termination of mediation to appeal the certifying agent's decision pursuant to §205.681. Any agreement reached during or as a result of the mediation process shall be in compliance with the Act and the regulations in this part. The Secretary may review any mediated agreement for conformity to the Act and the regulations in this part and may reject any agreement or provision not in conformance with the Act or the regulations in this part."

Comments: *ACO's settlement agreements do not comply with the requirements of the USDA organic regulations. The auditors' review of four settlement agreements established by ACO found that the settlement agreements included terms that are non-finite and require ongoing compliance with the USDA organic regulation, or terms that specify a deadline for compliance that is after the date by which the settlement agreement is to be met in full.*

Corrective Actions: ACO submitted revised settlement agreement templates (one related to denials and one related to proposed suspensions or revocations). The revised templates include end dates and ensure that deadlines for compliance do not fall after those end dates. ACO trained staff on these updates on August 3, 2023. ACO submitted the revised templates, training log, and training slides to the NOP.

AIA-2026-22 – 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: *ACO does not consistently carry out the provisions of the Act and the regulations. The auditors reviewed certification files and found two labels that did not display the "Certified organic by * * *," or similar phrase below the name of the handler or distributor, as required by §205.304(b)(2).*

Corrective Actions: ACO reviewed their internal labeling guidelines related to use of the *"Certified organic by * * *"* statement and found them to be consistent with the USDA organic regulations. ACO retrained staff on the USDA organic labeling requirements during a staff technical training on April 26, 2023 and again during a training on August 3, 2023. ACO submitted their labeling guide and labeling checklist to the NOP, along with an attendance log for staff training on this topic. Additionally, ACO sent affected operators a notification informing them of the approval error and need for the operator to submit corrected labels.

AIA-2027-22 – 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: *ACO does not consistently carry out the provisions of the Act and the regulations. ACO is not following its own procedure SOP 225 – Auditing Certified Operators, which requires inspectors to provide the regulatory reference for any issues of concern recorded on the exit interview. The auditors' review of Audit Visit Confirmation documents (exit interviews) found inspectors are not consistently recording the applicable regulatory citation for issues of concern identified during inspection.*

Corrective Actions: ACO reviewed SOP 225 – Auditing Certified Operators and determined that the requirement to cite regulatory references in the exit interview was not necessary for

compliance with the USDA organic regulations. ACO removed that requirement from the SOP and updated their Audit Visit Confirmation form accordingly. ACO trained all personnel on these updates on August 3, 2023. ACO submitted an updated version of SOP 225 as well as an updated Audit Visit Confirmation form.

AIA-2028-22 – 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: *ACO does not consistently carry out the provisions of the Act and regulations. ACO does not always ensure that organic system plans (OSP) are complete and accurately describe the operation and its activities, as required by §205.201. The auditor's review of certification files and interviews with certification staff found the following examples:*

1. *The auditors' review of an OSP for an operation yet to produce NOP-certified product found that the OSP did not identify ingredients or sanitation materials, and processes that would be used when NOP product is handled per the requirements of §205.201(a).*
2. *During a witness audit, the auditor observed that the OSP was composed of the operation's own documents and procedures. The submitted documents and procedures did not meet all the requirements of an OSP per §205.201(a).*
3. *The auditors' review of an OSP identified that the operator did not list pasture as a percentage of the feed ration in the OSP. In addition, the OSP did not include feed supplements and medications for livestock.*

Corrective Actions: ACO re-reviewed the OSPs of the operations discussed in relation to this noncompliance and required the operators to supply the missing information. In July of 2023, ACO updated their OSP templates to include instructions that remind operators that relevant sections must be completed and any sections that are not relevant must be marked as 'not applicable.' ACO also updated their Organic Livestock Management plan so that it now includes a prompt that pasture must be identified as feed if applicable. In August of 2023, ACO also updated WI 215-02 Completing Document Reviews to include requirements for OSP review, including ensuring all sections are complete. This work instruction now specifies that if the OSP used is an operator's own document(s), rather than an ACO template, a side-by-side comparison with the ACO OSP template must be completed to ensure all sections are captured. ACO trained review staff on these changes during the July 24, 2023 Technical Team meeting and also provided training to staff on August 3. ACO submitted the updated OSPs, updated Work Instruction 215-02, and training attendance logs.

AIA-2029-22 – 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: *ACO's inspection report templates do not fully verify an operation's compliance with the USDA organic regulations. The auditors' review of ACO's livestock inspection report templates found the following issues:*

1. *ACO inspectors are not required to record verification of an operation's defined grazing season, that livestock grazed throughout the defined grazing season, or the dry matter demand (DMD) values and dry matter intake (DMI) consumed from pasture for each class of animal, as required by §205.237 and §205.240.*
2. *ACO inspectors are not required to record verification of an operation's livestock finishing, as required by §205.239(d).*
3. *ACO inspectors are not required to record verification of an operation's health care inputs or that physical alteration practices were performed in a manner that reduces pain*

and stress, as required in §205.238.

4. *ACO inspectors are not required to record verification of an operation's reasons or timeframes for temporary confinement from the outdoors and from pasture, as required by §205.239.*

Corrective Actions: ACO revised their audit checklist on July 26, 2023, and it now includes verification points to address each concern identified in the noncompliance. ACO sent the revised audit checklist to inspectors and trained relevant personnel on the revisions in August of 2023. ACO submitted the revised checklist to the NOP along with the training attendance log.

AIA-2030-22 – 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: *ACO inspectors do not fully verify an operation's compliance with the USDA organic regulations. The auditors' review of inspection reports found that ACO's inspectors are not consistently documenting audit trail activities during on-site inspections. Auditors identified the following issues:*

For mass balance exercises:

1. *Inspectors are not consistently recording the documents that they reviewed to determine the quantities of organic products received or produced, used in processing, sold, and stored.*
2. *For a crop and processing operation, the inspector conducted a mass balance exercise that did not verify the operation was capable of producing the amount of product recorded in the harvest records.*

For traceback exercises:

3. *At an inspection of a processing operation, the inspector did not conduct a traceback exercise because the operation had not processed organic product in the past 12 months. The operation was processing nonorganic products during that time period which could have been audited.*
4. *At an inspection of a processing operation, the inspector did not document the links connecting the operation's records from receipt of ingredients to product sales invoice.*
5. *At an inspection of a processing operation, the inspector selected products that were not yet sold or fully processed, which did not allow for a full traceback exercise to be performed.*

Corrective Actions: ACO revised SOP 225 Auditing Certified Operations on July 26, 2023 to include specific instructions to ensure inspectors understand the requirements for traceability and mass balance exercises. ACO trained inspectors and certification officers on the revisions January and February of 2023 and again in August of 2023. ACO submitted the revised SOP to the NOP along with the training attendance log.

AIA-2031-22 -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: *ACO does not consistently carry out the provisions of the Act and regulations. The auditor's review of certification files found that ACO did not perform a sufficiently detailed review of input materials. The following are examples:*

1. *ACO approved the use of a mycorrhizal inoculant product that is applied by placing packaging materials containing mycorrhizae directly into the soil. ACO did not review the composition of the packaging materials*.
2. *ACO approved the use of baking soda for plant disease control without verifying the nonsynthetic status of the baking soda or the specific product used.*

3. *ACO approved the use of a livestock drug using only an SDS form to document the product composition. The SDS form did not identity 100% of the product ingredients.*
4. *ACO approved a handled product formulation containing nonorganic carnauba wax without documenting the commercial availability of organic carnauba wax.*
5. *ACO approved the use of a soy peptone product as a fertilizer without documentation of a nonsynthetic manufacturing process.*
6. *ACO approved a pesticide product containing distilled tall oil as an inert ingredient without verifying the nonsynthetic status of the distilled tall oil.*
7. *ACO approved a pesticide product without documenting that the active ingredient met the definition of "narrow range oil" as defined at §205.2.*
8. *ACO approved a liquid fertilizer with a nitrogen analysis over 3% without performing an inspection as required by **NOP 5012 Approval of Liquid Fertilizers for Use in Organic Production**. Additionally, ACO did not verify the compliance of several complex ingredients within the liquid fertilizer product.*
9. *ACO approved the use of a livestock healthcare product without verifying the nonsynthetic status of the glycerol active ingredient.*

Corrective Actions: ACO updated SOP 516 Input Review to include NOP requirements for review of input materials, and they submitted this to the NOP. ACO trained staff on these updates in December of 2023 and submitted the attendance log. Additionally, ACO re-reviewed each of the materials in question, according to their updated procedures. ACO described to NOP which materials were no longer approved, and which ones maintained their approval based upon the re-review. ACO also submitted documentation necessary to show compliance for materials that maintained their approval. ACO also communicated with affected manufacturers and operators to let them know about materials that are no longer allowed and plans to evaluate operator compliance during upcoming document reviews and onsite inspections.

AIA-2032-22 – 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: *ACO does not consistently carry out the provisions of the Act and regulations. The auditor's review of certification files found that ACO does not consistently ensure compliance of the organic system plan (OSP) with §§205.105(a), 205.105(c), and 205.203(c)(1). For example:*

1. *ACO accepted an OSP that described the use of potassium metabisulfite as a final sanitization step prior to bottling organic product. Potassium metabisulfite is a synthetic substance not present on the National List.*
2. *ACO allowed livestock healthcare products containing nonorganic agricultural ingredients and synthetic excipients to be used as ingredients in a certified organic livestock feed.*
3. *ACO approved the use of DL malic acid to be used as a processing aid in organic wine production. The only form of malic acid allowed on the National List is L-malic acid.*
4. *ACO approved the use of a crop input containing manure that was not composted according to the time and temperature requirements described in the regulations. ACO's approval of this material did not include a pre-harvest application restriction of 90/120 days as required by §205.203(c)(1).*
5. *ACO approved the use of calcium chloride in fungi production certified to the crops scope. Calcium chloride is prohibited in crop production except for use as a foliar spray to treat a physiological disorder associated with calcium uptake.*
6. *ACO approved the use of a plant disease control product containing copper silicate. Copper silicate is only approved for use as a plant and soil amendment.*
7. *ACO approved the use of a fertilizer containing potassium chloride and calcium*

chloride without requiring that the fertilizer be used according to the restrictions placed on these substances at §205.602.

8. *ACO approved a shellfish-based fertilizer acidified with phosphoric acid to a pH of 3.0. USDA organic regulations only allowed acid stabilization of fish fertilizers down to a pH of 3.5.*

Corrective Actions: ACO submitted updates to SOP 516 Input Review and re-reviewed the materials identified. ACO issued and submitted to NOP revised NOP Input Compliance Letters as applicable based on re-review of materials. ACO trained staff on these updates in December of 2023 and plans to follow up on required OSP updates during document reviews and onsite audits.

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

An onsite Mid-term assessment of ACO Certification Ltd, (ACO) organic program was conducted on October 21 - 25, 2019. The National Organic Program (NOP) reviewed ACO's corrective actions in response to the Notice of Noncompliance to assess ACO's compliance to the USDA organic regulations. This report provides the results of NOP's assessment.

GENERAL INFORMATION

Applicant Name	ACO Certification Ltd (ACO)
Physical Address	18 Eton Street, Nundah, Queensland, Australia 4012
Mailing Address	18 Eton Street, Nundah, Queensland, Australia 4012
Contact & Title	Sachin Ayachit, Certification Manager
E-mail Address	Sachin.Ayachit@aco.net.au
Phone Number	61-07-3350-5706
Reviewer & Auditors	Alison Howard, NOP Reviewer; Penny Zuck and Karin French, On-site Auditors
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	NOP corrective action review: April 30, 2020 NOP assessment review: December 16, 2019 Onsite audit: October 21-25, 2019
Audit Identifier	NOP-21-19
Action Required	No
Audit & Review Type	Mid-term Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of ACO's certification system.
Audit & Determination Criteria	*7 CFR Part 205, National Organic Program as amended*
Audit & Review Scope	ACO's certification services in carrying out the audit criteria during the period: November 12, 2016 through October 20, 2019

ACO is a for-profit, private entity which was initially accredited as a USDA certifying agent on June 7, 2002, to the accreditation scopes of crops, wild crop, livestock, and handling/processing.

ACO's list of USDA organic certification operations at the time of the assessment consisted of 401 operations: 218 Crops, 7 Wild Crops, 211 Livestock, and 164 Handler/Processor. ACO certified seven grower groups outside of Australia. Certification is provided to operations in the following countries: Australia, Fiji, China, Vanuatu, Malaysia, Myanmar, Singapore, Taiwan, Thailand, Hong Kong, Japan and Papua New Guinea.

ACO staff consist of 41 personnel: General Manager (1), Certification Officers (10), Contract Inspectors (28), and Administrative/support staff (2).

Two witness audits of handling operation inspections were conducted in Australia.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether ACO's 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.

AP-408-18.NC1 – **Cleared**
NP6311LCA.NC1 – Cleared
NP6311LCA.NC2 – Cleared
NP6311LCA.NC4 – Cleared
NP6311LCA.NC5 – Cleared
NP6311LCA.NC6 – Cleared
NP6311LCA.NC7 – Cleared
NP6311LCA.NC8 – Cleared

NP6311LCA.NC3 – Accepted. 7 C.F.R. §205.403(c)(2) states, "The on-site inspection of an operation must verify: 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: *During the witnessing audit of crops and handler inspections, the following issues were identified by the auditors:*

1. *Input materials (product ingredients, processing aids, sanitizers, pest control materials, fertilizers, cleaning materials, etc.) are not consistently and completely verified to ensure their compliance and conformity to the approved organic system plan. Furthermore, ACO's organic system plan and annual update forms do not clearly list all material inputs approved by brand name, material composition, purpose, location (s) where it will be used, and source (§205.201(a)(2).*
2. *ACO's system of requiring operations to complete an organic system plan (OSP) upon initial application and an annual update form during subsequent years does not facilitate the verification process. The current system of maintaining an accurate and*

current OSP is cumbersome and subject to verification error due to the multiple documents (annual updates, attached schedules, maps, flow charts, etc…) that comprise the OSP and potential changes to the OSP during the period of certification.

3. *During the witness audits, the inspector did not request from the operator, nor possess a copy of the organic system plan, to use as a reference when conducting verification activities. Inspectors are using the inspection report template as a reference and basis to conduct inspection activities rather than utilizing the current OSP including the annual updates.*
4. *The "Audit Visit Confirmation & Client Declaration" (Exit Interview record) forms does not allow the inspector to reference and record the organic standard for issues identified. The form does not display the inspector's findings or potential noncompliances as "Issues of Concern."*

2016 Corrective Action:

1. ACO revised their OSP template to require more detail for the inputs used by operators. ACO provided training to all inspectors on verifying all inputs (cleaning substances, fertilizer, pest control, etc.) during inspections. The training was delivered electronically with a self-learning tool. Each inspector was required to complete the training and complete an exam to show competence by January 31, 2017. ACO will evaluate reports received after January 31, 2017 to determine if the training and updates are effective or if more training is needed. ACO is adding "checking inputs at audits" to their annual auditor training which will be held in June of 2017. For 2017, peer evaluators will be instructed to check that these areas are being completed properly when evaluating inspectors in the field.
2. ACO has revised their annual update process (SOP 215). ACO's process now requires a certification officer to check updates for the previous two years and generate an updated OSP from the operator when there is an updated OSP required. ACO provided training on the revisions to their annual update process in January of 2017.
3. ACO has revised their inspection checklist to prompt inspectors to assess the OSP and make comments if the OSP isn't in line with the operation. ACO provided training to all its inspectors to ensure they have a copy of the OSP to verify during the inspection. ACO is adding "auditing against the OSP" to their annual auditor training which will be held in June of 2017. For 2017, peer evaluators will be instructed to check that inspectors are verifying the OSP when evaluating inspectors in the field.
4. ACO revised their audit visit confirmation template to include the wording "potential non-compliances and information requested at the audit" and an area to record the USDA organic regulation. ACO provided training in January of 2017 to all its inspectors to ensure their inspectors understand how to complete the audit visit confirmation form correctly. Evaluation of audit visit confirmation forms received after January 2017 will be reviewed to determine if the training was effective and if more training is needed. For 2017, peer evaluators will be instructed to check that these areas are being completed properly when evaluating inspectors in the field. **Cleared.**

2019 Verification of Corrective Actions:

1. **Outstanding.** Auditor reviewed current OSP templates for Handling, Crops, and Livestock; the templates included areas for detailed input and material information. ACO has added questions to its inspector field evaluations to assess whether the inspector is verifying inputs. During two witness audits, the observed inspector did not inspect the storage areas for inputs.
2. **Outstanding.** ACO has implemented the process described in the corrective action, but the corrective action is ineffective. During a witness audit, the inspector requested the latest approved labels rather than using the files provided by ACO in ECERT. During the office audit, ACO personnel had difficulty locating current approved OSP documents for the same operation.
3. **Outstanding.** During the witness audits, the inspector requested and used current OSP information from the operations and discussed updates to the OSP. ACO has added questions to its inspector field evaluations to assess whether the inspector is verifying against the OSP.
4. **Cleared.** ACO is using the "Audit Visit Confirmation & Client Declaration" (Exit Interview record) form which records issues of concern and includes an area for the organic standard to be referenced.

2020 Corrective Action:

1. ACO updated the Auditor (Inspector) checklist in Ecert to add checkpoints for verifying input storage areas and their contents. ACO conducted in-house training for auditors (inspectors) and requested all auditors sign up for and utilize training within the USDA Organic Integrity Learning Center. ACO also updated the Peer Evaluation Checklist to verify input storage area inspection.
2. ACO updated SOP 010, Document Control and Quality records to include steps outlining the naming convention to be used when saving files, including OSP documents and labels. ACO submitted a copy of the updated document and provided certification staff with training for the updated nomenclature on January 30, 2020.
3. ACO updated SOP 225, Auditing Certified Operators to include the step for auditors (inspectors) to check for the most up to date OSP. The updated naming nomenclature from above will also provide clarification on which document is the most recent. ACO will also send the most current copy of the OSP with the Audit (Inspection) notification letter, asking the operator if this is the most recent OSP and if not, to provide a time frame for providing the update.

NP6311LCA.NC9 – Accepted. 7 C.F.R. §205.501(a)(18) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Provide the inspector, prior to each on-site inspection, with previous on-site inspection reports and notify the inspector of its decision regarding certification of the production or handling operation site inspected by the inspector and of any requirements for the correction of minor noncompliances;…"

Comments: *ACO does not notify inspectors of the outcome of inspections they conduct.*

2016 Corrective Action: ACO revised their certification review committee SOP (SOP 230) to require ACO provide a copy of the audit report and certification decision to the inspector. ACO provided training to a certification review staff on their revised SOP in December 2016. ACO also sent an email to notify their staff in December of 2016 of the procedural change. ACO has sent certification decisions and audit reports to NOP inspectors since December 2016. ACO reminded their staff of this requirement at their training in January of 2017.

2019 Verification of Corrective Actions: An interview with an ACO inspector during witness audits verified the inspector is receiving emails with the certification decision for the NOP inspections she conducts. SOP 230 requires a copy of the audit report and CAR letter be sent to the inspector. One out of three certification files reviewed included the inspector receiving notification of the certification decision. ACO is not consistently following their procedure.

2020 Corrective Action: ACO updated its SOP 230 to add the auditor (inspector) to communications with the producer regarding certification decisions. ACO provided its auditors (inspectors) with training on the updated SOP on January 30, 2020. ACO is planning to update its Ecert review checklist for use as a mechanism to prevent reoccurrence of the noncompliance.

Non-compliances Identified during the Current Assessment and Corrective Actions

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.

NOP-21-19.NC1 – **Accepted.** 7 C.F.R. §205.501(a)(7) states, "A private or governmental entity accredited as a certifying agent under this subpart must: have an annual program review of its certification activities conducted by the certifying agent's staff, an outside auditor, or a consultant who has expertise to conduct such reviews and implement measures to correct any noncompliances with the Act and the regulations in this part that are identified in the evaluation." NOP 2025 Section 3.1 states, "Qualified program reviewers must have the expertise to conduct such reviews, including knowledge of certification, auditing, and the USDA organic regulations. Internal program reviews are conducted by personnel different from those who perform certification activities."

Comments: *The 2019 ACO Internal Program Review was conducted by a contracted inspector who performs NOP inspections for ACO.*

Corrective Action: ACO updated its SOP 420 Internal Auditing to include NOP requirements for internal audits. The 2020 internal audit is scheduled for the second quarter of 2020. The audit will be conducted by personnel who do not perform certification activities – the Quality Systems Officer and the General Manager Certification.

NOP-21-19.NC2 – **Accepted.** 7 C.F.R. §205.662(a) states, "When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation."

Comments: *ACO did not issue a notice of noncompliance to its certified operation, even though the operation was found to be noncompliant. The auditor's review of certification files found that issues of concern from the inspection were not issued as noncompliances.*

Corrective Action: ACO updated SOP 230 CRC Review, "If the auditor notes that all relevant information was not available at audit, e.g. documents or records, but was supplied after the audit, a minor CAR should still be raised for not having all information available at audit. This will enable detection of system inadequacies at the next audit if the relevant information is not available again." ACO also conducted auditor training on January 29, 2020 outlining the changes in the system and requirements of the regulation. A training session was also held on January 30, 2020 for Certification Officers to review the NOP requirements.

NOP-21-19.NC3 – **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: *ACO does not demonstrate the ability to fully comply with the requirements for accreditation.*

1. *ACO's recordkeeping system does not clearly identify which product labels are currently in use by the operation and approved by ACO for verification during inspections.*
2. *ACO's system of requiring operations to complete an organic system plan (OSP) upon initial application and an annual update form during subsequent years does not facilitate the verification process. The current system of maintaining an accurate and current OSP is cumbersome and subject to verification error due to the multiple documents (annual updates, attached schedules, maps, flow charts, etc…) that comprise the OSP and potential changes to the OSP during the period of certification.*

Corrective Action:

1. ACO developed a file naming convention and added it to its SOP 010 Document Control and Quality records to ensure all incoming client files are saved to Ecert with the "subject" field filled in to describe the file with the relevant acronym as listed in the SOP. For ACO approved labels and products, Certification Officers are to name the products in the subject title and to select the correct category, such as 'Inspection Assignment' which will enable the auditors (inspectors) to identify the label or file as the current ACO approved versions.
2. ACO updated its SOP 225 Auditing Certified Operators to include the step, "Auditors are to check the latest ACO approved OMP/OHP/OFP on hand with the operator (for NOP, this is called OSP - Organic System Plan)." Also, to ensure the current ACO-approved OSP is filed in Ecert, the Audit Coordinator will be sending the OSP together with the audit notification letter to the operator. The operator is required to confirm whether the OSP on file is still current. If changes need to be made, the operator is required to update the OSP and send back to the ACO office. This OSP will be identified in the Ecert database as the current version which will be easy for the auditor (inspector) to find.

ACO provided its inspectors with training on January 29, 2020 and its Certification Officers with training on January 30, 2020.

NOP-21-19.NC4 – **Accepted.** 7 C.F.R. §205.662(e) states, "If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent or State organic

program's governing State official shall send the certified operation a written notification of suspension or revocation."

Comments: *Notice of Revocation was issued to an operation that should have been a Notice of Suspension. A notice of noncompliance and proposed revocation were not issued prior to the notice of revocation. The notice of proposed revocation included the option to correct the noncompliance, which is not compliant with 7 C.F.R. §205.662, and did not include the effective date for revocation as required by 7 C.F.R. §205.662(c)(2).*

Corrective Action: ACO updated its SOP 266 NOP Proposed Suspension/Proposed Revocation of Certification, SOP 271 NOP Suspension/Revocation of Certification, and applicable notice templates. SOP 266 NOP Proposed Suspension/Proposed Revocation of Certification was specifically updated to state that a written notification of suspension or revocation shall be issued if the operator who receives a notice of proposed suspension/revocation fails to resolve the issue through mediation and fails to file an appeal. The SOP also states that the written notification of proposed suspension or revocation includes a proposed effective date of the suspension or revocation. The SOP does not include the option to correct the noncompliance. ACO provided its Certification Team with training on the process of NOP suspension and revocation on January 30, 2020.

USDA Agricultural Marketing Service

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) received Australia Certified Organic (ACO) accreditation renewal application to maintain U.S. Department of Agriculture (USDA) organic certifier accreditation on October 10, 2016. The NOP has reviewed ACO's application, conducted an onsite audit, and reviewed the audit report to determine ACO's capability to operate as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	Australia Certified Organic (ACO)
Physical Address	18 Eton Street Nundah, Queensland 4012, Australia (AU)
Mailing Address	18 Eton Street Nundah, Queensland 4012, Australia (AU)
Contact & Title	Ms. Elizabeth Bradley, General Manager - Certification
E-mail Address	Elizabeth.Bradley@aco.net.au
Phone Number	07 3350 5706
Reviewer(s) & Auditor(s)	Graham Davis, NOP Reviewer; Lars Crail and Penny Zuck, On-site Auditors.
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	NOP assessment review: December 8, 2016 Onsite audit: November 4 – 11, 2016
Audit Identifier	NP6311LCA
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 ACO's certification system.
Audit & Determination Criteria	*7 CFR Part 205, National Organic Program as amended*
Audit & Review Scope	ACO's certification services in carrying out the audit criteria during the period: September 12, 2014 through November 4, 2016

NOP conducted an onsite renewal audit of the Australia Certified Organic (ACO) November 4 - 11, 2016.

ACO is a for-profit, private entity which was initially accredited as a USDA certifying agent on June 7, 2002, to the accreditation scopes of crops, wild crop, livestock, and handling/processing. ACO has requested renewal of their accreditation.

ACO's list of USDA organic certification operations at the time of the assessment consists of 348 operations: Crops (59), Wild Crops (9), Livestock (172), and Handler/Processor/Exporters (153). ACO certifies seven grower groups outside of Australia. Certification services are provided to operations in the following countries: Australia, Fiji, China, Vanuatu, Malaysia, Thailand, Hong Kong, Japan, Papua New Guinea, and the Cook Islands.

ACO's office is located in Nundah Brisbane, Queensland (State), Australia. ACO's staff consists of 29 individuals: General Manager (1), Certification Officers (5), Contract Inspectors (19), and Administrative/support staff (4).

SUMMARY OF WITNESS INSPECTIONS AND REVIEW AUDITS CONDUCTED:

As part of the onsite accreditation audit activities, five witness audits (observation of ACO inspections) were conducted on a crops grower group (coconut/cacao) operation; three handler/processor/repacking operations (copra, cacao, oil, seed and herb powders); and a livestock (cattle)/crops (grains) operation.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether ACO's 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.

NP4251MMA.NC1 – Cleared
NP4251MMA.NC2 – 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.

NP6311LCA.NC1 – Accepted. 7 C.F.R. §205.501(a)(21) states, "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2603, Organic Certificates, Section 3.1, describes the elements of an organic certificate that should be included.

Comments: *The following organic certificate elements are nonconforming on the certificates issued:*

1. *"Effective Date" is listed as "USDA Certified since: ..."*
2. *There is an appearance of a certification expiration date which states, "Valid Until: ..."*
3. *The certification scope for Crops is listed as "Producer."*
4. *Livestock (Ruminant) certificates do not list the additional certification scope of "Crops" to cover pasture.*
5. *Anniversary Date is stated on certificates, but is defined as the date when the next organic certificate must be must be issued and not defined as the date when the operation must submit their annual update.*

2016 Corrective Action: ACO amended their organic certificate template in their database (ECERT) to accurately cover the elements listed in NOP2603. "USDA Certified since" has been changed to "Effective Date". "Valid Until Date" now states "not relevant to NOP". "Producer" scope has been changed to "Crops". Livestock certificates now include crops as scope. Anniversary Date is now the date ACO requires the operation must submit their annual update. ACO submitted their certificate template to verify that the changes have been made. ACO trained their staff in January of 2017 and submitted training records. The training covered NOP2603 requirements to ensure all staff who issue certificates are aware of the NOP requirements for organic certificates.

NP6311LCA.NC2 – Accepted. 7 C.F.R. §205.501(a)(21) states, "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2027, Personnel Performance Evaluations, Section 3.2(b) states "Field Evaluation (Inspectors only) of Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually."

Comments: *Inspector field evaluations were not conducted for all inspectors in 2015. ACO intends to conduct and complete field performance evaluations of all inspectors during 2016.*

2016 Corrective Action: All inspectors who carried out NOP inspections for ACO received a field assessment in 2016. ACO submitted copies of the field evaluations for these inspectors. ACO submitted a proposed schedule for 2017 field evaluations of their inspectors.

NP6311LCA.NC3 – Accepted. 7 C.F.R. §205.403(c)(2) states, "The on-site inspection of an operation must verify: 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: *During the witnessing audit of crops and handler inspections, the following issues were identified by the auditors:*

1. *Input materials (product ingredients, processing aids, sanitizers, pest control materials, fertilizers, cleaning materials, etc…) are not consistently and completely verified to ensure their compliance and conformity to the approved organic system plan. Furthermore, ACO's organic system plan and annual update forms do not clearly list all material inputs approved by brand name, material composition, purpose, location (s) where it will be used, and source (§205.201(a)(2).*

2. *ACO's system of requiring operations to complete an organic system plan (OSP) upon initial application and an annual update form during subsequent years does not facilitate the verification process. The current system of maintaining an accurate and current OSP is cumbersome and subject to verification error due to the multiple documents (annual updates, attached schedules, maps, flow charts, etc…) that comprise the OSP and potential changes to the OSP during the period of certification.*

3. *During the witness audits, the inspector did not request from the operator, nor possess a copy of the organic system plan, to use as a reference when conducting verification activities. Inspectors are using the inspection report template as a reference and basis to conduct inspection activities rather than utilizing the current OSP including the annual updates.*

4. *The "Audit Visit Confirmation & Client Declaration" (Exit Interview record) forms does not allow the inspector to reference and record the organic standard for issues identified. The form does not display the inspector's findings or potential noncompliances as "Issues of Concern."*

2016 Corrective Action:

1. ACO revised their OSP template to require more detail for the inputs used by operators. ACO provided training to all inspectors on verifying all inputs (cleaning substances, fertilizer, pest control, etc.) during inspections. The training was delivered electronically with a self-learning tool. Each inspector was required to complete the training and complete an exam to show competence by January 31, 2017. ACO will evaluate reports received after January 31, 2017 to determine if the training and updates are effective or if more training is needed. ACO is adding "checking inputs at audits" to their annual auditor training which will be held in June of 2017. For 2017, peer evaluators will be instructed to check that these areas are being completed properly when evaluating inspectors in the field.

2. ACO has revised their annual update process (SOP 215). ACO's process now requires a certification officer to check updates for the previous two years and generate an updated OSP from the operator when there is an updated OSP required. ACO provided training on the revisions to their annual update process in January of 2017.

3. ACO has revised their inspection checklist to prompt inspectors to assess the OSP and make comments if the OSP isn't in line with the operation. ACO provided training to all its inspectors to ensure they have a copy of the OSP to verify during the inspection. ACO is adding "auditing against the OSP" to their annual auditor training which will be held in June of 2017. For 2017, peer evaluators will be instructed to check that inspectors are verifying the OSP when evaluating inspectors in the field.

4. ACO revised their audit visit confirmation template to include the wording "potential non-compliances and information requested at the audit" and an area to record the USDA organic regulation. ACO provided training in January of 2017 to all its inspectors to ensure their inspectors understand how to complete the audit visit confirmation form correctly. Evaluation of audit visit confirmation forms received after January 2017 will be reviewed to determine if the training was effective and if more training is needed. For 2017, peer evaluators will be instructed to check that these areas are being completed properly when evaluating inspectors in the field.

NP6311LCA.NC4 – Accepted. 7 C.F.R. §205.405(c)(2) states, "After issuance of a notification of noncompliance, the certifying agent must:… Issue a written notice of denial of certification to an applicant who fails to respond to the notification of noncompliance."

Comments: *ACO denied an operation certification, the operation was issued a suspension notification rather than a certification denial notification.*

2016 Corrective Action: ACO updated their standard operating procedures for denial, proposed suspension/revocation & suspension/revocation in order to meet the requirements of the USDA regulations. ACO provided training for all ACO staff In January 2017 to ensure they are aware of the requirements and steps involved in the denial of certification. ACO provided training attendance records for their training in January of 2017.

NP6311LCA.NC5 - 7 C.F.R. §205.662(a)(3) states, "The date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible."

Comments: *Noncompliance notifications issued by ACO do not state that the operation has the option to "rebut or correct" each noncompliance. Instead, the notification states that the operation must "address" the noncompliance(s).*

2016 Corrective Action: ACO revised and submitted their notice of non-compliance template that includes the words "corrected" and "rebutted". ACO will verify and evaluate the implementation of the revised notice of noncompliance when the NOP internal review is completed in October 2017 and also when SOP 236 (Issuing Non- Compliances) is reviewed in May 2017 during their internal audit.

NP6311LCA.NC6 - 7 C.F.R. §205.642 states, "…The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification…."

Comments: *ACO does not provide a fee estimate for the annual cost of certification for domestic operations requesting continuation of certification. The fee schedule is provided to these operations and they are expected to estimate their annual certification fee.*

2016 Corrective Action: ACO has revised their annual audit notification letter template to include a cost estimate. ACO will verify and evaluate the implementation of the revised annual audit notification letter when the NOP internal review is completed in October 2017 and also when SOP 220 (Audit Allocation) is reviewed in March 2017 during their internal audit.

NP6311LCA.NC7 – Accepted. 7 C.F.R. §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: *For the three sampling events reviewed by the auditor, the ACO inspectors did not complete the sampling section of the Audit Visit Confirmation & Client Declaration (Exit Interview record) form that is given to the operator as a receipt.*

2016 Corrective Action: ACO has revised their audit visit confirmation (AVC) template to include a section "Receipt for Residue Testing". ACO revised the SOP for auditing certified operations to include that the inspector is required to complete the "Receipt for Residue" section of the AVC and this section highlighted to draw attention to it. In January of 2017, ACO provided training to all inspectors on how to complete the AVC and to ensure they leave a copy of the AVC with the operator. ACO provided training attendance records for their training.

NP6311LCA.NC8 – Accepted. 7 C.F.R. §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 or conditions determined by the Administrator to be necessary." NOP 2613, Responding to Residue Results, Section 5.3.1, states that a certifier must assess why the residue is present prior to considering and issuing a noncompliance.

Comments: *In two of the three residue sampling records reviewed by the auditor, the laboratory results indicated a detection of heavy metals. ACO did not conduct a thorough investigation to determine the cause of contamination in order to conduct adequate follow up activities. ACO instructed one operation to update their organic system plan to indicate a risk of soil contamination and to monitor the risk. In the other case, ACO issued a minor noncompliance and notified the operation that ACO would review the operation's corrective action(s) during the next annual certification cycle (i.e. one year later)*

2016 Corrective Action: ACO revised its sampling SOP (SOP 229) to meet the requirements of the NOP Handbook 2613 for responding to residue detections. ACO provided training on their revised SOP in January of 2017. ACO provided training attendance records for their training. The implementation of the revised procedure will be verified at the internal audit that is scheduled for March of 2017.

NP6311LCA.NC9 – Accepted. 7 C.F.R. §205.501(a)(18) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Provide the inspector, prior to each on-site inspection, with previous on-site inspection reports and notify the inspector of its decision regarding certification of the production or handling operation site inspected by the inspector and of any requirements for the correction of minor noncompliances;…"

Comments: *ACO does not notify inspectors of the outcome of inspections they conduct.*

2016 Corrective Action: ACO revised their certification review committee SOP (SOP 230) to require ACO provide a copy of the audit report and certification decision to the inspector. ACO provided training to a certification review staff on their revised SOP in December 2016. ACO also sent an email to notify their staff in December of 2016 of the procedural change. ACO has sent certification decisions and audit reports to NOP inspectors since December 2016. ACO reminded their staff of this requirement at their training in January of 2017.

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a mid-term assessment of Australian Certified Organic (ACO). An onsite audit was conducted and the audit report reviewed to determine ACO's capability to continue operating as a USDA accredited certifying agent. This report provides the results of the mid-term assessment and review of ACO's corrective actions.

GENERAL INFORMATION

Applicant Name	Australian Certified Organic (ACO)
Physical Address	18 Eton Street, Nundah, Queensland, 4012 Australia
Mailing Address	P.O. Box 810, Nundah, Queensland, 4012 Australia
Contact & Title	Michael Baker, Chief Certification Officer
E-mail Address	michael.baker@aco.net.au
Phone Number	+61 (07) 3350-5706
Reviewer(s) & Auditor(s)	Robert Yang, NOP Reviewer; Miguel Caceres, Onsite Auditor
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	Review of corrective actions date: January 29 through February 27, 2015 Onsite assessment date: September 8 – 12, 2014
Audit Identifier	NP4251MMA
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 ACO's certification system.
Audit & Determination Criteria	*7 CFR Part 205, National Organic Program as amended*
Audit & Review Scope	Review of corrective actions submitted on December 23, 2014 through February 14, 2015 for noncompliances resulting from the mid-term assessment.

Australian Certified Organic (ACO) is a for-profit, private entity which was originally accredited as a certifying agent on June 7, 2002, to the NOP for the scopes of crop, wild crop, livestock, and handling. ACO currently has 234 certified clients, which include 84 crops, 115 livestock, 4 wild crops, and 92 handling operations. ACO is currently certifying operations to the NOP in Australia, Fiji, Japan, Malaysia, New Zealand, Papua New Guinea, Thailand, and Vanuatu. In addition to the NOP standards, ACO also certifies operations to the Australian National Standards (NS), Department of Agriculture, Fisheries and Forestry (DAFF); European Union (under regulation (EC) 1235/2008 Australia is recognized as a Third Country from which imported products can be sold as organic into the EU); South Korean organic standard; Japanese

Agricultural Standards (JAS); International Federation of Organic Agriculture Movements (IFOAM); and Canada Organic Regime (COR). ACO has two offices, the ACO main office in Nundah, Queensland, Australia and a satellite office in Adelaide, South Australia.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether ACO's 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.

NP2003ZZA.NC1 – **Cleared**
NP2003ZZA.NC2 – Cleared
NP2003ZZA.NC3 – Cleared
NP2003ZZA.NC4 – Cleared
NP2003ZZA.NC5 – Cleared
NP2003ZZA.NC6 – Cleared
NP2003ZZA.NC7 – Cleared
NP2003ZZA.NC8 – 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.

NP4251MMA.NC1 – 7 CFR §205.403(a)(1) states, "…An on-site inspection shall be conducted annually thereafter for each certified operation that produces or handles organic products for the purpose of determining whether to approve the request for certification or whether the certification of the operation should continue."

Comments: *In one grower group file reviewed the 2013 annual inspection was not conducted as required because the operation was in the adverse action process.*

Corrective Action: ACO clarified that the reason why the inspection was not conducted was also because the operation had not paid a prepayment of their 2013 inspection, which is a requirement for overseas operations. ACO further explained that they did not issue the operation

a noncompliance for the non-payment of fees because the operation was under proposed suspension, and upon receiving the inspection fee payment ACO conducted an inspection of the operation conducted on June 10, 2014. ACO also plans to conduct an additional unannounced inspection of the operation in July 2015. In order to prevent reoccurrence of the noncompliance, ACO updated its inspection assignment procedures for overseas operations (SOP 220: Audit Allocation) to include procedures for issuing an invoice to the operation for prepayment of the inspection fee three months prior to the operation's inspection due date. ACO has also included noncompliance procedures to ensure that an overseas operation that does not pay its inspection fee within thirty days after the issuance of its invoice is issued a notice of noncompliance. ACO provided its staff with training on the updated procedures. ACO additionally implemented a new database system, Ecert, which will allow ACO to actively track scheduled inspections and inspection due dates.

NP4251MMA.NC2 – 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 or conditions determined by the Administrator to be necessary." **NOP Policy Memo (PM) 11-10** (dated 01/21/11) states, "Grower group certification… accredited certifying agents should use the National Organic Standards Board (NOSB) recommendations of October 2002 and November 2008 as the current policies." NOSB Recommendation, Certifying Operations with Multiple Production Units, Sites and Facilities, November 2008, section III.D.1 states, "The certifying agent must have policies and procedures for determining how many of the sub-units within a production unit must receive an annual inspection by the certifying agent. In addition to the mandatory inspection of **new entrants** to the production unit, the certifying agent must also have policies and procedures for determining which sub-units present the greatest risks of non-compliance."

Comments: *ACO has procedures in place for determining how many of the grower group's producers must be inspected by the ACO inspector. A review of one grower group file verified ACO had identified that 26 producers had to be inspected and that the inspection had to include producers from five new villages which were added to the grower group since the previous ACO inspection. A review of the inspection report verified the inspection only consisted of 22 producers and did not include any from one of the new five villages.*

Corrective Action: ACO updated its certification review procedures (SOP 230: Certification Review Committee Review Procedure and SOP 215: Document Review) to include procedures for the reviewer to designate the number of individual growers to be inspected based on a risk factor (low/medium/high risk) recommended by the Certification Review Committee. ACO informed its inspectors that it is mandatory to inspect the entire designated number of individual growers. ACO also added a section to its Land Management Form for inspectors to complete with information about each individual grower inspected during the onsite inspection. ACO informed its inspectors and certification staff of the updated procedures and form via email, and plans to conduct additional training in April of this year.

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AUDIT INFORMATION

Applicant Name:	Australian Certified Organic Pty LTD (ACO)
Est. Number:	N/A
Physical Address:	766 Gympie Rd, Chermside, QLD Australia 4032
Mailing Address:	PO Box 530, Chermside, QLD Australia 4032
Contact & Title:	Kellie Lewis, General Manager; Michael Baker, Certification Manager
E-mail Address:	kellie.lewis@aco.net.au; michael.baker@aco.net.au
Phone Number:	61 (0)7 3350 5706
Auditor(s):	Lars Crail, NOP AIA Accreditation Manager
Program:	USDA National Organic Program (NOP)
Audit Date(s):	May 12 - 21, 2012
Audit Identifier:	NP22003ZZA
Action Required:	No
Audit Type:	Corrective Action Review – Renewal Assessment
Audit Objective:	To verify review and approve corrective actions addressing the noncompliances identified during the Renewal Assessment.
Audit Criteria:	*7 CFR Part 205 National Organic Program, Final Rule,* dated December 21, 2000; as amended August 3, 2011.
Audit Scope:	ACO's response materials to the noncompliances issued March 30, 2012.
Location(s) Audited:	Desk

Australian Certified Organic Pty LTD (ACO) was originally accredited as a certifying agent on June 7, 2002 for crops, wild crops, livestock, and handling. ACO is currently certifying operations to the NOP in Australia, Cook Islands, Fiji, Madagascar, New Zealand, Papua New Guinea, and Thailand. The ACO client list as of February 6, 2012 had 186 certified operations with 41 crop, 3 (crop) grower groups, 3 wild crop, 60 livestock, and 79 handling operations. Two of the handling operations are distributors only.

The ACO office is located in Chermside, Australia and all certification activities are conducted in this office. A marketing office (Barossa office) is located in Nuriootpa, South Australia; however, all inquiries regarding certification are directed to the Chermside office.

NOP conducted an on-site Renewal Assessment of ACO between January 31 – February 10, 2011, in Chermside, Queensland, Australia.

On April 30, 2012, ACO was issued a Notice of Noncompliance for eight noncompliances (NP2003ZZA.NC1-8) identified during the on-site assessment.

The corrective actions for six noncompliances identified during the 2007 Surveillance Accreditation Renewal Audit and seven noncompliances identified during the 2010 Mid- Term Audit were determined to be implemented and effective; therefore, the noncompliances were cleared.

On April 30, 2012, ACO submitted timely corrective measures to the NOP.

FINDINGS
The corrective actions submitted by ACO are accepted and will be verified for implementation and effectiveness during the next onsite assessment.

NP2003ZZA.NC1 – **Accepted** – NOP §205.404(b)(3) states, "The certifying agent must issue a certificate of organic operation which specifies the: (3) Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation." *Five of 187 NOP organic certificates issued by ACO did not identify the processed products category of organic operation. The certificates correctly identified the category of organic operation as crop or wild crop; however, the certificates did not identify the operations were also certified for processing (handling). All five clients are also certified for on-farm processing (micro-brewery, distillation, etc.) which is considered a cottage industry by ACO and therefore not listed on the certificate. The certified operation files, including organic system plans, audit reports, certification decision records, certification letters, etc., clearly documented the additional category of processing for these operations; however, the category was simply not identified on the certificate. ACO updated all five of the certificates on the first day of the assessment to add the category of organic operation as "onsite processing."*
Corrective Actions: All five operations received an updated organic certificate adding the certification category of onsite processing. ACO updated their certificate templates and provided training to their certification staff. ACO conducted a full review of clients to ensure all operations with on-farm processing held an appropriate and accurate certificate. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC1 by ACO are accepted.

NP2003ZZA.NC2 -Accepted– NOP §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." *One of 12 files reviewed identified a specific noncompliance to the NOP Rule; however, ACO did not issue written notification of noncompliance to the certified operation as required. The Certification Officer conducting the annual update review identified a concern regarding the application of raw manure, the inspector identified an issue of concern for the application of raw manure continually throughout the year in a coconut plantation with no post-application harvest interval (coconuts harvested year-around), and the Certification Review Committee member conducting the final review and making the certification decision identified it as a noncompliance requiring corrective action. ACO did not issue a written notice of noncompliance but only informed the certified operation that it was an improvement request to be completed by the next audit.*
Corrective Actions: The operation was issued a noncompliance notification by ACO. A training memo was issued to the certification staff regarding the matter. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC2 by ACO are accepted.

NP2003ZZA.NC3- Accepted – NOP §205.402 (a)(2) states, "Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part." *ACO approved a crop operation (vineyard) that identified the use of a biodynamic preparation containing raw manure (BD 500) without verifying the compliance of the application and harvest dates with the restrictions in §205.203(c)(1)(iii). Interviews with the responsible Certification Review Committee member that made the certification decision and with the Certification Manager verified this product was considered an input with no restrictions based on the OMRI listing. None of the individuals involved in the certification process (initial reviewer, inspector, certification decision maker) identified the use of the biodynamic product containing raw manure as an issue that required additional information to verify compliance.* **Rebuttal Received:** ACO has always considered the Biodynamic Preparation BD500 (horn manure spray) as a nonsynthetic input, allowed under 205.105(a). Furthermore, the Organic Materials Review Institute (OMRI) lists the following for Biodynamic Preparations:

> Status: Allowed
> Class: Crop Management Tools and Production Aids
> Origin: Nonsynthetic
> Description: Includes horn manure spray (500) horn silica (501), yarrow flowers (502), chamomile (503), stinging nettle (504), oak bark (505), dandelion (506), valerian (507), and horsetail (equisetum) spray (508).
> NOP Rule: 205.105(a)

NOP accepts ACO's rebuttal response for NC3. ACO may continue to approve BD500 without restriction under §205.105(a).

NP2003ZZA.NC4 - Accepted – NOP §205.501(a)(16) states, "Charge applicants for certification and certified production and handling operations only those fees and charges for certification activities that it has filed with the Administrator;" and NOP §205.642 states, "…a certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator." *ACO updated their domestic and international fee schedules in January 2012; however, the entire fee schedules were not submitted to the Administrator. ACO submitted a summary of the intended changes to both fee schedules with their renewal application in December 2011; however, they did not submit the revised fee schedules (dated January 18, 2012) to the Administrator and charged domestic clients according to the revised domestic fee schedule. ACO has not yet charged any international clients using the revised international fee schedule.* **Corrective Actions:** The Domestic and International Fee schedules were submitted to the NOP. ACO revised their QA manual to indicate that fee schedules would be submitted to the NOP when modified rather than submission of a summary of the changes. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC4 by ACO are accepted.

NP2003ZZA.NC5 – Accepted - NOP §205.504(b)(5)(iii) states, "A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and

information to demonstrate its expertise in organic production or handling techniques…A copy of the procedures to be used, including any fees to be assessed, for making the following information available to any member of the public upon request…The results of laboratory analyses for residues of pesticides and other prohibited substances conducted during the current and 3 preceding calendar years…" *ACO has no established policy or procedures that address public requests for laboratory analyses for residues of pesticides and other prohibited substances. ACO has received no requests from the public for this type of information. ACO updated their certification procedures during the assessment to satisfy this NOP requirement.* **Corrective Actions:** ACO submitted updated Standard Operating Procedures for sampling and testing with reference to procedure for making test results available to the public. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC5 by ACO are accepted.

NP2003ZZA.NC6 – Accepted - NOP §205.504(b)(6), states, "A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production or handling techniques…A copy of the procedures to be used for sampling and residue testing pursuant to §205.670." *ACO has no established policy or procedure to comply with §205.670(d)(1), which states that results of all analyses and tests performed under this section must be promptly provided to the Administrator (i.e. NOP). No tissue samples have been taken by ACO of NOP client products or inputs. ACO did update their certification procedures during the assessment to satisfy this NOP requirement.* **Corrective Actions:** ACO updated their Standard Operating Procedures to include the requirement to send test results to the NOP. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC6 by ACO are accepted.

NP2003ZZA.NC7 – Accepted - NOP §205.504(b)(1), states, "A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production or handling techniques…A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates…" *Pursuant to §205.671, if a prohibited substance is detected that is greater than 5% of the EPA tolerance for the residue or unavoidable residual environmental contamination the product is not allowed to be represented as organic. ACO policy and procedures do not clearly identify what steps ACO must implement to ensure certified operations comply with this regulation requirement. Additionally, pursuant to §§205.402(b)(3) and 205.403(e)(2), copies of test results for any samples taken by an inspector must be provided to the operation. ACO's SOP 229, Section 9, only indicates that operations are notified of positive results above 5% of EPA tolerance. ACO updated their certification procedures during the assessment to satisfy this NOP requirement.* **Corrective Actions:** ACO updated their Standard Operating Procedures to include the requirement to send test results to the NOP. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC7 by ACO are accepted.

NP2003ZZA.NC8 – Accepted - NOP §205.402(a)(2 states, "Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part." Pursuant to §205.303(b)(1), which states,

"For products labeled "organic," identify each organic ingredient in the ingredient statement with the word, "organic," or with an asterisk or other reference mark which is defined below the ingredient statement to indicate the ingredient is organically produced." *The coconut water product label for one of the processor files reviewed did not comply with the aforementioned requirement. Additionally, §205.303(b)(2), states, "On the information panel, below the information identifying the handler or distributor of the product and preceded by the statement, "Certified organic by***," or similar phrase, identify the name of the certifying agent that certified the handler of the finished product…" Several labels for the same processor were approved by ACO where the placement of the COB was not in compliance.* **Corrective Actions:** ACO issued a noncompliance notification to the operation identified with the label violations. ACO created a label review checklist and has trained staff on its implementation. Objective evidence was submitted to the NOP by ACO. The corrective actions submitted for NC8 by ACO are accepted.

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AUDIT INFORMATION

ACA Name:	Australian Certified Organic Pty LTD (ACO)
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Program:	USDA National Organic Program (NOP)
Audit Date(s):	NOP Review: December 16, 2010 through March 28, 2011.
Audit Identifier:	NP0298MMA
Action Required:	No
Audit Type:	Corrective Action Review
Audit Objective:	To verify continuing compliance to the requirements of the audit criteria.
Audit Criteria:	7 CFR Part 205, National Organic Program, Final Rule, December 21, 2000, amended March 14, 2011. Program Handbook: Guidance and Instructions For Accredited Certifying Agents & Certified Operations, Winter Edition, January 31, 2011.
Audit Scope:	The company's quality manual including personnel, processes, procedures, facilities, and related records.
Location(s) Audited:	Desk

GENERAL INFORMATION

In 2008, NOP issued Australian Certified Organic Pty LTD (ACO) a proposed accreditation revocation and renewal denial notice for major noncompliances identified during ACO's 2007 on-site renewal assessment (NP7052DDA CA). ACO filed an appeal with the AMS Administrator and on October 15, 2010 their appeal was denied. ACO subsequently requested an Administrative Law Judge (ALJ) hearing that is pending an outcome.

From October 25 through 29, 2010, USDA Audit, Compliance, and Review Branch (ARC) auditors conducted ACO's NOP mid-term on-site accreditation assessment. ARC issued their audit report (NP0298MMA NC) to NOP Accreditation and International Activities Division (AIA) for review on December 16, 2010.

On January 6, 2011 NOP issued a Notice of Noncompliance to ACO for six outstanding (NP7052DDA) and seven new noncompliances. ACO requested and NOP granted an extension for the submission of corrective action materials.

On February 14, 2011, ACO corrective action materials were received and reviewed by the NOP Regional Accreditation Manager (RAM).

Additional materials were requested from ACO by the RAM on March 20, 2010 and on March 25, 2010, ACO submitted a response and corresponding materials.

FINDINGS

Corrective actions and supporting documentation submitted by ACO staff adequately address the thirteen noncompliances.

NP7052DDA.NC1 – Cleared – NOP §205.504(b) states, "A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production or handling techniques, its ability to fully comply with and implement the organic certification system established..: 1) A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates; and 2) a copy of the procedures to be used for reviewing and investigating certified operation compliance with the Act and the regulations in this part and the reporting violations of the Act…." *ACO supplied a current Quality Manual and Administrative Procedures for the review. The quality manual was not in compliance to the NOP Rule in several areas and statements that are related to the ACO Standards and inferred to the NOP Rule such as:*

- *Page 2 - Downgrading of product;*
- *Page 15 – Certification Manager providing advice;*
- *Page 16 - Technical officer making final decision when in fact the Certification Review Committee makes the final decision;*
- *Page 19 - Appeals Committee is for ACO and not NOP;*
- *Page 20 - The CRC can change decisions;*
- *Page 22 – Personnel files does not address Performance evaluations;*
- *Page 50 – Requires the clients to request quotations;*

The following Administrative Procedures are not in compliance to the NOP rule as stated:

- *Procedure 215 – Application and OSP Review;*
- *Procedure 225 - Conducting and completing audits;*
- *Procedure 230 - CRC Review procedure;*
- *Procedure 240 – Closing out CAR's & Issuing Certificates;*
- *Procedure 245 – Use of ACO Logo;*
- *Procedure 260 – Intention to Suspend Certification Procedure;*
- *Procedure 265 – Suspension of Certification Procedure;*
- *Procedure 275 – Decertification; and*
- *Procedure 300 – Fast Track Audits.*

Corrective Action: ACO submitted revised pages to their quality manual as well as revised procedures to all the procedures except for procedures 275 and 300. The corrective actions submitted addressed all areas except that that ACO is still not supplying their NOP clients with an estimate of costs for accreditation or re-accreditation. ACO has removed the requirement that the client has to request a

quotation, but the revised fee schedule still does not give the client a cost estimate. The client still has to figure out what the costs are. Also, ACO still needs to submit the procedures 275 and 300 for review. **Verification of Corrective Action:** The Managing Director stated that the procedure for withdrawals was Proc No 275 – *Withdrawal/Voluntary Deferral of Certification*. Since the ACO appeal to the NOP Administrator stated this procedure was "not relevant to USDA NOP and it has been outlined so in the procedures" the audit team clarified with the Managing Director whether the procedure was pertinent to NOP certifications. The Managing Director stated that the voluntary deferral portion of the procedure was not applicable to the NOP but the withdrawal portion was applicable. Procedure 300 clearly stated it was not applicable to the NOP standards and this was also confirmed during the audit. The fee schedules and the fee estimates are now being provided to applicants and certified operations.

NP7052DDA.NC2 – Cleared – NOP §205.642 states, "Fees charged by a certifying agent… The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification…. The certifying agent may set the nonrefundable portion of certification fees; however, the nonrefundable portion of certification fees must be explained in the fee schedule." *ACO is not providing a total cost estimate to the clients for certification including the regional charges and ACO does not explain the nonrefundable portion of the fees. The fee schedule also infers that the ACO client will pay for any testing conducted (205.670(b)).* **Corrective Action:** ACO requires the NOP clients to submit a request for an export application and then ACO will supply the fee schedule to the client. The fee schedule lists out the NOP fees and then also requires a regional fee. The client still has to determine what their total fee costs are without ACO supplying the fee estimate. **Verification of Corrective Action:** ACO was currently sending applicants and certified operations the fee schedule which contains the individual costs for various levels of certification. There are no clients certified exclusively to the NOP, so all clients receive a standard certification fee and the NOP cost for certification based on the geographic area of Australia. The fees and estimate are provided in an initial letter or a reminder letter from ACO. However, records of the letters sent to clients are not retained unless there is a request to receive the information electronically. This resulted in a new non-compliance being identified for records maintenance. The fee schedule now includes the explanation of what fees are non-refundable. Since all operations are certified to the ACO Australian standards prior to NOP certification and ACO has a policy of pulling a soil or product sample on all initial inspections, clients are charged for testing. However, this occurs prior to the operation applying for NOP certification and thus is not a non-compliance with the Final Rule.

NP7052DDA.NC4 – Cleared – NOP §205.403(c)(1-3)(d) states, "The on-site inspection of an operation must verify: 1) The operation's compliance or capability to comply with the Act… 2) That the information, including the organic production or handling system plan… accurately reflects the practices used or to be used by the applicant… 3) That prohibited substances have not been and are not being applied to the operation… d) the inspector must conduct an exit interview with an authorized representative… to confirm the accuracy and completeness of inspection observations… The inspector must also address the need for any additional information as well as any issues of concern." *During the witness inspection of the processor the inputs (citric acid and vinegar) were not adequately reviewed. The documentation reviewed on the fermentation and process flow of the citric acid was from a previous supplier and not the current supplier. The vinegar used was not from an NOP organic or organic*

source. No formal exit interviews were conducted during the witness inspections to inform the clients of the issues of concern as required. **Corrective Action:** ACO researched the citric acid in question and found that the citric acid was in fact the same citric acid from both suppliers, just different label names. The ginger company has since quit using the vinegar and is now using the same citric acid. The revised forms used require the inspector to make sure an exit interview is conducted. **Verification of Corrective Action:** The inspector conducted an exit interview during both witness inspections. Inspections were thorough and there were no areas of concern identified by the audit team.

NP7052DDA.NC5 – Cleared – NOP §205.501(a)(18) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Provide the inspector, prior to each on-site inspection, with previous on-site inspection reports and notify the inspector of its decision regarding certification of the production or handling operation site inspected by the inspector and of any requirements for the correction of minor non-compliances." *ACO is not providing the inspectors with a copy of the previous on-site inspection reports.* **Corrective Action:** The procedures manual for audit coordination require ACO to give the inspectors previous onsite inspection reports and the outcome of the audit. ACO determined that the one inspector that did not receive the previous inspection report was an isolated incidence, and ACO will strive to ensure that inspectors receive what is required in advance of the inspections. **Verification of Corrective Action:** Inspectors were receiving a copy of the previous inspection reports.

NP7052DDA.NC6 – Cleared – NOP §205.406(a)(3) states, "To continue certification… submit the following information, as applicable, to the certifying agent: an update on the correction of minor non-compliances previously identified by the certifying agent as requiring correction for continued certification." *The annual update forms used by ACO clients do not contain a request for the client to address previous non-compliances issued.* **Corrective Action:** The revised Organic Management Update Form now has an area for the client to inform ACO of past non-compliances and the actions taken to correct such non-compliances. **Verification of Corrective Action:** The revised forms were in use and information on previous non-compliances was being provided by operations during annual updates as verified through the files reviewed.

NP7052DDA.NC8 – Cleared – NOP §205.203(b) states, "The producer must manage crop nutrients and soil fertility through rotations, cover crops, and the application of plant and animal materials." *Two client files reviewed found that the cover crops seeds used were not reviewed to determine if they were organic or untreated seeds according to §205.204.* **Corrective Action:** ACO states that they have procedures in place to review any seeds to determine if they are organic or untreated and will ensure the procedure is followed for all clients. However, ACO did not submit supporting documentation as to what ACO did with the two particular clients. **Verification of Corrective Action:** A review of the two client files indicated that ACO had gone back to the clients and verified the seeds used were non-organic, untreated seeds and at the time were not commercially available. Additionally, ACO conducted a review of all NOP livestock and crop operations to see if the seeds used for the cover crops were untreated and took action to decertify the operations in the two cases where the verification could not be obtained.

NP7052DDA.NC9 – Cleared – NOP §205.404(a) states, "...a certifying agent must review the on-site inspection report, the results of any analyses for substances conducted, and any additional information

requested from or supplied by the applicant. If the certifying agent determines that the organic system plan and all procedures and activities of the applicant's operation are in compliance with the requirements of this part… the agent shall grant certification." *One client file reviewed (an herbal tea processor) found that the OSP did not identify who the supplier of the NOP products were as the certificates submitted for the products were not products certified to the NOP Rule (only EU, Egypt, or Demeter standards). The file stated that the client was waiting on the NOP certificates from suppliers (these were never included in the file). The OSP did not include recipe cards or organic profiles of any products to determine the 100% organic, organic, or made with organic status of the products. ACO had certified the client to the NOP in 2005 without determining if products used were NOP compliant. The Certification Review Committee review of the 2007 file indicated that the client should not be approved for NOP; however, the past General Manager issued a revised NOP certificate using the present certification manager's name. The file did not include any review of labels and a revised NOP Certificate was issued in 2007 that did not include a revision date and original certification date.* **Corrective Action:** ACO states that the certificate from ECOA/Natureland was received on October 5, 2005 that showed the product was NOP certified. However, this certificate is missing and can't be found. ACO is seeking a new updated ECOA/Natureland certificate to show client NOP certification. ACO also stated that the new General Manager has a policy that no one signs a document for another person and ACO has requested the client to return the NOP certificate for revision. However, ACO has not submitted adequate corrective action for the label review and how these products are still NOP eligible. **Verification of Corrective Action:** Certificates in files reviewed adequately covered NOP certification and the organic system plans contained product profile sheets indicating the ingredients utilized. The certificates included a "Re-issued date" and an "Original date of issue." A copy of the ECOA/Natureland "Certificate of Registration" verifying the product was certified to the NOP was reviewed during the audit. Labels were being reviewed and a guidance document for identifying approved labels was in place. While the review of labels was inadequate (see new non-compliance identified below); this non-compliance is cleared because the review itself is now being conducted.

NP7052DDA.NC13 – Cleared – NOP §205.501(a)(6) states, "A private or governmental entity accredited as a certifying agent under this subpart must: conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections...." *The ACO quality manual under section 2.3.1 states the performance evaluations will be conducted at least every six months for "Team Members". However, this does not meet the NOP requirements and does not cover all personnel, only staff members. Other than for the chair of the Certification Review Committee (CRC), there were no performance evaluations conducted for the other members of the CRC. Additionally, there are no annual performance evaluations conducted for the sub-contracted inspectors. They are only provided feedback reports every quarter based on the inspections conducted*. **Corrective Action:** ACO provided forms that will be used for performance evaluation of staff and inspectors. These personnel will have the evaluations conducted prior to the annual auditor refresher training course held in March 08. **Verification of Corrective Action:** Annual performance evaluations were completed for all staff, subcontracted inspectors, and subcontracted certification review committee members. Most of the evaluations were conducted on April 1, 2010. While the evaluations were conducted after the annual auditor refresher training course held March of each year, the non-compliance was cleared because the requirement has been met.

NP7052DDA.NC15 – Cleared – NOP §205.501(a)(7) states, "A private or governmental entity accredited as a certifying agent under this subpart must: have an annual program review of its certification activities conducted by the certifying agent's staff, an outside auditor, or a consultant who has the expertise to conduct such reviews and implement measures to correct any noncompliances with the Act and the regulations in this part that are identified in the evaluation." *There is no annual program review conducted to meet the requirements of this clause. The internal audits and managements reviews conducted are in accordance to ISO Guide 65 and assess the "IFAOM regulations" as stated on the internal audit checklist. The "Biannual Group CRC Reviews" consists of reviewing 5% of the certified files for all program standards and includes the NOP standards. However, this does not meet the requirement of reviewing the certification activities as the review does not address activities outside of the Certification Review Committee (CRC) review process*. **Corrective Actions:** ACO submitted a new procedure for how management reviews will be conducted of the NOP but ACO did not submit an actual management review of the NOP Program. **Verification of Corrective Action:** The Appeal letter from the Administrator stated they were in compliance with this requirement (*Signed Administrators Decision APL-026-08*). A review of the records during the mid-term audit verified that internal audits were completed June 30, 2010 and July 1, 2010 with the management review completed on July 8, 2010.

NP7052DDA.NC3 – Adequately Addressed – NOP §205.662(c) states, "When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent… shall send the certified operation a written notification of proposed suspension…. The notification of proposed suspension shall state: (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." *ACO letter of proposed suspension does not inform the clients of the impact of a suspension or revocation on future eligibility for certification and the right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681. ACO is also not issuing letters of proposed suspension to clients when the correction of the noncompliance is not completed within the prescribed time period. ARC auditors attempted to verify ACO corrective measures in place during the 2010 on-site midterm audit; however, the single notification of proposed revocation which was issued since the previous USDA on-site audit did not include the impact of the revocation on future eligibility for certification. Instead it was included on the notification of revocation which was subsequently sent to the client.* **Corrective Action:** ACO has created templates for the notification of proposed suspension and proposed revocation that meets NOP requirements pursuant to §206.662(c), §205.663, and §205.681. ACO created a checklist for issuing noncompliance notices and adverse actions. ACO submitted sample notices and checklist for NOP's review of a current client operation that was issued a proposed suspension. This noncompliance is adequately addressed.

NP7052DDA.NC7 – Adequately Addressed – NOP §205.236 states, "(a) Livestock products that are to be sold, labeled, or represented as organic must be from livestock under continuous organic management from the last third of gestation… (c) The producer of an organic livestock operation must maintain records sufficient to preserve the identity of all organically managed animals…." and NOP §205.237 states, "(a) The producer of an organic livestock operation must provide livestock with a total feed ration

composed of agricultural products, including pasture and forage that are organically produced…." *ACO livestock clients reviewed, both onsite and client files, found the following:*

1. *One livestock operation reviewed onsite, found that the client had sold 47 head of "cull" cows in 2006 certified as NOP organic that ranged in age from 10-13 years old. The client was first certified by ACO to the ACO Standards in 1997 and then to the NOP Rule in 2004. The certification granted in 2004, approved all cattle on the operation and "grandfathered" in all breeding stock except bulls. ACO had not verified that the breeding stock were all raised from the last third of gestation under the NOP standard as the ACO standard allows for a 95% feed ration of organic material as well as allowed inputs and the use of prohibited substances. The livestock operation was also pasturing approximately 200 pairs of livestock from a relative that is certified to the ACO standards but not NOP. The records reviewed did not identify which animals qualified for NOP and which ones did not. Two additional files reviewed found that livestock records did not identify which animals were qualified as NOP and both clients were certified from the initial audit date. Corrective Action implemented by ACO since NOP issued the noncompliance: ACO determined that the client did not fully understand the NOP requirements and has contacted the client to help the client fully understand the NOP. ACO has been working with the client to segregate NOP eligible livestock from Non-NOP livestock. However, ACO has not submitted enough supporting documentation to demonstrate how this is being done with not only this client but others as well.*
2. *Both client files reviewed, found that all breeding animals had been fed non-NOP feed due to lack of pastures (drought) or protein supplements (molasses and Copra-coconut meal neither of which were NOP products). The records kept or OSP did not identify how the offspring were raised from the last third of gestation for the NOP. ACO had granted certification from the original applications and the animals to date do not qualify for the NOP. One client file identified that "fattening" calves were fed a starter/finisher grain mix and safflower meal that was ACO certified. The products are ACO certified but not NOP certified. The NOP Certificate issued lists cattle as approved for the NOP. Corrective Action implemented by ACO since NOP issued the noncompliance: ACO acknowledges that most ACO clients have both NOP and Non-NOP livestock due to drought and shortages of NOP feed. ACO had been continuously issuing certificates to clients even though they did not have qualifying cattle which ACO has claimed to have stopped. However, ACO did not supply adequate supporting documentation to verify how this was being done or how ACO would verify that in the future all animals receive a ration in compliance to the NOP rule.*

   Verification of Corrective Action during the midterm audit: The review of two livestock files and the livestock witness inspection of one of the two verified that neither producer (one beef and one lamb) had an identification and traceability system in place that would allow ACO to verify livestock identified as organic or that breeding stock were organically managed from the last third of gestation. There were no paddock management records, adequate in and out records, or a timetable or plan for identification of livestock. The review of the beef operation file verified that 204 head were moved to a certified organic operation in June 2009 and were returned to the original location in January 2010. The movement records indicated that identification on the cattle was the Australian National Livestock Identification System (NLIS) tags and not green

tags as specified in the organic system plan. Records showed that the cattle were declared non-organic when they were returned to the original station but the final disposition of the livestock was not documented. The records reviewed verified that livestock operations are required to feed 100% NOP organic feed.

Corrective Action: ACO reviewed the inspection report for one of the two operations where 204 head were moved in June 2009 and displayed NLIS tags for identification. ACO provided NOP the inspection report and identified where the inspector's comments and findings indicate adherence to the OSP and compliance to the NOP standards. Additional supporting documentation from the operation and the ACO annual operation document review were also provided to the NOP for review.

The second livestock operation was issued a notice of noncompliance after ACO's review of the inspection report and operator's client file. The operator updated their inventory record and responded to some of the noncompliances; however, ACO has determined that the operation's response was not complete and sufficient to clear the noncompliances. As of the date of ACO's submission of corrective actions, the operation's deadline to submit corrective actions has not expired.

Additional corrective actions by ACO include (1) an additional audit/review of all livestock clients for segregation, identification, inventory record reconciliation and traceability. Any open minor or major noncompliances will be investigated and addressed. (2) An ACO newsletter was issued to all livestock operations on January 18, 2011 which emphasized the importance of identification and segregation system for NOP stock, gave examples of compliant systems, and stressed the requirement for producers to update their system plans accordingly. The newsletter will be regularly issued to all ACO clients informing them of NOP regulations and updates. (3) On March 11, 2010, ACO staff conducted internal staff training of NOP livestock standards. ACO will continue to hold regular NOP trainings and ACO is currently in discussion with IOIA to provide on-site staff training May 11-12, 2011. (4) ACO has developed a "guidance" document that will assist ACO's livestock operators when completing and updating their management plans (i.e. OSP).

ACO submitted corrective actions and reviewed materials adequately address the noncompliance.

NP7052DDA.NC10 – Adequately Addressed – NOP §205.501(b)(1&2) states, "…the certifying agent: does not require use of its seal, logo, or other identifying mark on any product sold… and does not require compliance with any production or handling practices other than those provided for in the Act…."

1. *The ACO Letter of Confirmation of USDA NOP Certification of Renewal requires the client to display the ACO BUD LOGO and has the USDA Logo as optional. <u>Corrective Action implemented by ACO since NOP issued the noncompliance</u>: ACO revised the Cover Letter and License Agreement but a review of them finds that ACO is still requiring the client to use the ACO BUD LOGO. <u>Verification of Corrective Action during the midterm audit</u>: The Appeal letter from the Administrator stated they were in compliance with this requirement (Signed Administrators Decision APL-026-08). While the licensing agreement was revised to indicate the ACO and USDA seal may be used, the cover letter sent to client's states, "To help your customers identify your products as CERTIFIED organic, it is important to display the BUD*

LOGO in conjunction with the USDA Logo prominently on your packaging). As outlined in the Australian Organic Standard 1006 (Section 3.5 Annex VI) you must show the: Correct level of certification, certification number, and logo and/or name of certifier (by using the BUD Logo supplied by the office, in conjunction with the USDA logo you will meet all these requirements). A jpg of your Bud Logo and the USDA Logo is available by contacting our office." **Corrective Action:** ACO has removed the ACO logo "artwork" section from the cover letter and the NOP confirmation letter. This portion of the noncompliance is adequately addressed.

2. *ACO Checklists, inspectors, and conditions for certification are requiring the clients to have complaint files and to conduct internal audits.* **Corrective Action:** Audit reports and stencils have been changed to not require complaint files and internal audits. This was deemed adequate and verified by the ARC auditors during the on-site assessment. This portion of the noncompliance is cleared.

NP7052DDA.NC11 – Adequately Addressed – NOP §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." *ACO had submitted corrective actions to the 2004 onsite audit for the livestock operations that identified that ACO new livestock organic management plan would be filled out and verified for following the approved OSP. ACO also had revised procedures in place to ensure that the review and granting of certification to the NOP would be followed. The 2007 onsite audit verified that these corrective actions were not effective. Corrective Action implemented by ACO since NOP issued the noncompliance: ACO stated that NOP clients are requested to complete the OSP and since the 2004 audit, ACO has been improving the ACO system and procedures. Document review is always conducted prior to the on-site audit and the procedure is followed by the certification team. However, the corrective actions submitted by ACO for the non-compliances have not demonstrated that that ACO has a complete understanding or training for livestock certification. Verification of Corrective Action during the midterm audit: Because of the deficiencies identified with the livestock organic system plans in NP7052DDA.NC7 and the training records in NP7052DDA.NC12 this non-compliance could not be cleared and remains outstanding.* **Corrective Action:** ACO now (1) records the duration of each training session, (2) IOIA training for 2 days is planned in May 2011, and (3) a training matrix for new employees will maintain a clear record of training. The noncompliance is adequately addressed.

NP7052DDA.NC12 – Adequately Addressed – NOP §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…." The ACO training procedure (procedure no. 510) states that training needs will be identified using the training matrix. *The training matrix identifies areas of training based on job descriptions. There was only one individual training matrix available during the audit and only two training records maintained. There were no other training records available for the rest of the staff, and there was no way to verify that the employees have been trained to accurately apply the NOP standards. Corrective Action implemented by ACO since NOP issued the noncompliance: ACO submitted a matrix that showed that all staff, CRC, and auditors were now trained. However, ACO failed to submit any information as to how all the personnel were now trained. Verification of Corrective Action during the midterm audit: The review of training*

records and the documented agendas for training indicates that each of the subcontracted inspectors were documented as receiving the ACO Annual Certificate of Completion – ACO Auditor Refresher Training (Distance) in 2010, 2009, and 2008. Training topics covered in 2010 was the NOP updates which was one of six topics discussed during the one day training. Additionally, following the review of documented training for certification officers an interview with the Managing Director suggested that the documented training, the duration of which is unspecified, is a fraction of a day and may be as little as a couple of hours. The documentation of training to the NOP requirements, specifically for livestock and grower groups, input reviews, and label review, is not documented for those making initial and final decisions on certification and there are no minimum requirements that must be attained prior to performing those functions. **Corrective Actions:** ACO now (1) records the duration of each training session, (2) IOIA certification and inspector training for 2 days is scheduled in May 2011, and (3) a new training matrix for new employees will maintain a clear record of training. The noncompliance is adequately addressed.

NP7052DDA.NC14 – Adequately Addressed – NOP §205.501(a)(11)(v) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Prevent conflicts of interest by: requiring all persons who review applications for certification, perform on-site inspections… and all parties responsibly connected to the certifying agent to complete an annual conflict of interest disclosure report." *Only three of the five members of the board of directors of BFA had current Pecuniary Interest Disclosure (PID) reports on file. The Certification Review Committee members had current PID reports on file; however, they were not completed annually by all members as required. Prior to 2007, the most recent report on file for some members was 2003 and 2001. Corrective Action implemented by ACO since NOP issued the noncompliance: ACO provided current PID reports for all Board of Directors and CRC Members. However, upon review of the Board of Directors PID reports, it was found that two Board Members appear to have conflicts of interest to serve on the Board. One Board member currently does consulting services for seven clients that ACO certifies and one Board member has land that is currently undergoing certification processes by ACO. Verification of Corrective Action during the midterm audit: A review of the personnel files verified that all members of the Board of Directors and sub-contracted inspectors had a current Conflict of Interest Declarations (Pecuniary Interest Declarations) for 2010. There were no members certified to the NOP standards. However, the review also verified that three of the four ACO Certification Officers did not have a current declaration form on file. Two were last updated in 2008 and one in 2009.* **Corrective Actions:** Section 2.3.6 of the QA has been updated to ensure the PID form is completed annually by staff, contractors, and board members. A checkbox to confirm PID completion has been inserted on the staff performance evaluation form. For new employees, a human resources checklist includes the completion of a PID form. ACO provided documentation to the NOP that the two Board Members' farms are certified to Australian organic standards and not to the NOP. The noncompliance is adequately addressed.

NP0298MMA.NC1 – Adequately Addressed - NOP §205.402(a)(2) states, "Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part." *Labels were being reviewed and a guidance document for identifying approved*

labels was in place. However, a review of the approved labels conducted during the audit verified that 7 of the 16 labels in the file were not in compliance with the requirements. Four labels stated the raw dark chocolate contained "62% Organic Raw Cacao". A review of the Product Ingredient Declarations verified the products had 32% Cocoa Butter and 29% Cocoa Powder with no other cocoa in the product. Two labels of raw dark chocolate stated the product contained "72% Organic Raw Cacao". A review of the Product Ingredient Declarations verified that the calculations were not done correctly and there was no way of knowing which of the other listed ingredients was not at the right percentage and if there was in fact 72% organic raw cacao in the product. The last label was approved for "Wild Crafted Agave Syrup, Dark Agave". A review of the certificate from the supplier stated the product was 100% Organic but did not identify that the product was certified as a wild crop. **Corrective Actions:** All Product Ingredient Declarations were submitted by the client for ACO review and approved. The Agave syrup label was changed to indicate "Raw Organic Agave Syrup." Label training for ACO staff was conducted on November 3, 2010 and additional training is scheduled with IOIA in May 2011. This noncompliance has been adequately addressed.

NP0298MMA.NC2 – Adequately Addressed - NOP §205.405(d)(2) states, "A notice of denial of certification must state the reason(s) for denial and the applicant's right to (2) Request mediation pursuant to § 205.663." *The one operation that was denied certification was issued a combined notification of non-compliance and denial of certification. The notification did not include the applicant's right to request mediation*. **Corrective Actions:** ACO revised the Notice of Denial template and updated their Proc No 215 of the QA. This noncompliance is adequately addressed.

NP0298MMA.NC3 – Adequately Addressed - NOP §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." *A review of one handler file verified that the facility had moved to a new location six months before annual inspection. ACO stated they were not informed of the move until the annual update was submitted and the facility was producing product prior to being inspected, yet there was no non-compliance identified by ACO. A review of a grower group file confirmed that 3 farms of 16 visited had issues with the use of Paraquat (herbicide – bipyridinium dichloride) on the boundaries or directly on farm. The inspection report stated farm #173 still needed to be investigated by ICS. The investigation and follow up with farmers was left up to the Internal Control System to manage with no oversight and follow-up by ACO and certification was continued with no non-compliance identified*. **Corrective Actions:** ACO staff training was conducted on November 3 and 10, 2010 on NOP standards including reviewing OSPs, initial/annual document reviews and grower group certification. ACO has created a document checklist for grower groups to complete and submit to ACO for review annually. The checklist is now sent to grower groups with the annual inspection notification letter. Follow up inspections and reviews of the handler operator and grower group were conducted. Both operations were found to be in compliance. The handler operation submitted a policy update to ACO that requires the client's management to notify ACO when facilities change prompting an inspection by ACO prior to the facilities startup. This noncompliance is adequately addressed.

NP0298MMA.NC4 – Adequately Addressed - NOP §205.501(a)(18) states, "A private or governmental entity accredited as a certifying agent under this subpart must: …notify the inspector of its decision regarding certification of the production or handling operation site inspected by the inspector and any requirements for the correction of minor non-compliances" and ACO Procedure No 230 – *CRC Review Procedure*, Step 10 states, "Auditors shall, on a quarterly basis, be informed of the outcome pertaining to inspections undertaken within that period." *ACO does not inform inspectors of the decision regarding certification and any requirements for the correction of minor non-compliances after inspections*. **Corrective Actions: ACO's** Proc No 235 section 6 was updated. An ACO Contract Officer will now send a copy of the CRC review results via email to the auditor (i.e. inspector). Contract Officer's work instruction was updated on page 7, 16, and 19. ACO is now sending auditors notification of the certification decision and any requirements for the correction of minor noncompliances. ACO submitted several example notifications for NOP's review. This noncompliance is adequately addressed.

NP0298MMA.NC5 – Adequately Addressed - NOP §205.510(b)(2) states, "Certifying agents must maintain records according to the following schedule: Records created by the certifying agent regarding applicants for certification and certified operations must be maintained for not less than 10 years beyond their creation." *Records reviewed and an interview with the Audit Coordinator related to the invoicing of fees and the initial letter containing the "estimate" for certification indicates that the initial letter sent to the client that contains the estimate information is not kept unless there is an instance where the letter is actually emailed rather than mailed*. **Corrective Actions:** The Audit Coordinator Procedure manual, page 4, was updated to indicate that a copy of the letter outlining estimated fees will be retained. ACO has implemented this new procedure. This noncompliance is adequately addressed.

NP0298MMA.NC6 – Adequately Addressed - NOP §205.642 states, "Fees charged by a certifying agent must be reasonable, and a certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator. The certifying agent shall provide each applicant with an estimate of the total cost of certification..." *Records reviewed and an interview conducted with the Managing Director for ACO indicates the current fee schedule for certification activities within the country of Australia is on file with the Administrator. However, the fee schedule for International Certification services is not on file with the Administrator and has not been submitted with the ACO Annual updates*. **Corrective Actions:** An ACO fee schedule for international clients was submitted to NOP on January 17, 2011. The List of Actions for USDA Annual Submission was updated to ensure that both the domestic and international fee schedules are submitted. This noncompliance is adequately addressed.

NP0298MMA.NC7 – Adequately Addressed - NOP §205.660(d) states, "Each notification of noncompliance…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." *The single notification of revocation issued since the previous USDA on-site audit was not submitted to the client by a delivery service which provided dated return receipts*. **Corrective Actions:** Since the mid-term on-site assessment, ACO issued a Notice of Proposed Suspension to an operation. The letter was sent via emailed and by postal service.

Confirmation of receipt of the email was acknowledged by the operation and ACO received a confirmation receipt for the delivery of the notice by mail. ACO provided NOP a copy of the email and the confirmation receipt for review. ACO's client suspension/revocation procedure checklist was updated to include sending notices with delivery receipt confirmation. This noncompliance is adequately addressed.

COMMENTS AND RECOMMENDATIONS

All noncompliance corrective actions and measures will be verified during the next on-site assessment.