



CERTIFICATE OF ACCREDITATION



United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

AUS-QUAL

Queensport Road North 333, Murarrie, 4172, 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-27-19**

Effective Date: **2/13/2019**

Renewal Date: **2/13/2024**

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

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a renewal assessment of the Aus-Qual Pty. Ltd. (AUS-QUAL) organic certification program. The NOP has reviewed AUS-QUAL's application for renewal of accreditation, conducted an onsite audit, and reviewed the audit report to determine AUS-QUAL's capability to operate as a USDA accredited certifier. This report provides the results of the renewal assessment and review of AUS-QUAL's corrective actions.

GENERAL INFORMATION

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|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Applicant Name | Aus-Qual Pty. Ltd. (AUS-QUAL) |
| Physical Address | Unit 1/333 Queensport Road North, Murarrie, Queensland 4172 Australia |
| Mailing Address | P.O. Box 3403 Tingalpa DC, Queensland 4172 Australia |
| Contact & Title | Casie O'Brien, Organic Program Manager |
| E-mail Address | Casie.obrien@ausmeat.com.au |
| Phone Number | 07 3361 9271 |
| Reviewer Auditors | Jason Lopez, NOP Reviewer; Penny Zuck and Rebecca Claypool, On-site Auditors. |
| Program | USDA National Organic Program (NOP) |
| Review Dates | Corrective Actions Review: May 10, 2019 |
| Audit Dates | NOP assessment review: March 29 through April 24, 2019 Onsite audit: November 5-8, 2018 |
| Audit Identifier | NOP-30-18 |
| Action Required | No |
| Audit & Review Type | Renewal Assessment |
| Audit Objective | To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of AUS-QUAL's certification |
| Audit & Determination Criteria | <i>7 CFR Part 205, National Organic Program as amended</i> |
| Audit & Review Scope | AUS-QUAL's certification services in carrying out the audit criteria during the period: April 2016 through November 2018. |

AUS-QUAL Pty. Ltd. (AUS-QUAL) is a private company and a wholly owned subsidiary of AUS-MEAT Limited. AUS-QUAL was initially accredited as a USDA certifying agent on February 13, 2009 for the scopes of crops, livestock, wild crops and handling. AUS-QUAL's office is in Murarrie, Queensland, Australia and is the home office for the Organic Technical Specialists, Reviewers, and Auditors.

AUS-QUAL currently certifies 71 operations including 53 Crops, 46 Livestock, 11 Processor/Handlers. AUS-QUAL only certifies operations to the USDA organic regulations in Australia. AUS-QUAL employs 1 General Manager, 1 Managing Director, 1 Certification Program Manager, 5 Technical Reviewers, 2 Administrative Staff, and 8 Inspectors. Three witness audits were conducted at the time of the on-site renewal audit in South Australia and Queensland, Australia to the scopes of crops, livestock and handling.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether AUS-QUAL'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 “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

NP4125ZZA.NC4 – Cleared

NP6102NNA.NC2 – Cleared

NP6102NNA.NC3 – Cleared

NP6102NNA.NC4 – Cleared

NP6102NNA.NC5 – Cleared

NP6102NNA.NC6 – Cleared

NP6102NNA.NC1 – Accepted. 7 CFR §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.” In addition, 205.201(a)(3) states, “....An organic system plan must include a description of the monitoring practices and procedures to be performed and maintained including the frequency with which they will be performed to verify that the plan is effectively implemented.”

2016 Comments: *AUS-QUAL's Audit Checklist does include questions regarding monitoring of the process; however, the Organic System Plan template for crops and livestock does not request operations to include information regarding monitoring of practices and procedures and the frequency of such monitoring.*

2016 Corrective Action: AUS-QUAL updated the Organic System Plan, AQT874 OMP Primary Producer template which and now requests further information regarding how the operation is managed, what monitoring practices are undertaken and what records are kept. A copy of the revised AQT874 OMP Primary Producer (OSP) was submitted.

2018 Verification of Corrective Action: The current AUS-QUAL producer and processor/handler organic system plans do not include questions regarding monitoring or the frequency of monitoring for practices and procedures other than pest management.

2019 Corrective Actions: AUS-QUAL has revised its producer, handling and livestock organic system plan templates. The templates now include questions regarding monitoring and frequency of monitoring of procedures.

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-30-18.NC1 – Accepted. 7 C.F.R. §205.662 (e)(1) states, “If the operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension ..., the certifying agent ... shall send the certified operation a written notification of suspension”

Comments: *AUS-QUAL accepted corrective actions from an operation to resolve a Notice of Proposed Suspension. AUS-QUAL then issued a Notice of Noncompliance Resolution to the operation upon accepting the corrective actions.*

Corrective Action: AUS-QUAL submitted its revised “Suspending, Withdrawing, Reinstating Certification” procedure, which now only allows for operations to request mediation or appeal a notice of proposed suspension. AUS-QUAL staff were informed of the procedural change prior to the submission of this corrective action to the NOP.

NOP-30-18.NC2 – 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 and conditions determined by the Administrator to be necessary.” NOP Instruction 2601 The Organic Certification Process section 3.4, states “The inspection includes... Reconciliation of the volume of organic products produced or received with the amount of organic products shipped, handled and/or sold, also known as trace-back audits or in-out balances.”

Comments: *AUS-QUAL’s inspection report and inspection instructions do not require inspectors to conduct or document in/out balance activities during all inspections.*

Corrective Action: AUS-QUAL staff completed In/Out Balance training in October 2018 and scheduled internal auditor training for May 2019. Additionally, AUS-QUAL’s inspection checklists have been amended to include a “Production Verification/Mass Balance” section.

NOP-30-18.NC3 – Accepted. 7 C.F.R. § 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,... and implement measures to correct any deficiencies in certification services.” NOP 2027, “Personnel Performance Evaluation,” Section 3.2b states, “The field evaluation system should be developed using best practices, such as a risk-based approach (i.e., inspector

experience, annual number of inspections, work product assessment, etc.) or another approach sufficient to determine inspector competency. Inspectors who have demonstrated full competency may be field evaluated less regularly but still require an annual performance evaluation.”

Comments: *AUS-QUAL is not conducting inspector field evaluations according to its policy. AUS-QUAL’s compliant performance evaluation policy includes conducting field evaluations of inspectors at least every three years on a risk-based approach that takes in to account inspection report review evaluations, and prior field evaluations.*

Corrective Actions: AUS-QUAL plans to conduct the witness audits it failed to conduct by July 2019. AUS-QUAL will confirm completion of its inspector witness audits and the inspector witness audit procedure during its August 2019 internal audit. AUS-QUAL has also altered its internal audit process so that the internal audit for the Organic Program will also include a monitoring of external NC’s raised since the last internal audit to ensure that the NC’s have been corrected.

NOP-30-18.NC4 – Accepted. 7 C.F.R. § 205.403(e)(2) states, “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.” NOP 2613, section 5.1(a) states, “If no residues of prohibited pesticides are detected, the certifying agent should: Notify the certified operation of the test results and indicate that the product may be sold as organic.”

Comments: *AUS-QUAL’s notification to operations residue test results does not indicate the product “may be sold as organic” when there is no detection.*

Corrective Actions: AUS-QUAL has submitted its modified email template, which now informs the operation that no detection was found, and that the product may be sold as organic. AUS-QUAL has informed its certification staff of the changes to the email template.

NOP-30-18.NC5 – Rebuttal accepted.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a mid-term assessment of AUS-QUAL Pty. Ltd. (AUS-QUAL). An onsite audit was conducted, and the audit report reviewed to determine AUS-QUAL's capability to continue operating as a USDA accredited certifier.

GENERAL INFORMATION

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|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Applicant Name | AUS-QUAL Pty. Ltd. (AUS-QUAL) |
| Physical Address | Unit 1, 333 Queensport Road North, Murarrie QLD 4172 Australia |
| Mailing Address | Unit 1, 333 Queensport Road North, Murarrie QLD 4172 Australia |
| Contact & Title | Elise Le Page-King, Organic Program Manager |
| E-mail Address | elise@ausqual.com.au |
| Phone Number | 61.7.3361.9233 |
| Reviewer & Auditor | Rebecca Claypool, NOP Reviewer; Patricia Heckart, Onsite Auditor. |
| Program | USDA National Organic Program (NOP) |
| Review & Audit Dates | Corrective Action Review: June 17 – July 15, 2016 NOP assessment review: May 8, 2016. Onsite audit: April 11-14, 2016 |
| Audit Identifier | NP6102NNA |
| 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 AUS-QUAL's certification program. |
| Audit & Determination Criteria | 7 CFR Part 205, National Organic Program as amended |
| Audit & Review Scope | AUS-QUAL's certification services in carrying out the audit criteria during the period: May 2014 through April 2016. |

AUS-QUAL Pty. Ltd. (AUS-QUAL) is a privately owned company and wholly owned subsidiary of AUS-MEAT Limited. AUS-QUAL was initially accredited as a USDA National Organic Program (NOP) certifying agent on February 13, 2009 for crops, livestock, wild crops and handling operations. AUS-QUAL currently has 54 clients certified to the NOP standard; 19 for crops, 32 for livestock, and 16 for handlers. The operations are all located in Australia. There are no grower groups or wild crop operations certified by AUS-QUAL. Certification activities are conducted in the main office in Murarrie, Queensland, Australia and home offices of the Organic Technical Specialists/Reviewers/Auditors.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether AUS-QUAL'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.

NP9348BBA.NC6 – Cleared.

NP4125ZZA.NC1 – Cleared.

NP4125ZZA.NC2 – Cleared.

NP4125ZZA.NC3 – Cleared.

NP4125ZZA.NC4 – Accepted. 7 CFR §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, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services;"

2014 Comments: *AUS-QUAL is not conducting adequate annual performance evaluations for staff or contracted employees. The performance evaluations conducted for contracted reviewers and auditors are not documented. AUS-QUAL reviewers are conducting evaluations of each audit report and providing feedback to auditors; however, annual performance evaluations are not conducted. The staff performance evaluations are documented on a general form used for all AUS-QUAL staff which does not specifically address their responsibilities for organic certification.*

2014 Corrective Actions: AUS-QUAL amended the procedure to ensure that all Organic Program Evaluations will be completed annually for all Organic Staff, including reviewers, auditors, administrative staff and management. In-person performance evaluations will be conducted by the Program Manager during the Organic Focus Group Training, held biennially, with teleconference performance evaluations occurring on alternate years. Teleconference performance evaluations will be conducted every October to ensure the annual requirement is met. This process has been updated in an AUS-QUAL quality manual document. Organic performance evaluations are documented on a new document specific to the Organic Program, *AQT999*, and saved in each staff member's personnel file.

2016 Verification of Corrective Action: AUS-QUAL as a subsidiary of AUS-MEAT is undergoing restructuring as a company. In addition, findings from the company's quality systems ISO 9001 audit identified improvement opportunities in personnel development and evaluation. Hence, AUS-QUAL is working to develop new procedures for performance evaluations and additionally add a process for evaluating its inspectors in the field. AUS QUAL had not conducted performance evaluations in 2015. During the biennial meeting scheduled for August 2016, there will be formal performance evaluations for all employees.

2016 Corrective Action: In-person performance evaluations will be conducted by the Program Manager during the AUS-MEAT/AUS-QUAL Conference being held in August 2016. The Program Manager will conduct performance evaluations during organic focus group training biennially, with teleconference performance evaluations occurring on alternate years. AUS-QUAL's Auditor Training Approval document, AQT702, states that annual field evaluations for all inspectors is required. Performance evaluations were also conducted in May 2016, as part of the NOP annual report submission, and the results were submitted.

NP4125ZZA.NC5 – 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.

NP6102NNA.NC1 – Accepted. 7 CFR §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.” In addition, 205.201(a)(3) states, “....An organic system plan must include a description of the monitoring practices and procedures to be performed and maintained including the frequency with which they will be performed to verify that the plan is effectively implemented.”

2016 Comments: *AUS-QUAL's Audit Checklist does include questions regarding monitoring of the process; however, the Organic System Plan template for crops and livestock does not request operations to include information regarding monitoring of practices and procedures and the frequency of such monitoring.*

2016 Corrective Action: AUS-QUAL updated the Organic System Plan, AQT874 OMP Primary Producer template which and now requests further information in regards to how the operation is managed, what monitoring practices are undertaken and what records are kept. A copy of the revised AQT874 OMP Primary Producer (OSP) was submitted.

NP6102NNA.NC2 – Accepted. 7 CFR §205.404(a) states, “Within a reasonable time after completion of the initial on-site inspection, 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.”

2016 Comments: *While the AUS-QUAL inspector does complete the “Confirmation of Audit” form and the operator signs the form during the exit interview, this form is not always transmitted by the inspector to the AUS-QUAL office. The inspector indicates issues of concern and the need for additional information on this form; however, if a copy of this document is not submitted or the information not recorded in the inspection report, a reviewer and decision maker may have incomplete information.*

2016 Corrective Action: AUS-QUAL added an additional worksheet to the Audit Report Checklist AQT972 which allows the auditor to insert a photograph of the completed

“Confirmation of Audit” form. The Work Instruction Organic – Audit Entry AQT713 was updated to include the step of checking that the “Confirmation of Audit” was inserted within the Audit Report Checklist. AUS-QUAL developed the “Auditor Advice Notices” for training auditors on new or updated procedures. The notices are emailed to auditors to communicate updates to all staff. Copies of the Audit Report Checklist AQT972, and the Organic – Audit Entry AQT713 were submitted.

NP6102NNA.NC3 – Accepted. 7 CFR §205.406(a)(3) states, “To continue certification, a certified operation must...submit the following information to the certifying agent. An updated organic production or handling plan which includes an update on the correction of minor noncompliances previously identified by the certifying agent as requiring correction for continued certification.”

2016 Comments: *Annual updates submitted by operations that had previous noncompliances did not include updates on minor noncompliances. The update template does not include any inquiry about previous noncompliances and corrective actions completed for an annual update.*

2016 Corrective Action: AUS-QUAL updated the letter template, AQT729 Organic Information Required Prior to Progressing Audit Letter, to request an update on the correction of previous noncompliances identified at the last inspection with their annual update application. A copy of the updated letter template AQT729 was submitted.

NP6102NNA.NC4 – Accepted. 7 CFR §205.501(a)(11)(iv) states, “A private or government entity accredited as a certifying agent under this sub part must prevent conflict of interests by not giving advice or providing consultancy services of certification applicants or certified operations, for overcoming barriers to certification.”

2016 Comments: *Notices of Noncompliance included a description of the corrective actions necessary to address the noncompliance.*

2016 Corrective Action: AUS-QUAL updated the letter template, AQT986 Organic Notice of Noncompliance, to no longer include a description of the required action needed to address the noncompliance. AQT986 is saved within the AUS-QUAL electronic documentation system and is the only template that will be used when issuing notification of noncompliances. A copy of the updated letter template AQT986 Organic Notice of Noncompliance was submitted.

NP6102NNA.NC5 – Accepted. 7 CFR §205.662(a)(1) states, “When an inspection, review or investigation ...reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide a description of each noncompliance.”

2016 Comments: *Notices of Noncompliance issued described the facts of the noncompliance; however, there are no USDA organic regulation citations included in the Notices of Noncompliance reviewed.*

2016 Corrective Action: AUS-QUAL updated the letter template, AQT986 Organic Notice of Noncompliance, that includes instructions for the USDA NOP Regulation Citation to be entered for each noncompliance issued. A copy of the updated letter template AQT986 Organic Notice of Noncompliance was submitted.

NP6102NNA.NC6 – Accepted. 7 CFR §205.662(c)(3) states, “that a notification of proposed adverse action must state “...The impact of a suspension or revocation on future eligibility for certification.”

2016 Comments: *The Notice of Proposed Suspension and Notice of Proposed Revocation templates do not contain a statement about the “impact of the adverse action.”*

2016 Corrective Action: AUS-QUAL updated the AQT749 Proposed Suspension and AQT752 Proposed Revocation templates, to include the impact of the adverse action on the future eligibility for certification. Copies of the templates were submitted.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The U.S. Department of Agriculture, Agricultural Marketing Service, National Organic Program (NOP) conducted an onsite renewal assessment of AUS-QUAL Pty Ltd (AUSQ) from May 5-13, 2014 in Murarrie, Queensland, Australia. The NOP reviewed the auditor's report on December 1, 2014 to determine AUS-QUAL's capability to operate as a USDA accredited certifier.

GENERAL INFORMATION

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|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Applicant Name | AUS-QUAL Pty Ltd (AUSQ) |
| Physical Address | Unit 1/333 Queensport Road North, Murarrie QLD 4172 Australia |
| Mailing Address | Same |
| Contact & Title | Elise Le Page-King, Organic Program Manager |
| E-mail Address | elise@ausqual.com.au |
| Phone Number | 61 7 3361 9233 |
| Reviewer(s) & Auditor(s) | Janna Howley, NOP Reviewer Corey Gilbert, On-site Auditor |
| Program | USDA National Organic Program (NOP) |
| Review & Audit Date(s) | Review Date: December 1, 2014 Audit Date: May 5-13, 2014 |
| Audit Identifier | NP4125ZZA |
| Action Required | Corrective Actions |
| Audit & Review Type | Renewal Assessment |
| Audit Objective | To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of [ACA acronym]'s certification system. |
| Audit & Determination Criteria | 7 CFR Part 205, National Organic Program as amended |
| Audit & Review Scope | AUS-QUAL's certification services in carrying out the audit criteria during the period: 2013-2014 |

AUS-QUAL Pty Ltd is a privately owned company and wholly owned subsidiary of AUS-MEAT Limited. AUS-QUAL Pty Ltd was initially accredited as a USDA National Organic Program (NOP) certifying agent on February 13, 2009 for crops, livestock, wild crops and handling operations. AUS-QUAL Pty Ltd currently has 31 clients certified to the NOP standard; 10 for crops, 8 for livestock, and 13 for handling of which 13 are processors. The operations are all located in Australia. There are no grower groups or wild crop operations certified by AUS-QUAL Pty Ltd.

AUS-QUAL Pty Ltd personnel consists of a Managing Director, a staff Organic Program Manager, a staff Administrative Support Officer – Organics, a staff Administrative Support Officer – Audits, 5 staff Organic Auditors, 2 contracted Organic Technical Specialists/Reviewers/Auditors, and 2 contracted Organic Auditors/Reviewers. AUS-QUAL Pty Ltd also has a three-member Board of

Directors for general oversight and direction of the organization; however, none of the members have certification decision making roles. Certification activities are primarily conducted in the main office in Murarrie, Queensland, Australia and home offices of the Organic Technical Specialists, Reviewers and Auditors.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether AUS-QUAL'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 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.

AIA012511LMC.NC1 – Cleared

NP9348BBA.NC1 – Cleared

NP9348BBA.NC2 – Cleared

NP9348BBA.NC3 – Cleared

NP9348BBA.NC4 – Cleared

NP9348BBA.NC5 – Cleared

NP9348BBA.NC7 – Cleared

NP9348BBA.NC6 – Accepted– 7 CFR §205.501(11)(v) General requirements for accreditation states, “(a) A private or governmental entity accredited as a certifying agent under this subpart must: (11) Prevent conflicts of interest by: (v) Requiring all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions...to complete an annual conflict of interest disclosure report.”

2009 Comments: *A review of the Conflict of Interest Disclosure Reports (COI) and interviews conducted indicated that the COI's were signed at the time of employment with the Company and the procedures required that conflicts be identified prior to accepting an assignment. The dates that the COI's were signed were over a year ago and had not been completed annually.*

2009 Corrective Action: Seven copies of the AUS-QUAL Code of Conduct Forms were submitted for review that showed they were updated and signed by the relevant AUS-QUAL staff. In addition, the AUS-QUAL Organic Administrative Guidance Document (February 2010) was updated to require the Code of Conduct Forms to be completed annually at the start of each year.

May 2014 Verification of Corrective Action: Eight of ten staff or contractors involved in the

organic certification process had not completed their annual conflict of interest disclosure reports which were due in January 2014. The AUS-QUAL Managing Director (also member of the Board of Directors) completed the annual conflict of interest report in all previous years; however, he had not completed the form which was due in January 2014. In addition, one of the other members of the Board of Directors had not completed a conflict of interest disclosure report since 2010, and the new Chairman of the AUS-QUAL Board (appointed December 2013) had not completed the form since his appointment. The new chairman had identified all conflicts of interest in another form (Declared Conflicts/Director Interests AUS-MEAT BOD) but not in the AUS-QUAL form. AUS-QUAL raised a Process Improvement Notification during the audit, was in the process of receiving updated conflict of interest declarations from all staff and contractors, and was updating their Work Instruction; however, these corrective actions had not been completed.

November 2014 Corrective Action: All staff and contractors involved in the certification process have now completed and signed a Code of Conduct. The signed documents were provided to NOP. To ensure that the Code of Conduct forms are consistently completed annually, Quality System forms have been updated to include a new procedure for the distribution, and signature, of the Code of Conduct forms. This will be done in conjunction with the USDA NOP Annual Submission list. Any new staff that start during the year will be required to sign a Code of Conduct form at the beginning of employment, and then again in December of each year.

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.

NP4125ZZA.NC1 – Accepted - 7 CFR §205.501(a)(1)(2)(3) and (5) require that “A private or governmental entity accredited as a certifying agent under this subpart must: (1) Have sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the organic certification program established under the Act and the regulations in this part; (2) Demonstrate the ability to full comply with the requirements for accreditation set forth in this subpart; (3) Carry out the provisions of the Act and the regulations in this part... and (5) Ensure that its responsibly connected persons, employees, and contractors with inspection, analysis, and decision-making responsibilities have sufficient expertise in organic production or handling techniques to successfully perform the duties assigned.”

Comments: *AUS-QUAL did not meet these requirements for the implementation of the Pasture Rule for ruminant animals (NOP §§205.237-240) because inspectors, reviewers, and certification decision-makers did not receive adequate training or have adequate understanding of the changes to the organic regulations regarding ruminant livestock from June 2010 to August 2013. AUS-QUAL identified this issue in mid-2013 and subsequently provided adequate training to all staff on September 25-26, 2013 through an onsite IOIA livestock inspection course with special emphasis on the Pasture Rule. The current understanding and implementation of the Pasture Rule is compliant.*

Corrective Actions: AUS-QUAL identified this issue in 2013 and provided training to all staff in September 2013 through an onsite IOIA Livestock Inspection course, with special emphasis given to the NOP Pasture Rule. Prior to the training session, AUS-QUAL provided a packet of information to all auditors, which included NOP regulations, guidance documents, and policy memos related to the Pasture Rule. AUS-QUAL also updated the Organic Audit Checklist to ensure that auditors report on

implementation of the Pasture Rule. Additionally, AUS-QUAL generated a Pasture Rule attachment to the AUS-QUAL Livestock OMP. Copies of the updated documents were provided to NOP.

NP4125ZZA.NC2 – Accepted - 7 CFR §205.501(a)(8) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part;”

Comments: *AUS-QUAL did not provide applicants or certified livestock operations sufficient information regarding the Pasture Rule (NOP §§205.237-240) from June 2010 to September 2013. AUS-QUAL notified their eight certified livestock operations of the Pasture Rule requirements by email on October 11, 2013 and provided additional information, including an updated livestock application form and template OSP, to each in February-May 2014. The livestock witness inspection observed during the renewal assessment verified sufficient information was provided to the certified operation.*

Corrective Actions: AUS-QUAL updated their procedure for distribution of information in September 2013 to clarify the process for communication between NOP, AUS-QUAL and AUS-QUAL clients. The procedure, *AQT915 DOA Notices & USDA NOP Rules Regulations Distribution*, was developed to ensure that all information was sent to the relevant clients in a timely, efficient manner. It requires that a record is kept in AUS-QUAL’s database, not only of the documentation and client distribution list, but also of each individual client’s correspondence. The procedure includes work instructions for staff members to use to ensure that client communication is effective and efficient. The procedure was successfully used in June 2014 to distribute PM 14-3, PM 13-3 and NOP 526 “Use of Chlorine Materials in Organic Production & Handling” to clients.

NP4125ZZA.NC3 – Accepted - 7 CFR §205.403(c)(1) – (3) states, “The on-site inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part; 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;” NOP 2601 Instruction Organic Certification Process, Section 3.4 Step 3 – The Inspection, #8 states, “Reconciliation of the volume of organic products produced or received with the amount of organic products shipped, handled and/or sold, also known as trace-back audits or in-out balances;”

Comments: *AUS-QUAL inspectors did not conduct complete in-out balances or trace-back audits at the crop, livestock, or handling witness inspections. Records were reviewed for all different stages of the operations to verify compliance; however, a complete trace-back audit linking an outgoing shipment of a specific organic sales back to the production and receiving stages for those specific products was not conducted.*

Corrective Actions: At AUS-QUAL’s scheduled Organic Auditor Training in November 2014, Traceability Audits was added as a topic for all inspectors. This will be an annual topic at the auditor trainings. In order to ensure that new inspectors are knowledgeable about this topic, Traceability Audits will be part of new inspector training programs. A “buddy” system, with a senior inspector, will also reinforce new inspector training.

NP4125ZZA.NC4 – Accepted - 7 CFR §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, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services;”

Comments: *AUS-QUAL is not conducting adequate annual performance evaluations for staff or contracted employees. The performance evaluations conducted for contracted reviewers and auditors are not documented. AUS-QUAL reviewers are conducting evaluations of each audit report and providing feedback to auditors; however, annual performance evaluations are not conducted. The staff performance evaluations are documented on a general form used for all AUS-QUAL staff which does not specifically address their responsibilities for organic certification.*

Corrective Actions: AUS-QUAL amended the procedure to ensure that all Organic Program Evaluations will be completed annually for all Organic Staff, including reviewers, auditors, administrative staff and management. In-person performance evaluations will be conducted by the Program Manager during the Organic Focus Group Training, held biennially, with teleconference performance evaluations occurring on alternate years. Teleconference performance evaluations will be conducted every October to ensure the annual requirement is met. This process has been updated in an AUS-QUAL quality manual document. Organic performance evaluations are documented on a new document specific to the Organic Program, AQT999, and saved in each staff member’s personnel file.

NP4125ZZA.NC5 – Accepted - 7 CFR §205.501(a)(8) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part;” NOP §205.290 Temporary variances. NOP 2606 Instruction Processing Requests for Temporary Variances states, “Pursuant to §205.290, accredited certifying agents and State organic programs are responsible for: 1) Receiving and reviewing requests for temporary variances from certified operators; 2) Recommending the establishment of a temporary variance in writing to the NOP; 3) Providing written justification for the variance based on the appropriate regulatory citation under §205.290, including documentation, news articles, or records supporting the recommendation.”

Comments: *AUS-QUAL’s audit checklist (AQT972) and their derogation request form (AQT974) both indicate that AUS-QUAL approves temporary variances instead of identifying temporary variances can only being established by the AMS Administrator. AUS-QUAL has actually never issued any temporary variances and, based on interviews, AUS-QUAL understands that only the AMS Administrator may establish temporary variances based on the requirements in §205.290; nevertheless, the AUS-QUAL documents do not make this distinction.*

Corrective Actions: AUS-QUAL updated the language in two documents (AQT972: Audit Checklist and AQT974: Derogation Request Form) to reflect that only the AMS Administrator may establish a temporary variance. AUS-QUAL provided copies of the updated documents to NOP.



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

AUDIT INFORMATION

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Applicant Name: | AUS-QUAL Pty Ltd. |
| Est. Number: | N/A |
| Physical Address: | Unit 1/333 Queensport Road North, Murarrie QLD 4172 Australia |
| Mailing Address: | PO Box 3403, Tingalpa DC, QLD 4173 Australia |
| Contact & Title: | Elise Le Page-King, Program Manager |
| E-mail Address: | Elise.lepage-king@ausqual.com.au |
| Phone Number: | 07 3361 9233 |
| Auditor(s): | Martin Friesenhahn |
| Program: | USDA National Organic Program (NOP) |
| Audit Date(s): | April 27-28, 2010 |
| Audit Identifier: | NP9348BBA |
| Action Required: | No |
| Audit Type: | Corrective Action Audit |
| Audit Objective: | To verify that corrective actions adequately address the non-compliances identified during the Initial On-site Audit. |
| Audit Criteria: | 7 CFR Part 205 National Organic Program, Final Rule, dated December 21, 2000; revised February 17, 2010. |
| Audit Scope: | The company's submitted corrective actions. |
| Location(s) Audited: | Desk |

Corrective actions completed by AUS-QUAL dated February 18, 2010, were received by the auditor from the NOP on March 2, 2010, for the non-compliances identified during the Initial On-site Audit conducted December 14-17, 2009. Additional corrective actions were requested by the auditor on April 27, 2010 and received the same day.

FINDINGS

The corrective actions submitted by AUS-QUAL adequately addressed the non-compliances identified during the Initial On-site Audit.

NP9348BBA.NC1 - Adequately Addressed - NOP §205.402(a)(1, 2 and 4) states, “(a) Upon acceptance of an application for certification, a certifying agent must: (1) Review the application to ensure completeness pursuant to §205.401, (2) Determine by a review of the application materials whether the applicant appears to comply or may be able to comply..., and (4) Schedule the on-site inspection of the operation to determine whether the applicant qualifies for certification...” *The application reviews were*



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not completed for six producers and the organic system plans were not submitted on five of these producers prior to the on-site inspections. However, five of these six producers had not been granted NOP Certification and have submitted the organic system plans and had the application reviews completed since the on-site inspections. The files for these five producers are waiting for the final review by the Certification Review Committee. One of the six producers that had submitted the organic system plan prior to the on-site inspection has since had the application review and been granted NOP Certification. **Corrective Action:** AUS-QUAL has implemented several changes to address the issue of reviewing applications prior to inspections. A new organic management plan was created (February 2010) to make it easier for the applicants to complete. The AUS-QUAL Organic Administrative Guidance Document (February 2010) was updated to assist personnel with the organic program. The AUS-QUAL Organic Auditor Guidance Document (January 2010) was updated and includes information that the reviews are completed prior to inspections for new clients and that existing clients are submitted the organic management plans 2 months in advance and are also reviewed and approved prior to scheduling on-site inspections.

NP9348BBA.NC2 - Adequately Addressed - NOP §205.402(b)(2) states, “(b) The certifying agent shall within a reasonable time: (2) Provide the applicant with a copy of the on-site inspection report, as approved by the certifying agent, for any on-site inspection performed.” *The inspection report was being provided to the applicant by the auditor at the end of the inspection prior to being approved by the certifying agent.* **Corrective Action:** The AUS-QUAL Organic Administrative Guidance Document (February 2010) and the AUS-QUAL Organic Auditor Guidance Document (January 2010) were updated to require the inspection report to be sent to the client after review by the Program Manager or nominated person.

NP9348BBA.NC3 - Adequately Addressed - NOP §205.402(c) states, “The applicant may withdraw its application at any time...” *One processor that has gone through the on-site inspection process had voluntarily withdrawn its application for NOP Certification but there was no record of documentation that the withdrawal had taken place.* **Corrective Action:** The AUS-QUAL Organic Program Fact Sheet #20 – USDA NOP Certification (February 2010) allows for applicants to withdraw their applications at any time. AUS-QUAL has also acknowledged that this record must be kept in the future to comply with the USDA NOP requirements.

NP9348BBA.NC4 - Adequately Addressed - NOP §205.403(c)(2) Verification of information states, “(c) The on-site inspection of an operation must verify: (2) That the information, including the organic production or handling system plan... accurately reflects the practices used or to be used by the applicant for certification or by the certified operation.” *The organic system plans were not provided to AUS-QUAL for five producers prior to the on-site inspection and therefore could not be verified during the inspection. However, these five producers had not been granted NOP Certification and have submitted the organic system plans and had the application reviews completed since the on-site inspections. The files for these five producers are waiting for the final review by the Certification Review Committee.* **Corrective Action:** AUS-QUAL has implemented several changes to make sure the applications are completed prior to and available for verification during the inspections. A new organic management plan was created (February 2010) to make it easier for the applicants to complete. The AUS-QUAL Organic Administrative Guidance Document (February 2010) was updated to assist personnel with the organic



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program. The AUS-QUAL Organic Auditor Guidance Document (January 2010) was updated and includes information that the reviews are completed prior to inspections for new clients and that existing clients are submitted the organic management plans 2 months in advance and are also reviewed and approved prior to scheduling on-site inspections. The AUS-QUAL Organic Auditor Guidance Document also provides information for the auditor to verify the organic management plans during the inspection.

NP9348BBA.NC5 - Adequately Addressed - § 205.404 (c) Granting certification states, “Once certified, a production or handling operation's organic certification continues in effect until surrendered by the organic operation or suspended or revoked by the certifying agent, the State organic program’s governing State official, or the Administrator.” *The two NOP Certificates issued by AUS-QUAL had a “valid until date” which is a reference to an expiration date.* **Corrective Action:** The AUS-QUAL Organic Administrative Guidance Document (February 2010) was updated and includes information that the USDA NOP Certificates do not include a “valid until date”. The two NOP certificates with the “valid until date” were reissued to remove this reference.

NP9348BBA.NC6 - Adequately Addressed - NOP §205.501(11)(v) General requirements for accreditation states, “(a) A private or governmental entity accredited as a certifying agent under this subpart must: (11) Prevent conflicts of interest by: (v) Requiring all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions...to complete an annual conflict of interest disclosure report.” *A review of the Conflict of Interest Disclosure Reports (COI) and interviews conducted indicated that the COI’s were signed at the time of employment with the Company and the procedures required that conflicts be identified prior to accepting an assignment. The dates that the COI’s were signed were over a year ago and had not been completed annually.* **Corrective Action:** Seven copies of the AUS-QUAL Code of Conduct Forms were submitted for review that showed they were updated and signed by the relevant AUS-QUAL staff. In addition, the AUS-QUAL Organic Administrative Guidance Document (February 2010) was updated to require the Code of Conduct Forms to be completed annually at the start of each year.

NP9348BBA.NC7 – Adequately Addressed - The AUS-QUAL Certification Management System Procedure AQC221, Granting, Maintaining, and Modifying Certification requires the Certification Review Checklist to be completed by the Certification Review Committee. *The reviews were completed by the Certification Review Committee for the two NOP Certification files but the Certification Review Checklists had not been completed for both files.* **Corrective Action:** The AUS-QUAL Organic Administrative Guidance Document (February 2010) and the AUS-QUAL Organic Auditor Guidance Document (January 2010) were updated to require the completion of the Certification Review Checklist by the Reviewer. The Certification Review Checklist (AQC951- 2/19/10) was created to document the review.