



# United States Department of Agriculture

Agricultural Marketing Service  
National Organic Program

CERTIFICATE OF ACCREDITATION

## **CONTROL UNION CERTIFICATIONS**

**Meeuwenlaan 4, Zwolle, 8011 BZ, NETHERLANDS**

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-2-20**

Effective Date: **10/18/2017**

Renewal Date: **10/18/2022**

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



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## **NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT**

### **GENERAL INFORMATION**

- **Certifier Name** Control Union Certifications (CUC)
- **Physical Address** Meeuwenlaan 4-6, Zwolle, Overijssel 8011 BZ,  
NETHERLANDS
- **Audit Type** Mid-term Audit
- **Auditor(s) & Audit Dates** Colleen O'Brien, Joshua Lindau, Samuel Schaefer-Joel  
06/21/2021 to 06/25/2021
- **Audit Identifier** NOP-104-20

### **CERTIFIER OVERVIEW**

The National Organic Program (NOP) conducted an on-site midterm audit of CUC's certification activities during the period November 2, 2018, through March 16, 2021. The purpose of the audit was to verify CUC's conformance to the USDA organic regulations.

CUC is a private limited company with its main certification office in Zwolle, Netherlands. CUC satellite offices are established in Ethiopia, India, Indonesia, Israel, Peru, South Korea, and Sri Lanka.

CUC was accredited for all categories as a certifying agent on October 18, 2002. At the time of the mid-term assessment, CUC certifies worldwide 1,953 operations: Crops (1,071), Wild Crops (5), Livestock (38) and Handlers (1,344). CUC certifies 535 grower groups in 39 countries.

### **NOP DETERMINATION:**

NOP reviewed the audit results to determine whether CUC'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-1165-20 – Cleared**

**AIA-1166-20 – Cleared**

**AIA-1167-20 – Cleared**

**AIA-1169-20 – Cleared**

**AIA-1170-20 – Cleared**

**AIA-1171-20 – Cleared**

**AIA-1173-20 – Cleared**

**AIA-1174-20 – Cleared**

**AIA-1403-20 – Cleared**

**AIA-1404-20 – Cleared**

**AIA-1405-20 – Cleared**

## **Noncompliances Identified during the Current Assessment and Corrective Actions**

**AIA-6930-21 – Accepted.** 7 C.F.R. §205.404(b)(1-4) states, “The certifying agent must issue a certificate of organic operation which specifies the: Name and address of the certified operation; Effective date of certification; Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation; and Name, address, and telephone number of the certifying agent.”

**Comments:** *CUC's organic certificates do not fully comply with the requirements of the USDA organic regulations and NOP 2603 Organic Certificates. The auditors' review of certification files found that CUC incorrectly includes “ICS-NOP” as one of the categories of organic operation on certificates for Grower Groups.*

**Corrective Actions:** CUC modified the certificate templates within their software system to remove “ICS-NOP” as an option. CUC submitted an example certificate for a certified grower group operation. CUC began using the new organic certificates in September 2021 and stated that all operations will receive a compliant certificate by December 31, 2022.

**AIA-6931-21 – Accepted.** 7 C.F.R. §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.”

**Comments:** *CUC is certifying large crop and processing operations with an incomplete organic system plan (OSP) that does not fully describe the practices and procedures of the entire certified operation, as required in 205.200. The auditors review of certification files found:*

- *Multiple individual site OSPs are used to collectively represent a certified operation but are incomplete and do not disclose the full organizational structure and activities of the certified operation.*
- *Practices and procedures to be performed and maintained by a certified operation are missing from the OSP, such as: records retention, records maintenance, storage locations, employee training procedures and practices to prevent commingling, including whether the company produces both organic and conventional (e.g. buffer) crops, and*

*equipment sharing.*

- *Approved OSPs inaccurately describe some activities as occurring at all sites within a certified operation when there are different site-specific activities taking place.*

**Corrective Actions:** CUC updated their OSP templates (ORGPLSS.F01, ORGANSS.F01, and USDAPRESS.F01) to provide space for operations to describe their complete practices and procedures. CUC also updated the procedures OSP Review and Approval Process (OSPREV.ORG.W01) and OSP Review Assessment Form (OSPREVAS.F01), both of which now offer additional guidance for CUC reviewers to conduct a more detailed assessment of the OSP. All of CUC's updated OSPs and the OSP assessment form have an expanded "General" section to capture an overview of the entire operation, while still allowing for separate sub-sections of the OSP to be completed for individual production units. CUC held training on the new forms on December 8 and 9, 2021, and began implementation of the new OSP templates following the December 2021 training. CUC will work with operations to transition to the new OSP templates and expects all CUC operations to be fully transitioned to the new templates by April 2023.

**AIA-6932-21 – 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:** *CUC does not fully implement the criteria for grower group certification, as required by NOP Policy Memo 11-10 Grower Group Certification. The auditors' review of grower group certification files found that CUC allows the members of the group to operate under multiple, separate Organic System Plans (OSPs) rather than a single OSP across multiple production units.*

**Corrective Actions:** CUC updated the plant production organic system plan (OSP) template (ORGPLSS.F01) to ensure grower groups have a single OSP per scope; the new templates will have separate sheets to describe distinct practices at each production unit and an overview ("General") section that describes common practices throughout the entire group and details about the whole operation. CUC updated the OSP Review Assessment Form (OSPREVAS.F01) to include a question about whether differences in organic practices between production units and sites are clearly described in the OSP. CUC also updated the Plant Production Unit inspection report form (ORGPLAS.F01) in January 2022, adding questions asking the inspector to verify whether any differences in production practices among growers is accurately described in the operation's OSP. CUC contracted with an external trainer to provide training on certification of small farmer groups over three days in October 2021. Twenty CUC staff attended the training, and CUC plans for the attendees of the training to disseminate the information through additional trainings for satellite office staff by the end of March 2022. CUC will work with operations to transition to the new OSP templates and expects all CUC operations to be fully transitioned to the new templates by April 2023.

**AIA-6933-21 – Accepted.** 7 C.F.R. §205.403(e)(2) states, "A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent."

**Comments:** *CUC does not consistently send operations a copy of their inspection report. The auditors' review of certification files and interviews with CUC staff found that operations are not sent copies of unannounced inspection reports.*

**Corrective Actions:** CUC amended their Instruction for Certification [CERT.ORG.W01(37) 2021OCT] to require CUC personnel to send all relevant sections of the inspection report

(referred to as assessment form) to the NOP-certified operation by registered mail. CUC submitted the updated instruction to the NOP. CUC reminded their staff about the requirements of §205.403(e)(2) and notified them of the updated instruction by CUSI news. The process of sending the on-site inspection report to operations following their inspection will be monitored by the scheme coordinator during CUC's periodic assessment of satellite offices and during internal audits.

**AIA-6934-21 – Accepted.** 7 C.F.R. §205.662(a)(1) 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. Such notification shall provide: A description of each noncompliance;”

**Comments:** *CUC does not consistently cite the applicable regulation for the noncompliance identified in its Notices of Noncompliance. The auditors' review of notices found that CUC incorrectly cited §205.641 for a certified operation's failure to pay certification fees and §205.201 for a certified operation's failure to submit their annual update instead of §205.406(a).*

**Corrective Actions:** CUC amended the procedures Contracting, Registration and Resignation of a Client [CONTR.ORG.W01(27)] and Review and Approval of Organic System Plans [OSPREV.ORG.W01(05)] and created a new NC item in CUSI that is linked to the review assessment form (checklist). If “no” is checked to the question regarding whether the operation has submitted the annual update and paid the annual fees, a violation of §205.406(a) will automatically populate in the Notice of Noncompliance letters generated from the CUSI system. CUC informed all relevant staff through a CUSI news item.

**AIA-6935-21 – Accepted.** 7 C.F.R. §205.662(e)(1) 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:** *CUC does not issue a Notice of Suspension following an operation's failure to correct the noncompliance, resolve the issue through rebuttal or mediation, or to file an appeal. The auditors' review of certification files found CUC accepted an operation's surrender after a Notice of Proposed Suspension was issued and did not complete the adverse action process.*

**Corrective Actions:** CUC organized an on-line training on August 23, 2021, for staff at the Indonesia, Sri Lanka, and India offices, and on September 30, 2021, for staff at all other offices regarding the Noncompliance and Adverse action procedure. CUC sent the NOP an attendance list and screen shots of the training. CUC will monitor the Noncompliance and Adverse action procedure during the internal audits and CUC's periodic monitoring of the certification processes.

**AIA-6950-21 – 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:** *CUC does not consistently demonstrate the ability to fully comply with the requirements for accreditation. CUC has inadequate policies, procedures, and work instructions for the review and approval of material inputs as detailed in NOP 3012 Interim Instruction*

*Material Review. The auditors found the following issues related to CUC's material review process:*

- *CUC does not have clear written protocols and procedures that outline the depth and frequency of the review, or provide clear direction for the evaluation of ingredients, sub-ingredients, processing aids, and manufacturing methodologies at all stages associated with the production of formulated products.*
- *CUC's Organic System Plan templates and supporting forms do not require the operation to disclose a list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability.*

**Corrective Actions:** CUC updated their OSP templates to request more specific information from the operators regarding the inputs, ingredients, additives, and processing aids used by each operation. Additionally, in the crop OSP (ORGPLSS.F01), CUC clarified two points: that factory farm manure is only prohibited under EU organic regulations, and a complete list of ingredients must be submitted for review when an operation requests to use compost. CUC added additional questions to the OSP Review Assessment Form (OSPREVAS F02\_2021DEC) to prompt the reviewer to look at all inputs and ensure compliance with § 205.105 and the National List. CUC created new instructions, "Evaluation of USDA NOP Inputs," as well as a centralized list of all approved input materials for use by CUC certification staff. CUC held a 15-hour training for all NOP review and inspection staff on evaluating crop and post-harvest inputs, taught by an external trainer from January 31 to February 4, 2022. CUC plans to hold additional training concurrent with the implementation of the new instructions and use of centralized input list on April 4, 2022.

**AIA-6951-21 – 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:** *CUC is not consistently verifying the Organic System Plan (OSP) descriptions during the initial review, the on-site inspection, and the final certification review/decision stages. The auditors' review of certification files found incomplete or inaccurate OSPs and supporting documents. Examples of incomplete and inaccurate OSPs:*

- *Supplier information is missing from Handling/Processing OSPs.*
- *OSP's are not updated with information obtained by inspectors as reported in inspection reports.*
- *OSP's are approved without a complete or accurate description of practices and procedures to be performed and maintained, including the frequency with which they will be performed; a description of the recordkeeping system implemented to comply with the requirements established in §205.103; or 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.*
- *CUC does not ensure organic fields have distinct, defined boundaries and buffer zones as required by §205.202(b). The auditors reviewed OSP's that were approved without a description or accompanying map that defined the certified sites' boundaries. The maps reviewed do not meet CUC's requirements as outlined in their crop OSP form.*

**Corrective Actions:** CUC updated their OSP templates and OSP Review and Approval Process

(OSPREV.ORG.W01). CUC's new review form (OSPREVAS.F01) prompts reviewers to carry out a more detailed review of each OSP. CUC's OSP Review and Approval Process (OSPREV.ORG.W01) requires OSPs to include all elements of § 205.201 Organic production and handling system plan and sufficient maps to be submitted in order to approve the OSP. CUC introduced the new OSP templates to their staff during a training on Dec. 8 and 9, 2021 and plans to carry out additional trainings in the first quarter of 2022. CUC's inspector checklist includes a question regarding incomplete or inaccurate OSPs and requires a finding to be issued. Auditors (inspectors), certifiers (reviewers), and OSP reviewers will be trained on effective writing and reporting by July 2022. This training will emphasize how to provide adequate evidence in inspection reports. In addition, CUC trained certifiers in December 2021 on how to give instructive feedback to the auditors. CUC intends to monitor the efficacy of this corrective action during their annual program reviews and periodic monitoring of reviewers and inspectors.

**AIA-6952-21 – 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.”

**Comments:** *CUC does not fully implement the criteria for annual (internal) program review, as required by NOP 2025 Instruction: Internal Program Review. The auditors' review of CUC's internal audit reports found:*

- *The reports do not identify how proposed corrective actions will be addressed in a timely and appropriate manner.*
- *The reports do not include an assessment of findings and implemented corrective actions from prior program reviews.*
- *In one satellite office's internal program review, the audit was conducted by the same person who performs certification activities in that office.*
- *The internal program review and CUC's additional monitoring activities for Zwolle and satellite office locations do not always identify noncompliant inspector and certifier (reviewer) certification activities that are identified by accreditation auditors, such as those identified in this report.*
- *Incorrect or inadequate certifier review decisions regarding material review, pesticide residue detections and use of incorrect regulatory citations have been observed at multiple CUC offices during NOP audits. These noncompliant practices have not been identified and corrected through CUC's internal audits or monitoring activities.*

**Corrective Actions:** CUC has contracted with external consultants to assess the root cause of the deficiencies identified by NOP auditors, the efficacy of the training undertaken, and to identify any remaining gaps in CUC's oversight of certification activities at all CUC offices. The CUC Quality Team will conduct the annual program reviews; the reviewers and scheme coordinator will only act as technical experts during these reviews. The scheme coordinator and senior reviewers will continue to conduct periodic monitoring of reviewers, including at least one monitoring event per office each quarter, ensuring each reviewer in each office will be monitored once per year. CUC submitted their 2022 monitoring plan to NOP for review. The scheme coordinator will review these monitoring events and inform the relevant office manager of the results including if a reviewer needs additional training. CUC noted that additional changes to their internal program review procedures and processes may be updated based on the findings of the external consultant. CUC and the external consultant will carry out additional internal audits

from March 1 through August 15, 2022.

**AIA-6953-21 – 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:** *CUC is not implementing the requirements for livestock certification. The auditor’s review of certification files found that CUC’s Livestock Organic System Plan templates do not require the ruminant livestock operation to provide complete descriptions of the practices specified by §205.237(d) and §205.240(c). The auditor’s review of CUC’s livestock inspection report template (assessment checklist) found that CUC does not instruct inspectors to record their verification of pasture rule requirements, dry matter demand and dry matter intake, the operation’s grazing season, or animal confinement records.*

**Corrective Actions:** CUC updated the livestock OSP (ORGANSS.F01) in December 2021 and updated the corresponding inspection report in January 2022. CUC began to request operators use the new OSP forms starting in December 2021, as the operation’s anniversary date comes up. Given the rolling deadlines, all livestock operations will have completed the new OSP form no later than April 2023. CUC inspectors began using the updated inspection report forms immediately after they were updated in January 2022. CUC will organize a training for reviewers and inspectors on the new forms in the first quarter of 2022.

**AIA-6954-21 – 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:** *CUC is not carrying out the provisions of the Act and the regulations. CUC approves synthetic input materials for a use not described in §205.601. The auditors’ review of certification files also found that the documentation obtained and reviewed by CUC for input materials does not provide full disclosure of ingredients and/or the manufacturing processes.*

**Corrective Actions:** CUC reviewed and updated their OSP templates to request more information from the operators regarding inputs, ingredients, additives, and processing aids. CUC also developed a centralized list of all approved input materials for reviewers and inspectors to refer to when evaluating new input materials for an operation. Additional questions have been added to the OSP Review Assessment Form (OSPREVAS F02\_2021DEC) to put a greater emphasis on the review and evaluation of the input materials and ingredients. CUC’s new instructions, “Evaluation of USDA NOP Inputs,” which will be finalized by April 2022, was submitted to NOP. CUC planned a 15-hour training scheduled for April 4-8, 2022, for all inspection and review staff which will include the updated OSP templates and input review.

**AIA-6955-21 – 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:** *CUC is not carrying out the provisions of §205.670, NOP 2610 Instruction: Sampling Procedures for Residue Testing, and NOP 2613 Responding to Results from Pesticide Residue Testing. The auditor’s review of certification files found:*

- *Samples of a variety of crops from multiple production areas are combined into one*



*sample that is sent for residue testing. This also violates CUC's own sample guidance G05.*

- *CUC cites EPA tolerances and NOP 2613 in a Notice of Noncompliance regarding positive results of a soil sample.*
- *CUC requires an operation to exclude crops from sale as organic when the sample result is below 5% of EPA tolerance for that crop.*

**Corrective Actions:** CUC revised their Organic Program Manual to include a new procedure, “USDA NOP procedure on evaluation of laboratory test results” (V01 AUG2021). This procedure includes the requirements of NOP 2613 and clarifies CUC’s response to residue sampling for agricultural products, non-agricultural products, and instances when a third-party result is reported to CUC. CUC also further refined their Analysis Investigation Record, which is an internal document that records all information and steps taken when a positive residue is detected, and an investigation is opened. CUC contracted with an external trainer to provide training on risk assessment, sampling, lab selection, and evaluation of laboratory test results from August 9-12, 2021. CUC reviewed compliant sampling techniques with inspectors at a July 2021 training and will review the topic again during inspector and reviewer trainings scheduled in 2022. CUC plans to monitor the efficacy of this corrective action during their annual program reviews and periodic monitoring of reviewers and inspectors.

**AIA-6956-21 – 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:** *CUC is not carrying out the provisions of §205.403(c)(2) “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;” CUC’s inspectors do not fully verify the accuracy of an operation’s organic system plan or compliance with the USDA organic regulations. The auditors’ review of certification files found:*

- *Inspectors do not always conduct and record traceability exercises during initial or annual inspections. Additionally, auditors found several examples where trace-back and mass balance audits are inadequate.*
- *Inspection reports include ingredients observed at inspection that are not listed as ingredients on product specification sheets and the inspector failed to cite this as an issue of concern.*
- *For ruminant livestock operations, inspectors do not include evidence verifying the operation’s compliance to §205.237(d) and §205.240(c).*
- *Inspectors do not consistently verify an operation’s compliance with §205.270. The auditors reviewed several inspection reports that did not describe verification of the operation’s facility pest management practices, other than the operation contracts with a pest control company.*

**Corrective Actions:** CUC created new OSP Review Assessment Forms (OSPREVAS F02\_2021DEC) to ensure reviewers are carrying out a more thorough review of the OSP prior to inspection. In January 2022 CUC updated their inspection report forms to address the missing verification questions regarding livestock operations. CUC also updated the Audit Trail and Mass Balance worksheet in March 2022 to provide clearer guidance for inspectors completing

these audit trail exercises. CUC provided training for all offices in October 2021 on the topic of mass balance and trace back audit exercises and required each reviewer and inspector to complete the relevant OILC course in October 2021. CUC submitted their plan for trainings scheduled through July 2022. According to the training plan, CUC inspectors, certifiers, and OSP reviewers will be trained on effective writing and reporting by July 2022. This training will emphasize how to provide adequate evidence in inspection reports. Training on livestock certification will be completed by July 15, 2022. CUC plans to monitor the efficacy of the training during inspector field evaluations.

## NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

### GENERAL INFORMATION

- **Certifier Name** Control Union Certifications (CUC), Indonesia
- **Physical Address** PT. PCU Indonesia. AD Premier Building, 8th Floor,  
Suite 5-6, Jl. TB Simatupang No. 5, Ragunan 12550 DKI  
Jakarta
- **Audit Type** Satellite Office Audit (Desk Audit)
- **Auditor(s) & Audit Dates** Jessica Walden, Colleen O'Brien 04/05/2021 - 04/09/2021
- **Audit Identifier** NOP-31-21

### CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted a satellite office audit of CUC Indonesia's certification activities. The purpose of the audit was to verify CUC's conformance to the USDA organic regulations.

CUC is a limited liability company with its main certification office in Zwolle, Netherlands, including nine satellite offices around the world. CUC was initially accredited for Crops, Livestock, Wild Crops, and Handling/Processing on October 18, 2002. CUC Indonesia conducts key certification activities in Indonesia, Cambodia, Laos, Thailand, Fiji, Malaysia, Timor Leste, Papua New Guinea, Singapore and Vietnam. The CUC Indonesia office is responsible for the certification of 347 operations composed of the following: crops/on-farm handling (64), crops/handling/grower group (159), crop grower groups (2), and handling (122). Certification services are performed by 4 Certification Officers and 33 staff inspectors.

### NOP DETERMINATION:

NOP reviewed the audit results to determine whether CUC'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 and Corrective Actions**

**AIA-1165-20 – Cleared**  
**AIA-1166-20 – Cleared**  
**AIA-1167-20 – Cleared**  
**AIA-1169-20 – Cleared**  
**AIA-1170-20 – Cleared**  
**AIA-1171-20 – Cleared**  
**AIA-1173-20 – Cleared**  
**AIA-1174-20 – Cleared**  
**AIA-1403-20 – Cleared**  
**AIA-1404-20 – Cleared**  
**AIA-1405-20 – Cleared**

**AIA-1172-20 - Accepted.** (NOP-26-18.NC8) 7 CFR § 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:** *Interviews with CUC certification staff, certification record reviews, and multiple on-site findings identified by the auditor, demonstrate that certification staff lack knowledge to adequately implement the certification program according to USDA organic regulations and NOP policies. The following is a list of issues identified:*

1. *Inconsistent use of citing the USDA organic regulations and NOP policies when identifying issues of concern and issued noncompliances.*
2. *Many noncompliance and adverse action records were not available or could not be obtained. The CUC database could generate a draft copy for review, but not the original documents. CUC could not demonstrate that all copies sent to the NOP were in English.*
3. *Certification fee estimates sent to operations do not include inspector expenses such as lodging and meals. These expenses are later recovered by CUC in the final invoice sent to operators. CUC does not provide operations with a cost estimate (offer letter) for the total cost of annual certification each year. CUC provides a cost estimate when an operation applies for certification and in subsequent years if the updated OSP does not change significantly, no cost estimate is sent (§205.642).*
4. *CUC did not demonstrate a complete understanding of NOP 2613 “Responding to Results from Pesticide Residue Testing.” Operations are notified of test result availability in the CUC online portal account only when detections are identified. Furthermore, a determination statement of product compliance is not included in the notification (e.g. your product may be sold or not). Investigation of the cause/source of contamination is inconsequential as the operation is suspended within three days without assessment and solely based on test results.*
5. *A witness audit of a certified “Wild Crops” operation revealed that the operation should be certified to the “Crops” scope. The operation employs tillage to promote the*

*plant growth.*

6. *CUC inspectors do not provide the operation with a sample receipt at the time of sample collection. The receipt is uploaded to the operation's online portal for review and no notification of its availability is provided to the operation (§205.402(e)(1)).*

**2020 Corrective Action:** CUC is now able to print original documents for noncompliance and adverse action notices through the CUSI software system. CUC created detailed instructions on this process in their organic program manual. CUC revised their offer letter to a detailed cost estimate. CUC has amended the procedures on responding to results of residual testing. The procedure now states if no residuals are detected, clients are notified of the results in the "Inspection and Certification Report" and are informed that their products may be sold as 'Organic'. If residuals are detected, clients are immediately notified of the detection and whether or not their product(s) can be sold as 'Organic'. All CUC employees have been (re)trained on these procedures and have been notified of these changes via CUSI News. CUC's NOP Wild Crop Guidance has been updated to include a definition of wild crop, examples of where wild crop harvesting do not apply, what an inspector is to look for in a Wild Crop Organic Compliance Plan, and a link to the USDA NOP Program Handbook for Wild Crop Guidance. CUC personnel have been (re)trained on Wild Crop procedures and have been notified of these changes to CUC's guidance via CUSI News. CUC's pesticide residue sampling procedure now requires inspectors to provide a receipt for the sample. CUC has amended its procedures on responding to results of residual testing and it is compliant with NOP2613. CUC employees have been informed of these changes via CUSI News. CUC hired consultants with extensive knowledge of the USDA organic regulations to provide training to all their staff members. Initial training for CUC's staff took place at CUC's Netherlands office on April 29th - May 3rd. Training by the consultants began in June 2019 at CUC's satellite office in Peru. Certification staff attended the trainings that lasted for 5 days and covered adverse actions, audit trail verification, mass balance audits and residual sample testing protocol and procedures. These sessions include Q&A sessions to cover several aspects of organic certification. Additional on-line and on-site training has been scheduled for CUC's staff throughout 2020.

**Verification of Corrective Action:** CUC Indonesia has implemented subpoints 1-3 and 5-6. CUC Indonesia has not implemented subpoint 4. CUC-Indonesia staff did not demonstrate a complete understanding of NOP 2613. During staff interviews, CUC Indonesia staff explained that they correctly followed NOP 2613 when a soil test came back with no detection of pesticide residues, and they notified the operation that their products may be sold as organic. However, NOP 2613 instructs certifiers on responding to pesticide residue test results from organically produced agricultural products. The auditors reviewed the new form "Inspection and Certification Report," which does record the residue test result and provide a notification to operations about whether they can sell their product as organic. This new "Inspection and Certification Report" form was implemented by CUC Indonesia just a week prior to the NOP audit; this corrective action will be verified at a future audit. Training for certification personnel occurred as planned according to files reviewed and interviews with CUC Indonesia certification personnel.

**2021 Corrective Action:** CUC developed a new procedure, USDA NOP Procedure on Evaluation of Laboratory Test Results, which instructs reviewers on how to accurately evaluate laboratory test results and how to communicate the test results to the operations. This procedure is in line with NOP 2613. The procedure also addresses the evaluation of results for non-

agricultural products such as soil and instructs staff on the language to use when notifying operations of the results. CUC submitted the new procedure, which was effective September 2, 2021. CUC carried out a training for all CUC offices on August 9 -12, 2021, on the topics of risk assessment, sampling, lab selection, and evaluation of laboratory test results. A list of training attendees was submitted to the NOP, along with the resume of the organic consultant who carried out the training. CUC submitted compliant templates to NOP for the various notices that are sent to operations following a residue test. The evaluation of laboratory test results will be monitored by the scheme coordinator during CUC's periodic monitoring of reviewers and internal audits. CUC provided an example of the spreadsheet used to record the details of the internal audits to NOP. This spreadsheet records files review, personnel interviewed, noncompliances, and corrective actions.

### **Non-compliances Identified during the Current Assessment and Corrective Actions**

**AIA-6298-21 - Accepted.** C.F.R. §205.404(b)(1-4) states, "The certifying agent must issue a certificate of organic operation which specifies the: (1) Name and address of the certified operation; (2) Effective date of certification; (3) Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation; and (4) Name, address, and telephone number of the certifying agent.;"

**Comments:** *CUC Indonesia's organic certificates do not fully comply with the requirements of the USDA organic regulations and NOP 2603 Organic Certificates, section 3.5, which states that certifying agents cannot issue organic certificates to cover operations or land that is under transition to organic production. The auditors' review of certification files identified the following:*

1. *CUC Indonesia includes "ICS-NOP" as one of the categories of organic operation for Grower Group operations.*
2. *CUC Indonesia's NOP certificate includes a place to list land that is "in conversion." Although CUC's procedure states that land that does not yet qualify as organic must not be listed on the NOP certificates, the auditor found one instance where the "in conversion" acreage was listed on the NOP certificate.*

**Corrective Action:** CUC amended the certificate template in their electronic system by removing the word "ICS" and the "In Conversion" language. This corrected certificate template has been in use since September 2021. A compliant certificate will be issued to each operation by the end of 2022 following their next inspection cycle. CUC submitted to the NOP a screenshot of an updated certificate template and the amended certificates for operations that had been issued noncompliant certificates.

**AIA-6299-21 - 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:** *CUC Indonesia is not consistently carrying out the provisions of the Act and regulations. The auditors identified the following:*

1. *CUC Indonesia is not carrying out the provisions of §205.100(a) and listed multiple*

*entities on a single organic certificate. These entities are distinct processing operations, owned and managed by different entities, and must be certified separately.*

2. *CUC Indonesia has allowed the use of seeds treated with a prohibited substance to be used on an organic operation. The operator's OSP states that they wash the seed prior to planting, however the use of treated seed is prohibited under the USDA organic regulations.*

**Corrective Action:**

1. Regarding multiple entities on one organic certificate, CUC analyzed all NOP-certified operations and determined that 74 certificates contain more than one legal entity. CUC took the following actions:
  - a. CUC informed the relevant operations by phone and registered email about the issue. The information letter template and a list of relevant operations were submitted to NOP. The operations have been given time to make changes to their lease agreements and subcontractor contracts. All relevant operations will be brought into compliance by September 2023.
  - b. CUC updated the Contracting Instruction and OSP Review Instruction in order to clarify the requirements for the use of leased or rented facilities for organic production.
  - c. CUC amended its Certification Application form, which now requests more information about the applicant's units.
  - d. CUC added additional questions to its Application Assessment and OSP Assessment forms so that reviewers are prompted to identify leased production or processing units, which have to be certified individually.
  - e. CUC submitted the following updated documents to NOP: Instruction for contracting CONTR.ORG.W01(24), Application form ORGAPPL.F01(21), Instruction OSP review and approval OSPREV.ORG.W01, and OSP Review Assessment Form OSPREVAS F02(02) AUG 2021.
  - f. During the 2022 certification cycle, CUC will verify through inspection and review that the operations in question have required the other legal entities to apply for certification in their own right. If CUC's inspection and review finds that operations have not come into compliance, CUC plans to issue a notice of noncompliance to the operations and follow the NOP adverse action process, if necessary.
2. Regarding the use of "washed" treated seed by operations, CUC's investigation into the root cause of this case found that the treated seeds were incorrectly evaluated by CUC Indonesia as complying to §205.204(5). CUC informed its colleagues through CUSI news (CUC's internal communication system), that §205.204(5) does not apply to the use of treated seeds outside of the US when the treatment is required by the authority of the given country. A copy of the CUSI correspondence was submitted to NOP. CUC conducted staff training in October 2021 for all CUC offices regarding NOP requirements for Seeds, Annual Seedlings, and Planting Stock in Organic Crop Production. A copy of the training agenda and attendance list was provided to the NOP. CUC informed the operation that the treated seeds were incorrectly approved by CUC. The operator provided their corrective action to CUC that confirmed that the remaining seeds in stock

were removed from the company and there is no remaining product from treated seed in inventory to be sold.

CUC plans to use their annual internal program review of all offices to assess the adequate implementation of these corrective actions. CUC provided an example of the internal audit monitoring sheet that is used to document the internal audit, the findings, personnel interviewed, and the corrective actions.

**AIA-6300-21 - 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:** *CUC Indonesia does not fully implement the criteria for grower group certification, as required by NOP Policy Memo 11-10 Grower Group Certification. The auditors' review of grower group certification files found that CUC Indonesia has approved the following practices:*

- 1. The members do not operate under a single Organic System Plan (OSP), and have different practices regarding inputs used, fertility management and pest control practices, and record-keeping systems.*
- 2. The members within a production unit do not share a common input supply.*
- 3. All members are not always located within geographic proximity, as defined by access to the same collection or post-harvest handling facility, and/or common soils, water source, slope, topography, or other physical features.*
- 4. The organic certificate covers products not grown by the grower group, but also crops purchased by the processing facility from other certified entities.*
- 5. An Internal Control System (ICS) that does not include many of the required elements, such as defined risk criteria to identify high-risk members, a description of sanctions, a provision for inclusion and exclusion of members or sub-units, how conflicts of interest are mitigated, details on the training requirements, a description of shared production practices and inputs, and clear policies or procedures to verify the group's compliance to the USDA organic regulations.*

**Corrective Action:** CUC amended the Inspection Instruction in their Organic Program Manual (INSP.ORG.W01, Edition 34; 2021JUL) to include a detailed description of how to evaluate the ICS according to NOP requirements. All CUC offices were trained on the Small Farmer Group (SFG) and Internal Control System (ICS) evaluation procedure and OSP review procedure in October/November 2021 and again in June/July of 2022, as described in their submitted Training Plan. The OSP's were reviewed and updated in December 2021, as a part of the OSP Review and Approval Process (OSPREV.ORG.W01). The updated OSP templates require that the ICS fill out one OSP for the entire group. This OSP includes an individual excel sheet for every production unit. During the OSP review, the OSP reviewer checks that the OSP describes the uniform practices of the group. If there are slight deviations because of localized cultural practices, it is identified in the OSP and noted as an area for inspection by the reviewer in the audit assessment forms. The OSP review procedure and evaluation of SFG and ICS will be monitored during the internal audits and the periodic monitoring of the reviewers (referred to as “certifiers”). In addition, CUC informed the grower group operation about the noncompliances, and the operator is required to complete and submitted the updated OSP by their next



anniversary date (October 2022). The updated versions of the OSP templates were provided to the NOP: ORGPLSS.F01(8)\_Organic\_System\_Plant\_Production\_2021DEC; USDAPRSS.F01(9)\_Organic\_System\_Plan\_Processing\_2021DEC; and ORGANSS.F01(9)\_Organic\_System\_Plan\_Livestock\_2021DEC

**AIA-6301-21 - 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:** *CUC Indonesia’s inspectors do not fully verify an operation’s compliance with the USDA organic regulations. The auditor’s review of several certification files found that CUC Indonesia inspectors are not verifying an operation’s compliance with the USDA organic regulations as follows:*

- 1. For three inspection reports reviewed, the inspector failed to include evidence verifying the OSP. In each case, the inspector restated the operator’s OSP instead of providing evidence on how they verified the implementation of the plan. The auditor’s review found that verification evidence was missing for pest control practices, compost production records, input material use, documentation for seeds purchased, practices regarding international trade arrangements, and whether the operation immediately informs CUC of any concerns that may affect its compliance with the USDA organic regulations.*
- 2. For another inspection report reviewed, the inspector did not verify the operator’s use of a purge prior to processing organic product. The inspector did not adequately complete the sections of the checklist, which would have provided verification of whether the operation was complying with their cleaning procedure.*

**Corrective Action:** CUC submitted their plan for trainings scheduled through July 2022. According to the training plan, auditors (inspectors), certifiers (reviewers), and OSP reviewers will be trained on effective writing and reporting by July 2022. This training will emphasize how to provide adequate evidence in inspection reports. In addition, CUC trained certifiers in December 2021 on how to give instructive feedback to the auditors. OSP and OSP review assessment forms were reviewed and updated in December 2021 as described in the Organic Program Updates implementation plan submitted to NOP. The quality of the audit reporting will continue to be monitored by the certifiers and during the internal audits. CUC submitted their monitoring sheet as an example of how they will monitor the implementation of corrective actions. The internal auditor will provide their observations in the monitoring sheet and the certification staff will provide comment/feedback in response. If issues are discussed by phone, that conversation will be recorded in the monitoring sheet. Monitoring results will be shared with the Quality Team and L1 and L2 managers so that they can take further action if necessary.

**AIA-6302-21 - Accepted.** 7 C.F.R. §205.403(e)(2) states, “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.”

**Comments:** *CUC Indonesia does not send operations a copy of their on-site inspection report. The auditors' review of certification files and interviews with staff found that operations are only sent a summary of the inspection, titled “Inspection and Certification Report,” which is completed by both the inspector and reviewer, and not the complete on-site inspection report.*

**Corrective Action:** CUC amended the Instruction for Certification (CERT.ORG.W01(36) 2021AUG) to require CUC personnel to send all relevant sections of the inspection report (referred to as assessment form) to the certified operation by registered mail. The updated instruction was submitted to NOP. CUC staff were informed about the requirements of §205.403(e)(2) and the updated instruction by CUSI news. The process of sending the on-site inspection report to operations following their inspection will be monitored by the scheme coordinator during CUC's periodic assessment of satellite offices and during internal audits.

**AIA-6303-21 - 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:** *CUC Indonesia does not fully implement the NOP's international organic trade arrangement policies and procedures, which are outlined in the NOP's International Trade Policies resources. The auditors found the following:*

1. *For products exported under the US-Canada Organic Equivalency Arrangement, CUC Indonesia could not demonstrate that they are reviewing and approving all labels for products being exported to Canada.*
2. *CUC Indonesia has US - Canada equivalency verification procedures and verification prompts on the inspection report and OSP templates; however, information is not consistently recorded by operators on their OSP and verification by inspectors on inspection reports.*

**Corrective Action:** CUC updated their Handling OSP template and OSP Review and Approval Process documents that now ask questions related to compliance with the USCOEA agreement, including labelling requirements. Additionally, CUC updated Annex 8 of their instruction for certification (CERT.ORG.W01(39) 2022JAN), which explains how certifiers are to evaluate and certify products (including multi-ingredient products) under the USCOEA agreement. This instruction and the new OSP templates were submitted to the NOP. Certified handling operations will be using the new OSP templates by April 2023. All CUC offices were trained on the new OSP review procedure in December 2021. CUC sent all offices, via CUSI news, a reminder to check international compliance during OSP review and during the inspection. Evidence of the training and the CUSI news notification was provided to the NOP. Compliance with the OSP review procedure will be monitored during the internal audits and CUC's periodic monitoring of the reviewers. The operators who were reviewed during the last NOP Audit were issued a Notices of Noncompliance, which was provided to NOP.

**AIA-6305-21 - Accepted.** 7 C.F.R. §205.662(e)(1) 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:** *CUC Indonesia does not issue a written notification of suspension after an operation receives a proposed suspension and fails to resolve the issue through rebuttal or mediation, or to file an appeal. The auditors' review of four operations that were suspended from*

*organic certification and interviews with CUC Indonesia staff confirmed that these operations did not receive any written notice of suspension.*

**Corrective Action:** CUC carried out an on-line training in August 2021 for Indonesia, Sri Lanka and India offices regarding the Noncompliance and Adverse action procedure, including the topic of reinstatement of suspended operators. The other offices were re-trained on this topic in May 2022. The attendance list and screen shots of the training were provided to NOP. The Noncompliance and Adverse action procedure will be monitored during the internal audits and CUC's periodic monitoring of the certification processes.

**AIA-6306-21 - Accepted.** 7 C.F.R. §205.405(a)(1) states, "When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. The notification of noncompliance shall provide: a description of each noncompliance."

**Comments:** *CUC Indonesia issued a Notice of Denial to an applicant without first issuing a Notice of Noncompliance, or a combined Notice of Noncompliance and Notice of Denial.*

**Corrective Action:** CUC carried out an on-line training on August 23, 2021 for Indonesia, Sri Lanka, and India offices regarding the Noncompliance and Adverse action procedure, including the topic of certification denials. The other offices were re-trained on this topic in December 2021. The attendance list and screen shots of the training were provided to NOP. The Noncompliance and Adverse action procedure will be monitored during the internal audits and CUC's periodic monitoring of the certification processes.

**AIA-6307-21 - Accepted.** 7 C.F.R. §205.501(a)(5) states "A private or governmental entity accredited as a certifying agent under this subpart must: Ensure that its responsibly connected persons, employees, 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:** *CUC Indonesia does not consistently ensure that its inspectors and reviewers have sufficient expertise in organic production or handling techniques prior to performing the following activities:*

1. *Mass balance and traceability exercises. The mass balance and traceability exercises carried out by inspectors for 5 of 6 files reviewed were not adequate. The auditors identified the following issues:*
  - a. *For the mass balance exercises, it was not clear which records the inspector reviewed to determine the quantities of organic products received, used in processing, and sold and stored.*
  - b. *The audit trail template is not instructive enough for the inspector to demonstrate an adequate mass balance exercise for certified organic multi-ingredient products. The auditors reviewed inspection reports for one handler operation producing multi-ingredient products and determined that inspectors are not*

*calculating the quantities of organic products manufactured and sold, only the ingredients received, sold, and in inventory. Therefore, there is no verification that the quantities of processed products produced and sold are supported by the quantities of organic ingredients received and used in manufacturing.*

- c. For the traceability exercises, inspectors are only tracing ingredients back to the supplier, not finished product that has been sold or shipped back to the supplier of ingredients. In addition, the form used by inspectors to record their audit trail exercises does not provide sufficient instruction to the inspectors on how to carry out these exercises.*
- 2. Non-organic ingredient review. For two operations, there was no evidence that CUC Indonesia verified whether non-organic ingredients used in certified products comply with the National List annotation. In addition, there was no evidence that CUC Indonesia collects documentation, reviews it, and verifies that non-organic ingredients are not produced with genetically modified organisms, irradiation, and sewage sludge.*
- 3. Inspection report review. The auditor reviewed inspection reports for four operations and found these reports were incomplete, provided insufficient evidence, and/or did not align with the operation's OSP. CUC Indonesia's review of the inspection reports did not identify these discrepancies and so did not request additional information from the inspector or the operation to correct them.*
- 4. Issuing adverse action notices. In one proposed suspension file reviewed, CUC Indonesia issued a notice of proposed suspension on a notice of "combined noncompliance and proposed suspension" template.*
- 5. Label and product formula review. The auditors found the following issues regarding the review of labels and product formulas for multi-ingredient products:*
  - a. For one product, an ingredient on the product formulation was not listed on the label.*
  - b. For another product, an ingredient on the label was not listed on the product formulation.*
  - c. For one certified handler, there were no approved labels on file for the organic products listed on the organic certificate.*
  - d. For one certified handler, products are listed on the organic certificate as "Organic" but the non-organic ingredient in the product is used at greater than 5% and is not on the National List, 205.606.*

**Corrective Action:**

1. CUC reviewed their mass balance and traceability templates and updated them to include adequate instructions to inspectors. The new excel templates were submitted to the NOP with the corrective action. The certifiers and auditors were trained on mass balance calculations in October 2021 and the mass balance and audit trail course on the Organic Integrity Learning Center (OILC) was completed by most staff by October 2021. The remaining staff will take the OILC mass balance trainings by June 2022. CUC will monitor the performance of the auditor carrying out the mass balance calculations during periodic shadow audits.
2. CUC updated the OSP template for handlers to ask for more detailed information

regarding the use of ingredients and processing aids. The OSP now requests information on nonorganic ingredients and processing aids, including verification that the ingredients are produced without excluded methods, that they meet the specific annotation on the National List, if applicable, and the prompt for the operation to complete an application for the assessment and approval of the use of nonorganic ingredients. The new OSP also asks questions about the use of natural flavors and if they are used, a natural flavor questionnaire is required to be completed and submitted by the operation. The updated handler OSP template, the Vendor Declaration form (excluded method verification – (USDAVENDEC.F01(01)\_2021DEC), the natural flavor questionnaire (NAFLQU.USDA.F01(01) 2021MAR), and the nonorganic ingredient/processing aid application form (USDAAPPDER.205.606.F01(02)) were provided to the NOP.

3. CUC will train auditors in July 2022 on how to fill out assessment forms (inspection report templates) properly and how to provide detailed evidence. Certifiers were trained during December 2021 on how to give instructive feedback to the auditors.
4. CUC gave an on-line training on August 23, 2021 for Indonesia, Sri Lanka, and India offices regarding the Noncompliance and Adverse action procedure, including the topic of reinstatement of suspended operators. The other offices were re-trained on this topic May 2022. The attendee list was provided to NOP.
5. CUC updated the OSP templates and product specification templates to ask for clear and detailed information regarding the used ingredients and labels. CUC issued a Notice of Noncompliance to the operations in question and updated labels were obtained, reviewed, and approved by CUC personnel. CUC submitted the OSP templates, product specification templates, the notices of noncompliance, the updated labels and label approval forms to NOP.

CUC will be monitoring these issues and corrective action implementation during their internal audits.

**NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT**

**AUDIT AND REVIEW PROCESS**

The National Organic Program (NOP) conducted an audit as part of the NOP’s assessment of the Control Union Certifications’ (CUC) organic program. The National Organic Program (NOP) reviewed the auditor’s report to assess Control Union Peru S.A.C. (CUC PE)’s compliance to the USDA organic regulations. This report provides the results of NOP’s assessment.

**GENERAL INFORMATION**

<b>Name</b>	Control Union Peru S.A.C. (CUC PE)
<b>Physical Address</b>	Av. Petit Thouars 4653, Piso 06 Miraflores, Lima, PERU
<b>Mailing Address</b>	Av. Petit Thouars 4653, Piso 06 Miraflores, Lima, PERU
<b>Contact &amp; Title</b>	Mr. Alvaro Martinez, Director of Operations
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<b>Phone Number</b>	+51 1 7190400
<b>Reviewers &amp; Auditor</b>	Graham Davis, Callie Herron, NOP Reviewers; Lars Crail, On-site Auditor
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Dates</b>	Corrective Action review: February 18, 2021 to March 16, 2021 NOP assessment review: July 2, 2020 Desk audit: April 28 – 30, 2020
<b>Audit Identifier</b>	NOP-11-20
<b>Action Required</b>	No
<b>Audit &amp; Review Type</b>	Satellite Office Audit (Desk Audit)
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CUC’s certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CUC PE’s certification services in carrying out the audit criteria.

**CERTIFIER OVERVIEW:**

The National Organic Program (NOP) conducted a desk audit of the Control Union Certifications (CUC) satellite office in Peru, Control Union Peru S.A.C. (CUC PE) on April 28 - 30, 2020.

CUC is a limited liability company with its main certification office in Zwolle, Netherlands, including nine satellite offices around the world. CUC was initially accredited for Crops, Livestock, Wild Crops, and Handling/Processing on October 18, 2002. CUC PE conducts key certification activities in Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador,

Mexico, Paraguay, Peru, Spain, Uruguay, and the United States. The CUC PE office is responsible for the certification of 749 operations. Certification services are performed by 9 Certification Officers and 48 staff inspectors.

## **NOP DETERMINATION**

NOP reviewed the onsite audit results to determine whether CUC'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.

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-1168-20 (NOP-26-18.NC4) – Cleared**

**AIA-1165-20– Accepted.** (NOP-26-18.NC1) §205.662(a)(1)&(3) state, "... a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: A description of each noncompliance;...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:** *Notices of Noncompliance generated from the CUC automated database system do not consistently cite the USDA organic regulations and do not inform operators of their right to rebut a noncompliance. Response dates on some reviewed notices of noncompliances are the issue date of the notice. As a result, the operator is unable to respond to the noncompliance(s) with a rebuttal or corrective actions. CUC should be issuing a combined notice of noncompliance and proposed adverse action when correction is not possible.*

**Corrective Actions:** CUC submitted a notice of noncompliance template that includes a date by which an operation must respond to the notice with either corrective actions or a rebuttal. The template also includes the USDA organic regulation citation for the noncompliance. Since their audit, CUC has issued all notices manually. CUC will continue to do so until they have updated their internal software system (CUSI) to issue notices of noncompliance and adverse actions documents. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session on the issuance of notices of noncompliance and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information. CUC is also developing a new e-learning software system and will include a module regarding issuing notices of noncompliance and adverse actions.

**Verification of Corrective Actions:** The auditor reviewed several issued noncompliances and found corrective actions implemented adequately. The current noncompliance template was implemented in January 2020. Training records show sessions occurred as planned in the Fall 2019. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1166-20 – Accepted.** (NOP-26-18.NC2) §205.662(c)(1) and (3) states, “The notification of proposed suspension or revocation of certification shall state: (1) The reasons for the proposed suspension or revocation; (3) The impact of a suspension or revocation on future eligibility for certification;”

**Comments:** *Notices of proposed suspension do not consistently state the reason for suspension or the impact of suspension. The applicable noncompliance is not referenced in the notice of suspension. The notice of proposed suspension has no statement informing the operation of a suspension’s impact on current or future certification.*

**Corrective Actions:** CUC’s revised their notice of proposed suspension template and their combined notice of noncompliance and proposed suspension. Both templates state the reason for suspension, the applicable noncompliance, and the impact of suspension on current and future certification. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session on the issuance of notices of noncompliance and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information. CUC is also developing a new e-learning software system and will include a module regarding issuing notices of noncompliance and adverse actions.

**Verification of Corrective Actions.** The auditor reviewed proposed suspensions and found corrective actions implemented adequately. The current noncompliance template was implemented in November 2019. Training records show sessions occurred as planned in the Fall 2019. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1167-20 – Accepted.** (NOP-26-18.NC3) 7 C.F.R. §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; its ability to fully comply with and implement the organic certification program established in §§205.100 and 205.101, §§205.201 through 205.203, §§205.300 through 205.303, §§205.400 through 205.406, and §§205.661 and 205.662; and its ability to comply with the requirements for accreditation set forth in §205.501: ...A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.”

**Comments:** *The following issues were identified by a review of CUC’s policies and procedures:*

- 1. The CUC NOP Procedure Manual incorrectly states the process for suspending certified operations.*
- 2. The CUC NOP Procedure Manual incompletely states the re-instatement process for suspended operations.*



3. *Organic System Plan templates lack information for operations to comply with §205.201(a)(3), a plan of monitoring practices and procedures to verify that their plans are effectively implemented.*
4. *Inspection Report templates lack information for inspectors to record verification of an operation's compliance to §205.201(a)(3).*
5. *Verification of the corrective actions for prior issued noncompliances are not consistently recorded by inspectors due to the inspection checklist/report template lacking instructions and/or a section for them to do so.*

**Corrective Actions:** CUC has revised its organic program manual. CUC's program manual correctly states the process for suspending certified operations and the re-instatement process for suspended operations. CUC revised its OSP templates to include information regarding an operation's monitoring practices. CUC revised its auditor worksheet templates to include a section that requires inspectors to verify an operation's monitoring plan as well as corrective actions for any prior issued noncompliances. An Administrator from CUC's Peru office will review a percentage of records from each of CUC satellite offices monthly to ensure new templates are consistently being used. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session OSP review instructions, inspection instructions, and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information.

**Verification of Corrective Actions:** The auditor reviewed current procedures and completed inspection reports and found corrective actions implemented adequately. Training records show sessions occurred as planned in the Fall 2019. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1169-20 – Accepted.** (NOP-26-18.NC5) 7 C.F.R. § 205.660(d) states, "Each notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation issued pursuant to §205.662, §205.663, and §205.665 and each response to such notification must be sent to the recipient's place of business via a delivery service which provides dated return receipts."

**Comments:** *CUC was unable to demonstrate that notifications are sent via a delivery service which provides dated return receipts.*

**Corrective Actions:** CUC started using a delivery receipt service (RMail) when sending out email notifications to operations. CUC informed all its satellite offices a delivery service is required when issuing noncompliances and adverse actions notifications. CUC has revised its procedure with respect to client communication. It now requires each CUC office to use RMail when issuing notices. CUC's office in Peru is monitoring all satellite offices to ensure each one is issuing notices using RMail.

**Verification of Corrective Actions:** The auditor reviewed several notifications subject to the requirements of §205.660(d) and found no issues. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1170-20 – Accepted.** (NOP-26-18.NC6) 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...”

**Comments:** *CUC is not conducting an annual program review that assess whether their NOP certification program and activities are compliant with the USDA organic regulations and NOP policies.*

**Corrective Actions:** CUC hired a consulting company to conduct an internal program review of CUC’s NOP Accreditation Program. Moving forward, all of CUC’s satellite offices will receive an annual program review by the end of 2020. CUC submitted a spreadsheet that lists each of its satellite offices and which month in 2020 and internal program review will occur there. CUC has revised its policy to ensure that each satellite office has a program review every year.

**Verification of Corrective Actions:** The auditor reviewed CUC PE’s last annual program review which was conducted by a consultant in June 2019 which demonstrated an adequate internal review of CUC PE’s certification program. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1171-20 – Accepted.** (NOP-26-18.NC7) 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.” §205.406(a)(3) states, “To continue certification, a certified operation must annually pay the certification fees and submit the following information, as applicable, to the certifying agent: An update on the correction of minor noncompliances previously identified by the certifying agent as requiring correction for continued certification...”

**Comments:** *CUC is not requesting that certified operations provide the status of accepted, but unverified corrective actions, when submitting annual updates.*

**Corrective Actions:** CUC revised its OSP templates to include a section for renewal clients to address the status of corrective actions for previous noncompliances. CUC’s OSP templates now require operations to have all corrective actions available at inspections to verify compliance and to submit responses to any unresolved issues for review prior to their upcoming inspection. An Administrator from CUC’s Peru office will review a percentage of records from each of CUC satellite offices monthly to ensure new templates are consistently being used.

**Verification of Corrective Actions:** Updated annual templates for clients are implemented for the 2020 certification cycle. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1172-20 – Accepted.** (NOP-26-18.NC8) 7 CFR § 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:** *Interviews with CUC certification staff, certification record reviews, and multiple on-site findings identified by the auditor, demonstrate that certification staff lack knowledge to adequately implement the certification program according to USDA organic regulations and NOP policies. The following is a list of issues identified:*

1. *Inconsistent use of citing the USDA organic regulations and NOP policies when identifying issues of concern and issued noncompliances.*
2. *Many noncompliance and adverse action records were not available or could not be obtained. The CUC database could generate a draft copy for review, but not the original documents. CUC could not demonstrate that all copies sent to the NOP were in English.*
3. *Certification fee estimates sent to operations do not include inspector expenses such as lodging and meals. These expenses are later recovered by CUC in the final invoice sent to operators. CUC does not provide operations with a cost estimate (offer letter) for the total cost of annual certification each year. CUC provides a cost estimate when an operation applies for certification and in subsequent years if the updated OSP does not change significantly, no cost estimate is sent (§205.642).*
4. *CUC did not demonstrate a complete understanding of NOP 2613 “Responding to Results from Pesticide Residue Testing.” Operations are notified of test result availability in the CUC online portal account only when detections are identified. Furthermore, a determination statement of product compliance is not included in the notification (e.g. your product may be sold or not). Investigation of the cause/source of contamination is inconsequential as the operation is suspended within three days without assessment and solely based on test results.*
5. *A witness audit of a certified “Wild Crops” operation revealed that the operation should be certified to the “Crops” scope. The operation employs tillage to promote the plant growth.*
6. *CUC inspectors do not provide the operation with a sample receipt at the time of sample collection. The receipt is uploaded to the operation’s online portal for review and no notification of its availability is provided to the operation (§205.402(e)(1)).*

**Corrective Actions:** CUC is now able to print original documents for noncompliance and adverse action notices through the CUSI software system. CUC created detailed instructions on this process in their organic program manual. CUC revised their offer letter to a detailed cost estimate. CUC has amended the procedures on responding to results of residual testing. The procedure now states if no residuals are detected, clients are notified of the results in the “Inspection and Certification Report” and are informed that their products may be sold as ‘Organic’. If residuals are detected, clients are immediately notified of the detection and whether or not their product(s) can be sold as ‘Organic’. All CUC employees have been (re)trained on these procedures and have been notified of these changes via CUSI News. CUC’s NOP Wild Crop Guidance has been updated to include a definition of wild crop, examples of where wild crop harvesting do not apply, what an inspector is to look for in a Wild Crop Organic Compliance Plan, and a link to the USDA NOP Program Handbook for Wild Crop Guidance. CUC personnel have been (re)trained on Wild Crop procedures and have been notified of these changes to CUC’s guidance via CUSI News. CUC’s pesticide residue sampling procedure now requires inspectors to provide a receipt for the sample. CUC has amended its procedures on responding to results of residual testing and it is compliant with NOP2613. CUC employees have

been informed of these changes via CUSI News. CUC hired consultants with extensive knowledge of the USDA organic regulations to provide training to all their staff members. Initial training for CUC's staff took place at CUC's Netherlands office on April 29th - May 3rd. Training by the consultants began in June 2019 at CUC's satellite office in Peru. Certification staff attended the trainings that lasted for 5 days and covered adverse actions, audit trail verification, mass balance audits and residual sample testing protocol and procedures. These sessions include Q&A sessions to cover several aspects of organic certification. Additional on-line and on-site training has been scheduled for CUC's staff throughout 2020.

**Verification of Corrective Actions:** CUC has implemented all corrective actions and no issues were identified by the auditor. Training for certification personnel occurred as planned according to auditor requested records and interviews with CUC certification personnel. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1173-20 – Accepted.** (NOP-26-18.NC9) 7 C.F.R. §205.501(a)(3) states, “A private or government 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:** *As part of CUC's 2018 renewal audit, a witness audit was conducted at a livestock operation in Bulgaria on October 17, 2018. A review of the livestock operation's records revealed that it was certified without a crops scope, which does not comply with the USDA organic regulations. The organic system plan does not include required elements for the pasture and hay listed on the organic certificate.*

**Corrective Actions:** CUC is reviewing all livestock clients to determine which ones are not certified to the Crops scope. Those clients will be forwarded the crop production OSP with their livestock packet for their next inspection. Certifiers, certifier assistants, and auditors are going through training to ensure that livestock applicants receive both the livestock and crop production applications on an annual basis. CUC's instructions now read: When applying for certification to the livestock scope, the applicant must also be certified to the crops scope. Procedures for this dual application have been written into CUC's contracting instruction as well as their OSP review instructions. CUC revised their Livestock Application (Organic System Plan template) and inspector checklist. Their Livestock OSP now includes instructions for their clients to complete a Crops (OSP). CUC's inspector checklist has been revised to require the inspector to verify that livestock clients have completed both applications when applying or renewing their certification. CUC hired a consulting company to provide training to all their staff members. CUC provided the schedule for the upcoming training sessions in 2020 for both administration and staff members at all their satellite offices.

**Verification of Corrective Actions:** The auditor reviewed several ruminant livestock operation certificates and found them to be certified to the Crops scope. The auditor reviewed one livestock operation and found the OSP to contain ruminant livestock requirements. CUC certification personnel training on this topic was conducted in October 2019. Verification of corrective action implementation at additional CUC offices is needed.

**AIA-1174-20 – Accepted.** (NOP-26-18.NC10) 7 C.F.R. §205.662(c) states, “When rebuttal is unsuccessful, or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the



certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance...”

**Comments:** *In August and November of 2018, the NOP received appeals from two operations certified by CUC. In both appeals, the NOP Appeals Division determined that CUC issued notices of proposed suspension without first issuing notices of noncompliance and did not provide sufficient evidence to illustrate the basis for the proposed suspension.*

**Corrective Actions:** CUC rescinded both notices of proposed suspension and issued each operation a notice of noncompliance. CUC submitted a revised notice of proposed suspension template that requires CUC staff to indicate when the notice of noncompliance was sent to the operation. CUC Peru staff has been through training regarding the requirement to issue a notice of noncompliance prior to issuing a notice of proposed suspension or notice of proposed revocation. CUC has developed training materials for their satellite offices so that they follow the same process. CUC submitted a training schedule for its satellite offices that occurred in 2019. CUC also submitted the schedule for upcoming training sessions in 2020 for both administration and staff members at all their satellite offices that didn't receive training in 2019.

**Verification of Corrective Actions:** Training on this topic occurred according to Auditor interviews with CUC personnel and review of training records. A review of several proposed suspensions revealed that CUC properly issued a noncompliance with each one. Verification of corrective action implementation at additional CUC offices is needed.

### **Noncompliances Identified during the Current Assessment**

**AIA-1403-20 - Accepted.** 7 C.F.R. §205.501(a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Use a sufficient number of adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part;”

**Comments:** *CUC PE does not consistently use adequately trained personnel to comply with and implement its USDA organic certification program. The auditor's interview with a certification officer and review of CUC's label assessment form found that staff lack knowledge of the labeling requirements of §205.300.*

**Corrective Action:** CUC updated the following documents and submitted the documents to the NOP:

- *Annex 2: Procedure for approval of Labels of Products* in the CU Organic Program Manual (Edition 2) includes detailed information on labeling requirements of §205.300.
- *USDA-NOP Label Assessment Form* (Edition 5) includes a product information section and an assessment section that indicates which elements of the label are mandatory and which are optional.

On October 7, 2020, CUC PE trained staff on labeling requirements and labeling assessments. CUC will hold similar trainings at satellite offices worldwide during the last quarter of 2020. CUC submitted the training record and presentation to the NOP. On October 9, 2020, CUC notified all staff working with the USDA-NOP program via CUSI NEWS of the updated documents. Staff were instructed to use the updated documents immediately.

**AIA-1404-20 - 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:** *CUC PE is not carrying out the provisions of the Act and regulations in the following manner:*

- *CUC’s Label Approval/Compliance Checklist does not adequately capture labeling requirements to assess label compliance.*
- *Notice of Noncompliance issued to certification applicants incorrectly indicates that noncompliances are “Conditions for Continued Certification.”*
- *In one Crops Organic System Plan (OSP) of a livestock operation, the operation did not adequately describe its compliance to the natural resources and biodiversity requirement in sufficient detail to be measurable and verified. CUC failed to review the operation’s application, including OSP, to ensure completeness pursuant to §205.401.*
- *Notices of Proposed Suspension and Combined Notices of Noncompliance and Proposed Suspension do not include a proposed effective date of suspension.*

**Corrective Action:** CUC updated the following documents and submitted the documents to the NOP:

- *USDA-NOP Label Assessment Form (Edition 5) includes information on labeling requirements and prompts staff to refer to Annex 2: Procedure for approval of Labels of Products. The updated form includes a product information section and an assessment section that indicates which elements of the label are mandatory and which are optional.*
- *Notice of Noncompliance template (Edition 02.1) does not include the statement “Conditions for Continued Certification.”*
- *Crops OSP (Edition 06.2) and Livestock OSP (07.3) forms include a specific section on monitoring practices for natural resources and biodiversity. During an October 7, 2020 training, CUC PE trained staff to ensure that a description of practices is included in submitted OSPs. CUC also revised the Organic Plant Production Unit Inspector Assessment Form by adding Item U1.1f, which prompts inspectors to assess procedures and monitoring practices for natural resources and biodiversity. CUC submitted the updated form (Version 7.2) to the NOP.*
- *Notice of Proposed Suspension (Edition 01.1) and Combined Notice of Noncompliance and Proposed Suspension (Edition 01.1) templates include a proposed effective date of suspension.*

On October 7, 2020 CUC PE trained staff on the above changes. CUC will hold similar trainings at satellite offices worldwide during the last quarter of 2020. On October 9, 2020, CUC notified all staff working with the USDA-NOP program via CUSI NEWS of the updated documents. Staff were instructed to use the updated documents immediately. CUC submitted the staff notification and CUC PE training record and presentation to the NOP.

**AIA-1405-20 - 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:** *CUC's organic system plan forms do not demonstrate that CUC fully complies with the requirements of §205.201(a)(3). CUC's Livestock and Crops OSP templates do not prompt or request the operation to describe monitoring practices for natural resources and biodiversity.*

**Corrective Action:** CUC added Chapter 8 *Natural Resources and Biodiversity Conservation* to their Crops OSP form (Edition 06.2) and their Livestock OSP form (07.3) and submitted the updated forms to the NOP. The updated forms prompt operations to provide information on their monitoring practices for natural resources and biodiversity.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

An onsite renewal assessment of Control Union Certifications (CUC) organic program was conducted on October 26 – November 2, 2018. The National Organic Program (NOP) reviewed the auditor’s report to assess CUC’s compliance to the USDA organic regulations. This report provides the results of NOP’s assessment.

### GENERAL INFORMATION

<b>Applicant Name</b>	Control Union Certifications (CUC)
<b>Physical Address</b>	Meeuwenlaan 4-6, 8011 BZ, Zwolle, Ad Zwolle 8000 Netherlands
<b>Mailing Address</b>	Meeuwenlaan 4-6, 8011 BZ, Zwolle, Ad Zwolle 8000 Netherlands
<b>Contact &amp; Title</b>	Alvaro Martinez, Director of Operations (Acting NOP Scheme Manager)
<b>E-mail Address</b>	amartinez@controlunion.com
<b>Phone Number</b>	+511 7190400
<b>Reviewer(s) &amp; Auditor(s)</b>	Graham Davis, NOP Reviewer Lars Crail & Jason Lopez, On-site Auditors
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	NOP Corrective Action review: May 28, 2019 NOP assessment review: March 14, 2019 Onsite audit: October 26 – November 2, 2018
<b>Audit Identifier</b>	NOP-26-18
<b>Action Required</b>	Yes
<b>Audit &amp; Review Type</b>	Renewal Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of [ACA acronym]’s certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CUC’s certification services in carrying out the audit criteria during the period: September 2015 through October 2018

The National Organic Program (NOP) conducted an onsite renewal assessment of Control Union Certifications (CUC) on October 29 through November 1, 2018 at CUC’s main office in Zwolle, Netherlands.

CUC is a limited liability company with its main certification office in Zwolle, Netherlands. CUC satellite offices are established in Peru, Korea, Turkey, Indonesia, South Korea, Ethiopia, Israel, Sri Lanka, and India.

CUC was accredited for all scopes as a certifying agent on October 18, 2002. CUC’s current



accreditation cycle ended October 18, 2017 and its continued accreditation has been pending with the completion of the renewal assessment. At the time of the onsite renewal assessment, CUC certifies worldwide 1764 operations: Crops (1071), Wild Crops (11), Livestock (38) and Handler/Processor/Exporters (1673). CUC certifies 504 grower groups.

The onsite midterm accreditation assessment occurred September 21-25, 2015 and was followed by a compliance assessment on February 13-14, 2017. Corrective Actions for prior issued noncompliances were verified during the compliance assessment.

Witness audits conducted during the renewal assessment: Crops and Handling operation in the Dominican Republic on February 21, 2018; Wilds Crops operation in Spain on October 15, 2018; and, a Livestock operation in Bulgaria on October 17, 2018.

### **NOP DETERMINATION:**

NOP reviewed the onsite audit results to determine whether CUC'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 Identified during the Current Assessment and Corrective Actions**

**NOP-26-18.NC1 – Accepted.** §205.662(a)(1)&(3) state, "... a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: A description of each noncompliance;...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:** *Notices of Noncompliance generated from the CUC automated database system do not consistently cite the USDA organic regulations and do not inform operators of their right to rebut a noncompliance. Response dates on some reviewed notices of noncompliances are the issue date of the notice. As a result, the operator is unable to respond to the noncompliance(s) with a rebuttal or corrective actions. CUC should be issuing a combined notice of noncompliance and proposed adverse action when correction is not possible.*

**Corrective Actions:** CUC submitted a notice of noncompliance template that includes a date by which an operation must respond to the notice with either corrective actions or a rebuttal. The template also includes the USDA organic regulation citation for the noncompliance. Since their audit, CUC has issued all notices manually. CUC will continue to do so until they have updated their internal software system (CUSI) to issue notices of noncompliance and adverse actions documents. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session on the issuance of notices of noncompliance and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information. CUC is also

developing a new e-learning software system and will include a module regarding issuing notices of noncompliance and adverse actions.

**NOP-26-18.NC2 – Accepted.** §205.662(c)(1) and (3) states, “The notification of proposed suspension or revocation of certification shall state: (1) The reasons for the proposed suspension or revocation; (3) The impact of a suspension or revocation on future eligibility for certification;”

**Comments:** *Notices of proposed suspension do not consistently state the reason for suspension or the impact of suspension. The applicable noncompliance is not referenced in the notice of suspension. The notice of proposed suspension has no statement informing the operation of a suspension’s impact on current or future certification.*

**Corrective Actions:** CUC’s revised their notice of proposed suspension template and their combined notice of noncompliance and proposed suspension. Both templates state the reason for suspension, the applicable noncompliance, and the impact of suspension on current and future certification. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session on the issuance of notices of noncompliance and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information. CUC is also developing a new e-learning software system and will include a module regarding issuing notices of noncompliance and adverse actions.

**NOP-26-18.NC3 – Accepted.** 7 C.F.R. §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; its ability to fully comply with and implement the organic certification program established in §§205.100 and 205.101, §§205.201 through 205.203, §§205.300 through 205.303, §§205.400 through 205.406, and §§205.661 and 205.662; and its ability to comply with the requirements for accreditation set forth in §205.501: ...A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.”

**Comments:** *The following issues were identified by a review of CUC’s policies and procedures:*

1. *The CUC NOP Procedure Manual incorrectly states the process for suspending certified operations.*
2. *The CUC NOP Procedure Manual incompletely states the re-instatement process for suspended operations.*
3. *Organic System Plan templates lack information for operations to comply with §205.201(a)(3), a plan of monitoring practices and procedures to verify that their plans are effectively implemented.*
4. *Inspection Report templates lack information for inspectors to record verification of an operation’s compliance to §205.201(a)(3).*

5. *Verification of the corrective actions for prior issued noncompliances are not consistently recorded by inspectors due to the inspection checklist/report template lacking instructions and/or a section for them to do so.*

**Corrective Actions:** CUC has revised its organic program manual. CUC's program manual correctly states the process for suspending certified operations and the re-instatement process for suspended operations. CUC revised its OSP templates to include information regarding an operation's monitoring practices. CUC revised its auditor worksheet templates to include a section that requires inspectors to verify an operation's monitoring plan as well as corrective actions for any prior issued noncompliances. An Administrator from CUC's Peru office will review a percentage of records from each of CUC satellite offices monthly to ensure new templates are consistently being used. CUC provided in-house training to their staff in Peru, United States, Europe, Africa, and Asia in the Fall of 2019. The training included a session OSP review instructions, inspection instructions, and the adverse actions process. In addition, CUSI contains a feature called CUSI News which allows CUC to notify all their certification staff with instructions, updates, explanations, or changes to their certification documents. The system is designed to prevent staff from logging into the system until they have read CUSI News information.

**NOP-26-18.NC4 – Accepted.** 7 C.F.R. §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;”

**Comments:** *CUC was unable to demonstrate that the current certification fee schedule was provided to the NOP.*

**Corrective Actions:** CUC has created a policy to explain certification costs at each satellite office. CUC now requires each of its satellite offices to submit any changes to its fee schedule to CUC's NOP Scheme Coordinator by August 15<sup>th</sup>. CUC will submit all changes to each satellite office's fee schedule with its annual report to the NOP (due in October every year). CUC's internal audit will verify if CUC submitted an update fee schedule to the NOP and that each satellite office submitted its fee schedule to CUC's Scheme Coordinator.

**NOP-26-18.NC5 – Accepted.** 7 C.F.R. § 205.660(d) states, “Each notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation issued pursuant to §205.662, §205.663, and §205.665 and each response to such notification must be sent to the recipient's place of business via a delivery service which provides dated return receipts.”

**Comments:** *CUC was unable demonstrate that notifications are sent via a delivery service which provides dated return receipts.*

**Corrective Actions:** CUC started using a delivery receipt service (RMail) when sending out email notifications to operations. CUC informed all its satellite offices a delivery service is required when issuing noncompliances and adverse actions notifications. CUC has revised its

procedure with respect to client communication. It now requires each CUC office to use RMail when issuing notices. CUC's office in Peru is monitoring all satellite offices to ensure each one is issuing notices using RMail.

**NOP-26-18.NC6 – 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...”

**Comments:** *CUC is not conducting an annual program review that assess whether their NOP certification program and activities are compliant with the USDA organic regulations and NOP policies.*

**Corrective Actions:** CUC hired a consulting company to conduct an internal program review of CUC's NOP Accreditation Program. Moving forward, all of CUC's satellite offices will receive an annual program review by the end of 2020. CUC submitted a spreadsheet that lists each of its satellite offices and which month in 2020 and internal program review will occur there. CUC has revised its policy to ensure that each satellite office has a program review every year.

**NOP-26-18.NC7 – 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.” §205.406(a)(3) states, “To continue certification, a certified operation must annually pay the certification fees and submit the following information, as applicable, to the certifying agent: An update on the correction of minor noncompliances previously identified by the certifying agent as requiring correction for continued certification...”

**Comments:** *CUC is not requesting that certified operations provide the status of accepted, but unverified corrective actions, when submitting annual updates.*

**Corrective Actions:** CUC revised its OSP templates to include a section for renewal clients to address the status of corrective actions for previous noncompliances. CUC's OSP templates now require operations to have all corrective actions available at inspections to verify compliance and to submit responses to any unresolved issues for review prior to their upcoming inspection. An Administrator from CUC's Peru office will review a percentage of records from each of CUC satellite offices monthly to ensure new templates are consistently being used.

**NOP-26-18.NC8 – Accepted.** 7 CFR § 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:** *Interviews with CUC certification staff, certification record reviews, and multiple on-site findings identified by the auditor, demonstrate that certification staff lack knowledge to adequately implement the certification program according to USDA organic regulations and NOP policies. The following is a list of issues identified:*

1. *Inconsistent use of citing the USDA organic regulations and NOP policies when identifying issues of concern and issued noncompliances.*
2. *Many noncompliance and adverse action records were not available or could not be obtained. The CUC database could generate a draft copy for review, but not the original documents. CUC could not demonstrate that all copies sent to the NOP were in English.*
3. *Certification fee estimates sent to operations do not include inspector expenses such as lodging and meals. These expenses are later recovered by CUC in the final invoice sent to operators. CUC does not provide operations with a cost estimate (offer letter) for the total cost of annual certification each year. CUC provides a cost estimate when an operation applies for certification and in subsequent years if the updated OSP does not change significantly, no cost estimate is sent (§205.642).*
4. *CUC did not demonstrate a complete understanding of NOP 2613 “Responding to Results from Pesticide Residue Testing.” Operations are notified of test result availability in the CUC online portal account only when detections are identified. Furthermore, a determination statement of product compliance is not included in the notification (e.g. your product may be sold or not). Investigation of the cause/source of contamination is inconsequential as the operation is suspended within three days without assessment and solely based on test results.*
5. *A witness audit of a certified “Wild Crops” operation revealed that the operation should be certified to the “Crops” scope. The operation employs tillage to promote the plant growth.*
6. *CUC inspectors do not provide the operation with a sample receipt at the time of sample collection. The receipt is uploaded to the operation’s online portal for review and no notification of its availability is provided to the operation (§205.402(e)(1)).*

**Corrective Actions:** CUC is now able to print original documents for noncompliance and adverse action notices through the CUSI software system. CUC created detailed instructions on this process in their organic program manual. CUC revised their offer letter to a detailed cost estimate. CUC has amended the procedures on responding to results of residual testing. The procedure now states if no residuals are detected, clients are notified of the results in the “Inspection and Certification Report” and are informed that their products may be sold as ‘Organic’. If residuals are detected, clients are immediately notified of the detection and whether or not their product(s) can be sold as ‘Organic’. All CUC employees have been (re)trained on these procedures and have been notified of these changes via CUSI News. CUC’s NOP Wild Crop Guidance has been updated to include a definition of wild crop, examples of where wild crop harvesting do not apply, what an inspector is to look for in a Wild Crop Organic Compliance Plan, and a link to the USDA NOP Program Handbook for Wild Crop Guidance. CUC personnel have been (re)trained on Wild Crop procedures and have been notified of these changes to CUC’s guidance via CUSI News. CUC’s pesticide residue sampling procedure now requires inspectors to provide a receipt for the sample. CUC has amended its procedures on responding to results of residual testing and it is compliant with NOP2613. CUC employees have

been informed of these changes via CUSI News. CUC hired consultants with extensive knowledge of the USDA organic regulations to provide training to all their staff members. Initial training for CUC's staff took place at CUC's Netherlands office on April 29th - May 3rd. Training by the consultants began in June 2019 at CUC's satellite office in Peru. Certification staff attended the trainings that lasted for 5 days and covered adverse actions, audit trail verification, mass balance audits and residual sample testing protocol and procedures. These sessions include Q&A sessions to cover several aspects of organic certification. Additional on-line and on-site training has been scheduled for CUC's staff throughout 2020.

**NOP-26-18.NC9** - 7 C.F.R. §205.501(a)(3) states, "A private or government 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:** *As part of CUC's 2018 renewal audit, a witness audit was conducted at a livestock operation in Bulgaria on October 17, 2018. A review of the livestock operation's records revealed that it was certified without a crops scope, which does not comply with the USDA organic regulations. The organic system plan does not include required elements for the pasture and hay listed on the organic certificate.*

**Corrective Actions:** CUC is reviewing all livestock clients to determine which ones are not certified to the Crops scope. Those clients will be forwarded the crop production OSP with their livestock packet for their next inspection. Certifiers, certifier assistants, and auditors are going through training to ensure that livestock applicants receive both the livestock and crop production applications on an annual basis. CUC's instructions now read: When applying for certification to the livestock scope, the applicant must also be certified to the crops scope. Procedures for this dual application have been written into CUC's contracting instruction as well as their OSP review instructions. CUC revised their Livestock Application (Organic System Plan template) and inspector checklist. Their Livestock OSP now includes instructions for their clients to complete a Crops (OSP). CUC's inspector checklist has been revised to require the inspector to verify that livestock clients have completed both applications when applying or renewing their certification. CUC hired a consulting company to provide training to all their staff members. CUC provided the schedule for the upcoming training sessions in 2020 for both administration and staff members at all their satellite offices.

**NOP-26-18.NC10 – Accepted.** 7 C.F.R. 205.662(c) states, "When rebuttal is unsuccessful, or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance..."

**Comments:** *In August and November of 2018, the NOP received appeals from two operations certified by CUC. In both appeals, the NOP Appeals Division determined that CUC issued notices of proposed suspension without first issuing notices of noncompliance and did not provide sufficient evidence to illustrate the basis for the proposed suspension.*

**Corrective Actions:** CUC rescinded both notices of proposed suspension and issued each operation a notice of noncompliance. CUC submitted a revised notice of proposed suspension template that requires CUC staff to indicate when the notice of noncompliance was sent to the operation. CUC Peru staff has been through training regarding the requirement to issue a notice of noncompliance prior to issuing a notice of proposed suspension or notice of proposed revocation. CUC has developed training materials for their satellite offices so that they follow the same process. CUC submitted a training schedule for its satellite offices that occurred in 2019. CUC also submitted the schedule for upcoming training sessions in 2020 for both administration and staff members at all their satellite offices that didn't receive training in 2019.

394 crop, and 197 processing/handling certifications. CUC certifies 226 grower groups, mostly for crops and a few wild crops.

CUC is also accredited for the EU for the EC 834/2007 and 889/2008 Standards, Bio-Suisse for Switzerland organic certification standards, JAS for the Japanese organic standards, Organic Korea FIPA Food Industry Promotion Act, and Global Gap.

CUC's Accreditation Renewal Assessment was completed on October 26, 2012 by NOP accreditation auditors. The final report on this assessment cited eight new noncompliances and five outstanding noncompliances from CUC's 2010 Mid-Term Assessment. On February 11, 2013, the NOP issued a Notice of Noncompliance to CUC. On March 18, 2013, CUC submitted corrective actions for noncompliances cited in report NP2353AKA. In response to NOP requests for additional information, CUC submitted final corrective actions on November 8, 2013.

## FINDINGS

Documents and records reviewed determined that the CUC has adequately addressed noncompliances NP2177ACA.NC1 – 8 identified during the 2012 accreditation renewal assessment. In addition, CUC corrective actions adequately addressed 5 outstanding noncompliances, NP0099ACA.NC1 – 5, remaining from CUC's 2010 mid-term assessment. Verification of CUC's corrective actions will be determined at the next on-site audit.

**NP0099ACA.NC1 – Accepted** – NOP §205.401 states, “A person seeking certification of a production or handling operation under this subpart must submit an application for certification to a certifying agent. The application must include the following information: (a) an organic production or handling plan, as required in §205.200.” and NOP 205.402 (a) states, “Upon acceptance of an application for certification, a certifying agent must: (1) Review the application to ensure completeness pursuant to §205.401.”

- *A review of a Thailand file found that on page 7 of the OSP identified use of Pyrethrum insect killer to treat for Aphids and Thrips on seed plants and it described that “since we produce seed as organic product, the application of those materials are conducted directly to other plant parts and only a very small amount might be remained on the fruit skin. Seed after removed from fruit must be clean thoroughly during processing.” OSP's for the farms did not include records.*
- *One farm in Thailand added two new processing units and the only information in the file beyond the original OSP for the client was when new units were added the only information in the file is the processing unit floor plan and a very generic “Process specification of organic processing unit” which identifies the name and location of the processing unit, briefly describes the process (generic), and references various records. The inspection report did not indicate that the two added processing units were inspected or if they were just added to the certificate.*

**Corrective Actions (2010):** CUC has implemented additional OSP review procedures to clarify that OSP's must be reviewed and approved by a certifier prior to scheduling inspections. To assist OSP review and inspections, CUC developed a certification checklist to monitor certification activities, including review of recordkeeping. With regard to the insecticide identified in the OSP, CUC determined that the Pyrethrum used on the seed plants is a



nonsynthetic substance that is allowed for use on organic crops according to NOP regulation requirements in § 205.206(e). CUC has provided the OSP and inspection reports on the added Thailand farm processing units. The 10/08/10 inspection verified that the Thailand farm is operating in compliance with the NOP regulations. CUC also provided instruction to their Thailand inspectors on the requirement for comprehensive annual inspections of all facilities and fields described in OSP. CUC has updated their quality manual to include the OSP review procedures and certification checklist. **Renewal Assessment Finding (October 2012):** There is no clear procedure for the initial review of OSPs and their subsequent approval prior to the onsite inspection. Although it is known that it is the responsibility of the inspector to approve OSPs prior to inspection, there is no objective evidence that this is being done and on what date. The OSP has a section in which the date received, date reviewed, assessment decision, and reviewer are to be documented, but only five of the fifteen files reviewed had this section completed and scanned and uploaded into the CUSI system. Additionally, there was no objective evidence documenting when the inspector who reviewed an OSP asked the client for additional information because an OSP was not complete or if a portion was not compliant to the rule. **Corrective Action (2012):** For new applicants, CUC reviews and approves OSPs before scheduling inspections. By December 1, 2013, CUC will complete implementation of its amended quality manual procedures on reviewing OSP's to record review dates, staff responsible and OSP approval in the CUC database. Staff certifiers (reviewers) will be trained on the amended procedures prior to implementation. After implementation, to prevent noncompliances CUC will assess staff performance to verify whether the amended procedures are effective. Staff will also record reviewer requests for additional information from applicants / certified operations on incomplete OSP's into the CUC database. A copy of the database tracking system was provided.

**NP0099ACA.NC2 – Accepted** - NOP §205.402(c) states, “The applicant may withdraw its application at any time...” *CUC does not have a procedure for withdrawal of an application by a client nor does the fee schedule reference any liability by the client for costs of services provided up to the time of withdrawal of its application.* **Corrective Actions (2010):** CUC developed procedures for application withdrawals, including providing instruction on not issuing Notice of Noncompliance or Denial of Certification when clients withdraw applications. CUC also updated its fee schedule to include fees for recovering certification costs when clients withdraw applications. CUC has updated their quality manual to include the application withdrawal procedures and updated fee schedule. **Renewal Assessment Finding (October 2012):** The fee schedule was updated with the statement “Applicants who withdraw their application prior to certification will be responsible for all charges incurred to the point of withdrawal.” However, since CUC charges all fees in one lump sum prior to inspection, the issue of what portion of those fees will be refunded to the applicant is not addressed. **Corrective Action (2012):** In November 2013, CUC began implementing its amended fee schedule which stated fee liability at the time of withdrawal. The amended fee schedule indicates that if an application is withdrawn before fees are due, CUC will not access fees. CUC requires applicants to submit annual inspection and certification fees prior to the inspection. The amended fee schedule also indicates that if an application is withdrawn after the inspection, CUC will not refund fees. To prevent noncompliances, CUC will verify the effectiveness of the amended procedures through frequent monitoring and program reviews.

**NP0099ACA.NC3 – Accepted** – NOP §205.501(a)(9) states, “Maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary...” *Complete files for several clients were not available on CUC’s CUSI database and could not be obtained during the time-frame of the on-site office audit.* **Corrective Actions (2010):** CUC implemented procedures to update and complete client certification record files. The status of client certification record files will be monitored with the CUC certification checklist. CUC has updated their quality manual to include the recordkeeping procedures and changed their internal audit procedures to monitor the maintenance of client files. **Renewal Assessment Finding (October 2012):** The CUC certification checklist is specific to the CUC certifier’s “review” of the inspection report, and does not provide assurance of a complete file in the CUSI system. At the time of this assessment, CUC could not consistently demonstrate that the CUSI system contained all documents for a complete certification cycle – from OSP receipt with attachments, OSP review, inspection report and attachments, material review and approval, label review and approval, noncompliance proceedings (including CUC staff review of the inspection report for confirmation of “potential” non-compliances identified by the inspector and subsequent corrective actions from the client, to final certification decision. **Corrective Action (2012):** On November 3, 2013, CUC initiated implementation of its translation process to ensure all file contents are translated and available for audit review. CUC also amended its database record system to include staff recording of OSP reviews, inspections, certification decisions, and noncompliance actions. CUC provided a copy of its database model. To prevent this noncompliance, CUC will use an “external assessment USDA” checklist item within the CUC database system where the program manager will determine if the reviewers have completed updating an operation’s records into the CUC database. The program manager will also ensure files are translated to facilitate file availability.

**NP0099ACA.NC4 – Accepted** – NOP §205.403(d) states, “The inspector must also address the need for any additional information as well as any issues of concern.” and NOP §205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent 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...” *Inspectors in countries outside of Holland are issuing non-compliances to the clients with a date to be corrected. Then, the certifying officer in that country is issuing a notice of non-compliance, corrective action notice, and the letter of resolution at the same time.* **Corrective Actions (2010):** CUC has amended their inspection procedures to indicate inspectors can propose noncompliances to be either confirmed or denied by the CUC certifier. When confirmed, the CUC certifier issues the NOP Notice of Noncompliance to the client. CUC has updated their quality manual to include the amended inspection procedures and Notice of Noncompliance procedures. **Renewal Assessment Finding (October 2012):** Review of noncompliance letters clearly demonstrates that CUC is not complying with §205.662(a)(1), “Such notification shall provide: (1) a description of each noncompliance....” CUC non-compliance letters provide the facts upon which a non-compliance is based, but does not provide a description of the non-compliance (including NOP citation of violation). **Corrective Action (2012):** In November 2013, CUC updated its notice of noncompliance template to include the specific NOP regulation citation for each noncompliance listed in a CUC Notice of Noncompliance. To prevent this noncompliance, CUC will add NOP regulation citations to the appropriate sections of its

database so that the NOP regulation citations will be included in notices of noncompliance generated by CUC's database system.

**NP0099ACA.NC5 – Accepted** – NOP §205.662 (c) states, "...The notification of proposed suspension or revocation of certification shall state: (1) The reasons for the proposed suspension or revocation; (2) The proposed effective date of such suspension or revocation; (3) The impact of a suspension or revocation on future eligibility for certification; and (4) The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681." *CUC has sent certified operations a letter stating they have been suspended and it did not contain all the elements for proposed suspension required by §205.662(c)(1)-(4).* **Corrective Actions (2010):** CUC developed a Notice of Proposed Suspension template which meets information requirements described in § 205.662(c). The CUC quality manual has been updated to include instruction on using the template and issuing NOP Notices of Proposed Suspension. **Renewal Assessment Finding (October 2012):** Only one proposed suspension letter was provided for review during the audit. This letter, issued from the CUC/Peru office, states, "Control Union Certifications wants to call your attention to the fact that to date we have received no evidence of corrective action on nonconformities (see attached), or, documentation or evidence received is insufficient to resolve nonconformities. As a result, we are required by our accreditation to propose a suspension of your certification." First, the nonconformities attachment, if even applicable for this notice, was not provided for review. Second, the date of this letter was Oct 11, 2012 and the previous information in the file showed that the inspection cycle occurred mid-2012 with all nonconformities identified as "settled" in June 2012. It is unclear for what reason the proposed suspension was issued, if all previous nonconformities were cleared. The NC remains outstanding, as Control Union was unable to demonstrate effective implementation of corrective action. **Corrective Action (2012):** On November 1, 2013, CUC began implementing its amended procedures to issue Notice of Proposed Suspension to operations when corrective actions for noncompliances are insufficient or inadequate. To prevent this noncompliance, CUC will use its data base to automate its process to reduce staff error. The template of the proposed suspension letter that will be generated by the CUC database system includes information required by the NOP regulations.

**NP2253AKA.NC1 – 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." *The Ugandan government has issued a phytosanitary requirement mandating that all cotton seeds planted must be treated with Bronopol, a prohibited substance. A certified operation in this country that is planting cotton treated with Bronopol is representing that product as organic to NOP standards by providing a copy of the NOP certificate with product. The ACA approved the use of these treated seeds based on the interpretation of §205.204(a)(5) allowing seeds treated with a prohibited substance to be used for organic production if required by Federal or State phytosanitary regulations. However, this exception only applies to the United States, therefore, the product produced by these seeds is not eligible to be represented as organic according to the NOP standard.* **Corrective Action:** CUC issued a notice of noncompliance and accepted the operations corrective action to withdraw the fields receiving treated seed from certification. CUC provided a copy of its October 21, 2013, amended procedures which indicated that phytosanitary regulations under section 205.204(a)(5)

applies only to the US Federal government or to US State government. In October 2013, CUC distributed its amended procedures and instruction to staff on not allowing treated seed to be used for organic crop production. CUC will report on the effectiveness and implementation in its annual program report.

**NP2253AKA.NC2 – Accepted** - NOP §205.403(c)(1, 2, 3) states, “Verification of Information. The on-site inspection must verify: (1) The operation’s compliance or capability to comply with the Act and the regulations in this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation; (3) That prohibited substances have not been and are not being applied to the operation....”

- *At 2 witness inspections, inspectors did not have a copy in the OSP of the label used in order to verify the CUC-approved label against the label used on-site.*
- *At 1 witness inspection, the inspector did not review labels on-site (bulk pepper boxes), which displayed a non-compliant USDA seal. The inspector included this as a “finding” on the non-compliance summary report given to the client at the end of the inspection; however, was aware of the issue only after the NOP auditor brought it to his attention.*
- *At 2 witness inspections, the inspector did not properly verify materials used; specifically, active ingredients of fertilization and insecticide materials were not reviewed. In two cases, the NOP auditor questioned active ingredients in materials the inspector thought to be approved; the inspector did not have an issue with the ingredients and also did not refer to the NOP materials list before making such decision (though he had a copy of the materials list with him on-site). So that the client was aware, as well as the inspector and the CUC-staff member in attendance, the NOP auditor discussed the materials on-site with prohibited active ingredients. The inspector then listed these materials in the non-compliance summary after the inspection.*
- *At 1 witness inspection, the certified operation did not have an implemented measure to prevent commingling of organic oil with conventional oil during the receiving stage of the process; the tanks were allowed to drain completely, but this could leave approximately 2% of conventional oil in the tank (residue along the insides). This issue was not identified by the inspector as a concern during the on-site inspection.*
- *At 2 witness inspections, covering 3 different areas of production, there were no audit trail exercises conducted to verify traceability is in place and/or that organic outgoing product does not exceed incoming.*

**Corrective Action:** In November 2013, CUC amended its OSP template to request more detailed information on labels and materials used by operations to improve its label review and material review procedures. CUC also provided additional instruction for its reviewers to ensure label reviews are included in the OSP review. CUC also amended its OSP review checklist for verifying labels, and audit trail documentation. In November 2013, CUC conducted training for inspectors on label review, material review, audit trail analysis, and commingling assessments.

**NP2253AKA.NC3 – Accepted** - NOP§205.404 (b)(1),(3) states, “The certifying agent must issue a certificate of organic operation which specifies the: (1) Name and address of the certified operation; ... (3) Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation...” *Certificates do not bear the full address of the certified operation, only the city and state. The full address is included on the annex which lists certified products, but not on the certificate proper. The scope of the certified operation (Crop, Wild Crop, Livestock, Handling) is not present on the certificate.* **Corrective Action:** In November 2013, CUC began issuing certificates that indicated the appropriate certification scope (crops, wild crops, livestock, handling) on all NOP certificate issued to operations. The amended certificate also includes the complete address of the operation. CUC provided a copy of the amended NOP certificate issued to a client on October 11, 2013. To prevent this noncompliance, CUC will modify its database programming used to generate the certificates to include the appropriate scope on the issued certificate. A copy of the certificate template was provided.

**NP2252AKA.NC4 – Accepted** – NOP §205.404(c) 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 organic certificate includes the following statement, “This certificate is in force until further notice, provided that the above-mentioned client continues meeting the conditions as laid down in the client contract with Control Union Certifications.” A client receives up to 3 different documents that make up the Terms of Contract; specifically: Procedure Manual Annex A3 Terms of Contract, Annex 16 CU Inspection Regulation, and Chapter 3 – Additional rules for the certification program: Organic Production Methods (USDA NOP). Review of the multiple conditions provided in the Terms of Contract demonstrate there are a number of contract requirements that go above and beyond the NOP regulations; for example, Annex A3 section 12.3 states, “The Agreement can be terminated by the Company (CUC) with immediate effect by written notice to the Principal (operation) without having to take a notification period into account in any case if: (i) the Principal has acted contrary to terms of the Agreement and/or the terms of the Documents; ... (iii) the Principal is entered into bankruptcy or if a filing for its bankruptcy has been requested or if it has been granted a suspension of payments; (iv) the Principal fails to pay any amount it owes to the Company within one month after the expiration of the payment deadline...” So, based on this contract, if a certified operation declares bankruptcy or if the operation does not pay their fee, they have broken their contract; per the statement on the certificate, if the client breaks the contract then they are no longer certified. This is not a compliant practice for NOP certification. Below are additional examples of contract requirements that would invalidate the organic certificate if the client does not “continue meeting the conditions...”:*

- *Annex 16 CU Inspection Regulation:*
  - *Article 7 – Register complaints and remedial actions: The client shall safeguard that all complaints received...are centrally registered.*
  - *Annex 2 Conditions for publication and use of the Certification Logo, article 12 – “When the Certificate-holder does not respect these conditions for use of certification logos... CU can take the following measurements (actions): suspension or withdrawal of the Certificate.”*
- *Procedure Manual Annex A3*

- *Section 3.1 – Obligations and restrictions of the Principal: The Principal must report any change or discontinuation in a production method or unit which is included in the certification program immediately to the Company.*
- *Section 13 – Appeals: this section (13.1-4) details requirements that the Principal must follow if an appeal is desired. There is no information in the contract for NOP clients regarding appeal process, or indication that the appeals requirements in the contract do not apply to NOP clients.*

**Corrective Action:** On November 8, 2013, CUC provided copies of its database assessment system model showing how only NOP regulation requirements will be applied to NOP certification. The system is designed to ensure staff will not implement additional requirements beyond NOP regulation requirements. CUC will review its quality management system to identify additional program requirements applicable to other standards to ensure that these standards will not be applied to NOP certification. CUC also amended its certificate template to add the statement “once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked.” CUC’s Notice of Proposed Suspension / Revocation template states information on the right to appeal.

**NP2253AKA.NC5 – Accepted** – NOP §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (3) 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.” *All certificates reviewed verified CUC allows certification of multiple distinct and separate operations under the scope of one certificate. Further, the “certified entity” represented is a project owner or manager that oversees the individual production and processing units listed – together – on one overall certificate; however, this project owner/manager does not have an OSP, is not inspected, and is only – as noted – the overseer of the whole certification project.* **Corrective Action:** CUC provided a copy of its October 19, 2013 amended certification procedures and contract process to ensure that non-grower group individual production and processing operations are certified according to NOP regulation requirements. The procedures stipulate that all units, including project owners, must provide an OSP and be inspected annually. CUC is provided instruction for staff during implementation of the amended procedures. To prevent this noncompliance, CUC will continually monitor the effectiveness of these procedures through program review and internal audits.

**NP2253AKA.NC6 – Accepted** - NOP §205.501(a)(11)(v) states, “Prevent conflicts of interest by: 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 and all parties responsibly connected to the certifying agent to complete an annual conflict of interest disclosure report.” *The Director and Deputy Director do not have a Conflict of Interest Disclosure reports on file. They are not involved in the certification process, however they perform performance evaluations and management reviews and are therefore responsibly connected parties. Additionally, one inspector did not have a current Conflict of Interest Disclosure report on file. The most current was dated in 2011.* **Corrective Action:** CUC provided copies of the signed conflict of interest forms that were not available during the 2012 audit. On November 18, 2013, CUC provided evidence of the amendment of its quality system procedures ensuring that all personnel

associated with NOP certification will sign annual conflict of interest forms, including the CUC Director, Deputy Director and local managers.

**NP2253AKA.NC7 – Accepted** – NOP §205.501(a)(11)(vi) states, “A private or governmental entity as a certifying agent under this subpart must: (11) Prevent conflicts of interest by: (vi) Ensuring that the decision to certify an operation is made by a person different from those who conducted the review of documents and on-site inspection.” *Interviews with inspectors and certifier(s), as well as review of the Procedure Manual 4 – Inspections, demonstrated that CUC has a system in place that allows for the inspector to be involved in the certification process once the inspection is completed. To clarify: the inspector conducts the OSP review prior to inspection; the inspector inspects the operation; then after the inspection, Procedure Manual 4 states: Non-conformities are registered in the database by the inspector or certifier to monitor timely follow-up by the client; the Certifier or Inspector monitors pending non-conformities, using a reminder system. Based on interviews, review of procedures, and reviewing the CUSI system, it is clear the inspectors are involved in citing non-compliances to the operations and also responsible for reviewing and approving the corrective actions. The certifier plays a minimal role in “checking” the inspector’s work; but this is not an in-depth review of the report, clients’ labels or material review, and/or evaluation of non-compliances against the inspector’s observations. Ultimately, the inspector plays a major role in every step of the certification process, except the signing of the certificate. Corrective Action:* CUC provided a copy of its amended quality manual procedure on NOP certification, completed October 19, 2013, indicating CUC reviewers will evaluate the inspection report and certification documents when determining certification decisions. The amended procedures also indicated inspectors will not determine NOP certification decisions. During review of the inspection report, the certifier will evaluate the inspection findings for noncompliances. When noncompliances are identified, the certifier will issue a notice of noncompliance to the operation. During the exit interview, at the conclusion of the inspection, the inspector will provide the operation with the inspection findings, including any potential noncompliance. The completed procedures will also state that CUC certifiers will review and approve noncompliance corrective actions.

**NP2253AKA.NC8 – Accepted** - NOP §205.504(b)(6) states, “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents...A copy of the procedures to be used for sampling and residue testing pursuant to §205.670.” *There is no clear procedure for sampling and residue testing pursuant to 205.670. The document “Evaluation of Inspection Results & Certification,” an instruction for certifiers, outlines NOP requirements for exclusion from organic sale (labeling of organic products) when prohibited substances are detected at greater than 5% of EPA’s tolerance for the specific residue, but does not indicate that EPA is to be informed if levels exceed the 5% tolerance. The same procedures described above are mentioned in the document “Inspection Regulations Chapter 3- Additional USDA/NOP” but the same deficiencies apply. Corrective Action:* CUC provided a copy of its October 19, 2013 amended NOP certification instruction on NOP regulation requirements in sampling and residue testing. The amended instruction indicates CUC staff will annually sample at least five percent of NOP certified operations, and costs for testing to be paid by CUC. The instruction also states that CUC will conduct an investigation when residue testing indicates the presence of a prohibited substance(s).

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

An onsite audit of Control Union Certification's satellite office in Turkey was conducted on July 17, 2017. The National Organic Program (NOP) reviewed the auditor's report to assess Control Union Certifications' compliance to the USDA organic regulations. This report provides the results of NOP's assessment.

### GENERAL INFORMATION

<b>Applicant Name</b>	Control Union Gözetim Ve Belgelendirme Ltd. Şti.
<b>Physical Address</b>	Kazımdirik Mah. 372/20 Sk. No:19 Bornova, İzmir, Turkey
<b>Mailing Address</b>	Kazımdirik Mah. 372/20 Sk. No:19 Bornova, İzmir, Turkey
<b>Contact &amp; Title</b>	Ms. Tugce Cerci, Certification Manager
<b>E-mail Address</b>	tcerci@controlunion.com
<b>Phone Number</b>	+90 533 044 7038
<b>Reviewer(s) &amp; Auditor(s)</b>	Graham Davis, NOP Reviewer; Lars Crail and Mark Bradley, Onsite Auditors
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	Corrective actions review: January 30, 2018 NOP assessment review: August 24, 2017 Onsite audit: July 17, 2017
<b>Audit Identifier</b>	NP7198LCA
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Satellite Office Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CUC's certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CUC's certification services in carrying out the audit criteria.

Control Union Certifications' satellite office (CUC Turkey) is located in Izmir, Turkey. CUC Turkey conducts all key activities with oversight from CUC's main office in the Netherlands.

CUC Turkey manages certification activities in the following countries: Turkey, Bulgaria, Greece, Republic of Moldova, Russian Federation, and United Arab Emirates. CUC Turkey manages 81 certified operation with the following scopes: Crops (4), Wild Crops (5), Livestock (1), and Handlers (77). CUC Turkey certifies 40 grower groups.



Fifteen individuals work at or from the CUC Turkey office. There is one Certification Manager/Certifier, one additional Certifier (i.e. reviewer/decision maker), five Certifier Assistants, and eight staff inspectors. CUC Turkey offers certification services for the European Union and Turkey organic regulations; and several food safety certifications.

## **NOP DETERMINATION**

NOP reviewed the onsite audit results to determine whether CUC'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 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.

**NP7198LCA.NC1 – Accepted.** 7 C.F.R. §205.501(a)(4) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Use a sufficient number of adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part; ...."

**Comments:** *The auditors observed the following situations that indicated CUC Turkey staff did not have sufficient knowledge and understanding of the USDA organic regulations and NOP policies:*

- *One retail label reviewed by the auditor was noncompliant, and the certifier identified the label as compliant.*
- *Certifiers had difficulty identifying the restrictions for using citric acid in processed products (i.e. produced by microbial fermentation of carbohydrate substances).*
- *Certifiers had difficulty identifying whether the salt used in a processed product was compliant and did not include prohibited flow agents.*

**2017 Corrective Actions:** CUC reassessed the noncompliant label, and issued a notice of noncompliance to the operation. CUC updated their instructions for planning and carrying out inspections (INSP.ORG.W01). Section 4 contains instructions for reviewing product ingredients and processing aids. CUC revised their product specification form (ORGPRSS.F02) in order to verify that non-agricultural ingredients and processing aids are in compliance with the restrictions. CUC conducted an internal training on label and product composition requirements for CUC staff on September 20, 2017.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a witness audit of a Control Union Certifications (CUC) certified operation. An onsite witness audit was conducted, and the audit report reviewed to determine CUC's capability to continue operating as a USDA accredited certifier.

### GENERAL INFORMATION

<b>Applicant Name</b>	Control Union Certifications (CUC)
<b>Physical Address</b>	Meeuwenlaan 4-6, 8011 BZ ZWOLLE, P.O. Box 161, Dr. Klinkertweg 28A, Ad Zwolle, 8000, Netherlands
<b>Mailing Address</b>	Meeuwenlaan 4-6, 8011 BZ ZWOLLE, P.O. Box 161, Dr. Klinkertweg 28A, Ad Zwolle, 8000, Netherlands
<b>Contact &amp; Title</b>	Daniel Szalai, Program Manager
<b>E-mail Address</b>	<a href="mailto:dszalai@controlunion.com">dszalai@controlunion.com</a>
<b>Phone Number</b>	31 038 426 01 00
<b>Reviewer Auditor</b>	Jason Lopez, NOP Reviewer Lars Crail, Onsite Auditor.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review Date Audit Date</b>	NOP assessment review: February 9, 2017 Onsite audit: October 5, 2016
<b>Audit Identifier</b>	NP6278LCA
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Witness Audit Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CUC's certification.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CUC's certification services in carrying out the audit criteria.

### ORGANIZATIONAL STRUCTURE:

CUC is a limited liability company with a main certification office located in Zwolle, Netherlands. CUC sub-offices are located in Peru, Korea, Turkey, Indonesia, South Korea, Ethiopia, Israel, Sri Lanka, and India. The Indian sub-office maintains its own accreditation with the Indian government under the US/India recognition agreement. CUC was accredited as a certifying agent to perform certification activities on behalf of the USDA under the National Organic Program (NOP) on October 18, 2002 for the scopes of crops, livestock, wild crops, and handling.

### SUMMARY OF WITNESS AND REVIEW AUDITS CONDUCTED:

The NOP auditor conducted a one day witness audit of an annual announced inspection of a CUC honey processor/handler in Izyaslav, Ukraine. This operation is also certified to the Livestock scope for the beekeeping. This witness audit was conducted on the handling certification scope. The honey operation was first certified in September 2014. The operation is only NOP certified and a very small percentage of honey products processed are organic. All product, both organic and nonorganic is exported. Organic products are sold in consumer containers with retail labels, but the majority of organic product is sold as bulk in 50 gallon drums. The inspection was completed in one day, and the inspection was conducted in Russian with an English translator.

### **NOP DETERMINATION:**

NOP also reviewed the corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **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.

**NP6278LCA.NC1** – 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, indicates the elements of an organic certificate.

**Comments:** *The following Control Union Certification organic certificate elements are incorrect or missing on the certificates issued to operations:*

1. *The certificate does not list an anniversary date.*
2. *“Effective Date” is not used, instead the date is listed as “Date of certification.”*
3. *Specific product and/or brand name(s) are not listed.*

**Corrective Action:** CUC amended its NOP organic certificate template to include dates properly identified as an “Effective Date” and “Anniversary Date.” CUC also amended its organic certification instruction document to clearly state that all products must be individually listed on the certificate and grouping was not allowed. CUC notified and trained its staff on these changes on February 27, 2017. On December 16, 2016, CUC archived the noncompliant organic certificate template in its centralized system.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

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

### GENERAL INFORMATION

<b>Applicant Name</b>	Control Union Certifications (CUC)
<b>Physical Address</b>	Meeuwenlaan 4-6, 8011 BZ Zwolle, Netherlands
<b>Mailing Address</b>	P. O. Box 161, 8000 AD, Zwolle, Netherlands
<b>Contact &amp; Title</b>	Daniel Szalai, Program Manager
<b>E-mail Address</b>	dszalai@controlunion.com
<b>Phone Number</b>	0031 38 426 0115
<b>Reviewer Auditors</b>	Jason Lopez, NOP Reviewer Penny Zuck and Lars Crail, On-site Auditors.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review Audit Dates</b>	NOP assessment review: October 17, 2016 Onsite audit: September 21 - 25, 2015
<b>Audit Identifier</b>	NP5264PZA
<b>Action Required</b>	No
<b>Audit &amp; Review Type</b>	Mid-Term Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CUC's certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CUC's certification services in carrying out the audit criteria during the period: September, 2012 through September, 2015

### ORGANIZATIONAL STRUCTURE:

Control Union Certifications (CUC) is a limited liability company with a main certification office located in Zwolle, Netherlands. CUC's Indian sub-office maintains its own accreditation with the Indian government under the US/India recognition agreement. CUC became an accredited certifying agent of the National Organic Program (NOP) on October 18, 2002 for the scopes of crops, livestock, wild crops, and handling. CUC certifies 1055 operations consisting of 7 livestock, 15 wild crop, 677 crop, 1021 processing/handling, and 345 grower group certifications. This mid-term assessment included a review audit of a Broker/Trader/Handler, a witness inspection of a crop operation, and a witness inspection of a processing operation.

## **NOP DETERMINATION:**

NOP reviewed the onsite audit results to determine whether CUC'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.

**NP0099ACA.NC1 – Cleared**  
**NP0099ACA.NC2 – Cleared**  
**NP0099ACA.NC3 – Cleared**  
**NP0099ACA.NC4 – Cleared**  
**NP0099ACA.NC5 –Cleared**  
**NP2253AKA.NC1 – Cleared**  
**NP2253AKA.NC3 – Cleared**  
**NP2253AKA.NC5 - Cleared**  
**NP2253AKA.NC6 – Cleared**  
**NP2253AKA.NC7 – Cleared**  
**NP2253AKA.NC8 – Cleared**  
**AIA14279RK.NC1 – Cleared**

**NP2253AKA.NC2 – Accepted** - NOP §205.403(c)(1, 2, 3) states, "Verification of Information. The on-site inspection must verify: (1) The operation's compliance or capability to comply with the Act and the regulations in this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation; (3) That prohibited substances have not been and are not being applied to the operation...."

#### **2012 Comments:**

- *At 2 witness inspections, inspectors did not have a copy, in the OSP, of the labels used in order to verify the CUC-approved label against the label used on-site.*
- *At 1 witness inspection, the inspector did not review labels on-site (bulk pepper boxes), which displayed a non-compliant USDA seal. The inspector included this as a "finding" on the non-compliance summary report given to the client at the end of the inspection; however, was aware of the issue only after the NOP auditor brought it to his attention.*
- *At 2 witness inspections, the inspector did not properly verify materials used; specifically, active ingredients of fertilization and insecticide materials were not*

*reviewed. In two cases, the NOP auditor questioned active ingredients in materials the inspector thought to be approved; the inspector did not have an issue with the ingredients and also did not refer to the NOP materials list before making such decision (though he had a copy of the materials list with him on-site). So that the client was aware, as well as the inspector and the CUC-staff member in attendance, the NOP auditor discussed the materials on-site with prohibited active ingredients. The inspector then listed these materials in the non-compliance summary after the inspection.*

- *At 1 witness inspection, the certified operation did not have an implemented measure to prevent commingling of organic oil with conventional oil during the receiving stage of the process; the tanks were allowed to drain completely, but this could leave approximately 2% of conventional oil in the tank (residue along the inside). The inspector did not identify this issue as a concern during the on-site inspection.*
- *At 2 witness inspections, covering 3 different production areas, there were no audit trail exercises conducted to verify traceability or that organic outgoing product did not exceed incoming product.*

**2013 Corrective Action:** In November 2013, CUC amended its OSP template to request more detailed information on labels and materials used by the operation to improve its label review and material review procedures. CUC also provided additional instruction for its reviewers to ensure label reviews are included in the OSP review. CUC also amended its OSP review checklist for verifying labels, and audit trail documentation. In November 2013, CUC conducted training for inspectors on label review, material review, audit trail analysis, and commingling assessments.

**2015 Corrective Action Verification:** This noncompliance is partially addressed. CUC's OSP templates have been revised, and include sections for applicants to provide a list of materials being used and product labels. A label review checklist has been developed and is being used to review product labels. Material verification is part of the Inspection Instruction and was verified by the auditors during the witness inspections. The CUC inspection report checklist reviews measures taken to prevent commingling and contamination and the auditors confirmed the inspectors verify these measures at the witness inspections. The final bulleted item in the noncompliance above has not been addressed because CUC is not conducting audit trail exercises. Audit trail exercises (in/out balance and traceback audit) were not performed by inspectors during the witness inspection. Audit trail exercises are not included as part of the inspection checklists.

**2016 Corrective Actions:** CUC has defined what is expected of audit trail exercises during inspections and witness audits and is requiring auditors to provide more information when reporting the mass (in/out) balance exercise. Specifically, auditors are to completely verify and trace incoming product ingredients back to organic certification. CUC's amended Inspection Instruction (INSP.ORG.w01) requires CUC auditors to complete and attach the "Audit trail and mass balance report" for all USDA NOP inspections. CUC will notify staff of the change in procedures via the CUC IT certification system and the topic will be included in the CUC annual training expected to be held no later than January 2017.

**NP2253AKA.NC4 – Accepted** – NOP §205.404(c) 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.”

**2012 Comments:** *The organic certificate includes the following statement, “This certificate is in force until further notice, provided that the above-mentioned client continues meeting the conditions as laid down in the client contract with Control Union Certifications.” A client receives up to 3 different documents that make up the Terms of Contract; specifically: Procedure Manual Annex A3 Terms of Contract, Annex 16 CU Inspection Regulation, and Chapter 3 – Additional rules for the certification program: Organic Production Methods (USDA NOP). Review of the multiple conditions provided in the Terms of Contract demonstrate there are a number of contract requirements that go above and beyond the NOP regulations; for example, Annex A3 section 12.3 states, “The Agreement can be terminated by the Company (CUC) with immediate effect by written notice to the Principal (operation) without having to take a notification period into account in any case if: (i) the Principal has acted contrary to terms of the Agreement and/or the terms of the Documents; ... (iii) the Principal is entered into bankruptcy or if a filing for its bankruptcy has been requested or if it has been granted a suspension of payments; (iv) the Principal fails to pay any amount it owes to the Company within one month after the expiration of the payment deadline...” So, based on this contract, if a certified operation declares bankruptcy or if the operation does not pay their fee, they have broken their contract; per the statement on the certificate, if the client breaks the contract then they are no longer certified. This is not a compliant practice for NOP certification. Below are additional examples of contract requirements that would invalidate the organic certificate if the client does not “continue meeting the conditions...”:*

- *Annex 16 CU Inspection Regulation:*
  - *Article 7 – Register complaints and remedial actions: The client shall safeguard that all complaints received...are centrally registered.*
  - *Annex 2 Conditions for publication and use of the Certification Logo, article 12 – “When the Certificate-holder does not respect these conditions for use of certification logos... CU can take the following measurements (actions): suspension or withdrawal of the Certificate.”*
- *Procedure Manual Annex A3*
  - *Section 3.1 – Obligations and restrictions of the Principal: The Principal must report any change or discontinuation in a production method or unit which is included in the certification program immediately to the Company.*
  - *Section 13 – Appeals: this section (13.1-4) details requirements that the Principal must follow if an appeal is desired. There is no information in the contract for NOP clients regarding appeal process, or indication that the appeals requirements in the contract do not apply to NOP clients.*

**2013 Corrective Action:** On November 8, 2013, CUC provided copies of its database assessment system model showing how only NOP regulation requirements will be applied to NOP certification. The system is designed to ensure staff will not implement requirements beyond the NOP regulations. CUC will review its quality management system to identify program requirements applicable to other standards will not be applied to NOP certification. CUC also amended its certificate template to add the statement “once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked.” CUC's Notice of Proposed Suspension/Revocation template states information on the right to appeal.

**2015 Corrective Action Verification:** Auditors verified CUC’s system continues to apply requirements beyond the NOP regulations in the “Terms of Contract” issued to NOP certified operations. Auditors certificate reviews found CUC added the following compliant language: *“Once certified, a production or handling operation’s organic certification continues in effect until surrendered, suspended, or revoked.”*

**2016 Corrective Actions:** CUC specifically states in the organic offer letter following parts of the terms of contract are not applicable for those clients who are contracted only for USDA NOP: Annex A3 section 3.1, 12.3, 13; Annex16 CU Inspection regulation: Article 7, Annex2. CUC will inform all staff of the change to template contract document via the CUC centralized certification system. The revised contract documents will be the only documents available in the CUC quality system.

### **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.

**NP5264PZA.NC1 – Accepted** - 7 CFR §205.403 (c)(3) states that “The on-site inspection of an operation must verify: That prohibited substances have not been and are not being applied to the operation...” Additionally, 7CFR §205.301(b) Products sold, labeled, or represented as “organic” States, “A raw or processed agricultural product sold, labeled, or represented as “organic” must contain (by weight or fluid volume, excluding water and salt) not less than 95 percent organically produced raw or processed agricultural products. Any remaining product ingredients must be organically produced, unless not commercially available in organic form, or must be nonagricultural substances or nonorganically produced agricultural products produced consistent with the National List in subpart G of this part.”

**2015 Comments:** *Documentation of non-organic ingredients to verify compliance with the National List is not verified at the inspection or reviewed by the CUC office staff. CUC office staff informed the auditor that the inspector is instructed to verify this information during the on-site inspection. The auditor interviewed the inspector who was under the assumption that no verification of input annotation onsite was necessary since the product specification is reviewed and approved by the staff in the CUC office.*

**2016 Corrective Actions:** CUC updated the “planning chapter” of the inspection instruction to specify an operation’s OSP and all substances/materials (inputs) must be reviewed by a qualified CUC staff member prior to the inspection. The CUC material/input review will require documentation of a product’s ingredients and determine its compliance with all NOP regulations and material annotations or conditions. CUC will inform all staff through the CUC certification system of the change to the procedure. CUC has added material review verification to the certification decision checklist.

**NP5264PZA.NC2 – Accepted** - 7 CFR §205.403 (a)(2)(ii – iii) states, “The Administrator...may require that additional inspections be performed by the certifying agent for the purpose of determining compliance with the Act and the regulations in this part... Additional inspections may be announced or unannounced...as required by the Administrator...”



Furthermore, NOP 2609 - *Unannounced Inspections*, Sections 4.1.1 and 4.1.9, state, “We [NOP] recommend that certifying agents conduct unannounced inspections of 5 percent of their total certified operations per year as a tool in ensuring compliance with the regulations... An unannounced inspection should not include prior notification of the inspector’s arrival. However, there may be special cases where extenuating circumstances make it impossible to conduct an unannounced inspection of the operation without prior notification (e.g. biosecurity issues). In such cases, the certifying agent may notify the operation up to four (4) hours prior to the inspector arriving on-site to ensure that appropriate representatives are present.”

**2015 Comments:** *CUC is conducting additional inspections, but these cannot be considered unannounced because the operations are notified more than four hours prior to the inspection.*

**2016 Corrective Actions:** CUC has amended its Program Manual and contract template for organic production to specify clients of unannounced inspections may be notified a maximum of four hours prior to the audit and refers readers to NOP 2609 for additional information. CUC will notify staff of instructional changes via the CUSI news document and the scheme coordinator will randomly check the implementation of this change during the annual internal audit.

**NP5264PZA.NC3 – Accepted** - 7 CFR §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.”

**2015 Comments:** *CUC does not issue Notices of Noncompliance to clients when annual updates are not received by the due date.*

**2016 Corrective Actions:** CUC has changed its Program Manual procedure for inspection and inspection planning to state if an annual update is not received timely the certification office must issue a noncompliance before the audit. CUC will notify staff of instructional changes via the CUSI news document and the scheme coordinator will randomly check the implementation of this change during the annual internal audit.

**NP5264PZA.NC4 – Accepted** - 7 CFR §205.501 (a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§ 205.402 through 205.406 and §205.670;” Furthermore, NOP 4009 - *Who Needs to Be Certified* clarifies that any producer or handler of a production or handling operation, except as exempt or excluded, intending to sell, label, or represent agricultural products as organic must be certified.

**2015 Comments:** *CUC allows for the certification of “projects” which are certified operations that include uncertified subcontracted entities that produce and/or handle organic products. These subcontracted operations are listed in the certified operations organic system plans; however, these operations are not exempt or excluded and must be separately and individually certified.*

**2016 Corrective Action:** CUC has amended its instruction on contracting units to state all units must be registered/application review/certified as individual “projects.” CUC staff is to register/application review/certify each subunit (related to the USDA NOP certified project) to separate scope certificate resulting in the subunits own certification to the USDA NOP. CUC

has notified all staff of this change through the CUC newsletter and the Scheme coordinator will randomly monitor the implementation of this change during the annual internal audit.

**NP5264PZA.NC5 – Accepted** - 7CFR §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”; and §205.501(a)(3) “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.”

**2015 Comments:** *The following deficiencies in CUC’s OSP and inspection report templates were identified:*

- 7 CFR §205.201 (a)(3) states, “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.”  
**2015 Comments:** *CUC’s OSP template does not require applicants to provide clearly defined monitoring practices and procedures. CUC’s inspection report templates do not require inspectors to review and record verification of monitoring practices and procedures.*
- 7 CFR §205.200 states, “The producer or handler of a production or handling operation intending to sell, label, or represent agricultural products as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s))” must comply with the applicable provisions of this subpart. Production practices implemented in accordance with this subpart must maintain or improve the natural resources of the operation, including soil and water quality.” Furthermore, as defined in 7CFR §205.2 “organic production” is “A production system that is managed in accordance with the Act and regulations in this part to respond to site-specific conditions by integrating cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.”  
**2015 Comments:** *CUC’s OSP template does not require applicants to provide clearly defined practices to maintain or improve natural resources and conserve biodiversity. CUC’s inspection report templates do not require inspectors to review and record verification of the applicant’s natural resources maintenance/improvement and biodiversity conservation practices.*
- 7 CFR §205.501(a)(21) states, “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” The NOP requires certifiers to monitor and ensure compliance of products shipped via trade agreements.  
**2015 Comments:** *CUC’s OSP template does not require applicants to provide a description of their international activities. CUC’s inspection report templates do not require inspectors to review and record compliance of the applicant’s international activities to the applicable International Agreement.*

**2016 Corrective Actions:** CUC amended its crop/wild crop, livestock and handling OSP templates requiring operations provide information and descriptions of monitoring practices, monitoring frequency, international agreements, and practices to maintain or improve natural

resources and conserve biodiversity. CUC's inspection report templates for crop/wild crop and processing were updated to require inspectors to annotate verification of the operation's international agreement activities and practices to maintain or improve natural resources and conserve biodiversity. CUC will inform its staff through its automated certification system of the changes to templates and will only make the revised templates available for use. The scheme coordinator will check the implementation of this corrective action during the annual internal audit.

**NP5264PZA.NC6 – Accepted** - 7 CFR §205.501 (a)(21) states that a certifier must “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” Certifier and operator requirements concerning international arrangements are located on NOP's website. Certifiers are required to monitor and ensure compliance of products shipped via trade agreements.

**2015 Comments:** *Auditors identified two incidents where shipped products were not compliant to the US/COR equivalency arrangement terms:*

- *CUC issued a verification statement to an operation exporting product to Canada under the terms of the US/COR equivalency arrangement that inaccurately stated the terms. The document issued to the operation confirming the status of the products stated: “Contain no products derived from animals.” A correct attestation must state: “Agricultural products derived from animals (with the exception of ruminants) must be produced according to livestock stocking rates as set out in CAN /CGSB32.310-2006.”*
- *CUC issued a transaction certificate for an organic product shipped from China to Canada without an attestation statement. No attestation statement was contained on any of the shipping documents.*

**2016 Corrective Actions:** CUC updated the export affidavit using the correct livestock language. Additionally, CUC has amended its Import and Transaction certification instruction to include the correct and appropriate information for the US/Canadian agreement and other agreements and equivalencies. The CUC staff will be notified via the CUCI Newsletter and the Scheme manager will check implementation during the annual internal audit.

**NP5264PZA.NC7 – Accepted** - 7 CFR §205.504 (b)(5)(i – iv) states “A private or governmental entity...(b) *Administrative policies and procedures.* (5) 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: (i) Certification certificates issued during the current and 3 preceding calendar years; (ii) A list of producers and handlers whose operations it has certified, including for each the name of the operation, type(s) of operation, products produced, and the effective date of the certification, during the current and 3 preceding calendar years; (iii) The results of laboratory analyses for residues of pesticides and other prohibited substances conducted during the current and 3 preceding calendar years; and (iv) Other business information as permitted in writing by the producer or handler; and.”

**2015 Comments:** *CUC does not have complete procedures or instructions in place to provide the required information, defined above, to the public upon request.*

**2016 Corrective Actions:** CUC has updated its organic production instruction to state points i-iv above will be made available to any member of the public upon request. The CUC staff will

be notified via the CUCI Newsletter and the Scheme manager will check implementation during the annual internal audit.

**NP5264PZA.NC8 – Accepted** - 7 CFR 205.501 (a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must: use a sufficient number of adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part.”

**2015 Comments:** *The following facts demonstrate that CUC staff are not be adequately trained or sufficiently knowledgeable of the USDA organic regulations:*

- 7 CFR §205.662 (e)(1) states, “*Suspension or revocation.* 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.”

**2015 Comments:** *CUC issued a Notice of Revocation after issuing a Notice of Suspension to an operation for a willful violation.*

- 7 CFR §205.311 (b)(1) states, “The USDA seal must replicate the form and design of the example in figure 1 and must be printed legibly and conspicuously: On a white background with a brown outer circle and with the term, “USDA,” in green overlaying a white upper semicircle and with the term, “organic,” in white overlaying the green lower half circle...”

**2015 Comments:** *During a review of labels, there are several organic chocolate bar labels that were approved by CUC with the USDA seal in white with a transparent background.*

- 7 CFR §205.303 (b)(2) states, “Agricultural products in packages described in §205.301(a) and (b) must: (2) 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 and may display the business address, Internet address, or telephone number of the certifying agent in such label.

**2015 Comments:** *During the review of organic product labels, the auditor found the “Certified organic by\*\*\*” statement was missing on an organic ghee label.*

- 7 CFR §205.303 (b)(1) 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. Water or salt included as ingredients cannot be identified as organic.”

**2015 Comments:** *During the review of organic product labels, the auditor found that sea salt is listed along with organic ingredients in the ingredient panel with the title “all*

*organic ingredients:...” This appears to be identifying the sea salt as organic on various chocolate bars containing sea salt.*

- 7 CFR §205.303 states, “Packaged products labeled “100 percent organic” or “organic.” §205.307 Labeling of nonretail containers used for only shipping or storage of raw or processed agricultural products labeled as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s)).”

**2015 Comments:** *During the witness inspection, the auditor asked the inspector about the requirements for retail and wholesale labels and his response demonstrated a lack of knowledge about labeling requirements.*

- 7 CFR §205.205 (a-d) states, “The producer must implement a crop rotation including but not limited to sod, cover crops, green manure crops, and catch crops that provide the following functions that are applicable to the operation: Maintain or improve soil organic matter content; Provide for pest management in annual and perennial crops; Manage deficient or excess plant nutrients; and Provide erosion control.” Furthermore, 7 CFR §205.2 defines crop rotation as: The practice of alternating the annual crops grown on a specific field in a planned pattern or sequence in successive crop years so that crops of the same species or family are not grown repeatedly without interruption on the same field. Perennial cropping systems employ means such as alley cropping, intercropping, and hedgerows to introduce biological diversity in lieu of crop rotation.”

**2015 Comments:** *During the witness inspection of a perennial crop operation the inspector indicated in the inspection report that the crop rotation practice standard was not applicable.*

**2016 Corrective Actions:** CUC amended its instruction to state a notice of suspension or a revocation can be sent in the adverse action process and additionally clarified uncertified clients will be sent a denial of certification. CUC has amended its inspection instruction procedure explaining the correct use of the “USDA Organic” seal, certifier identification and ingredient labeling. CUC has provided additional information for inspectors to actively verify the crop rotational requirement of perennial crops. CUC will conduct an annual training (tentative date Dec. 2016/Jan 2017) of auditors and CUC staff on the USDA NOP audit findings and the related topics to improve the understanding of the USDA regulations. The CUC staff will be notified via the CUCI Newsletter and the Scheme manager will check implementation during the annual internal audit.

**NP5264PZA.NC9** – Accepted - 7 CFR §205.501 (a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP Policy Memo 11-10, *Certification of Grower Groups states,*” accredited certifying agents should use the National Organic Standards Board (NOSB) recommendations of October 2002 and November 2008 as the current policies. “NOSB Recommendation November 19, 2008 *Certifying Operations with Multiple Production Units, Sites, and Facilities under the National Organic Program states,*” III.D. Inspecting the Producer Group Operation. “Verification of the OSP is largely accomplished by a thorough audit of the functioning of the Internal Control System, accompanied by a physical examination of every Production Unit (generally the headquarters or common regional handling or collection facility) and a meaningful sample of

subunits within any given Production Unit (with one exception – all new entrants to a Production Unit must be inspected in their first year with the group. In subsequent years, all successfully certified operations will be inspected per the sampling method described below) In a producer group operation, the Production Unit is the smallest portion of the operation that must be inspected every year.”

**2015 Comments:** *The auditors found a Grower Group certification file was unclear whether all new entrants to a Production Unit were inspected by CUC during their first year with the group. It appears that new entrants are inspected as part of the Internal Control System (ICS) during the new entrants conversion years. Also, CUC procedures state that each member operation must be inspected by CUC prior to selling organic products through the group, however, when the auditor asked for documentation to verify this procedure, CUC was not able to produce the records. The auditors later obtained the following CUC inspection work procedure:*

(INSP.ORG.W01(22)) 2. Farm visits (re-inspections) and witness audits.

b. Selection of farms for re-inspection states, “*When selecting farmers for re-inspection the following information is relevant to the selection:*

*Total number of farmers at each project site? Any new farmers or even new project sites?*

*→ The basic approach would be to plan the number of re-inspections per project site proportionally to number of farmers at each site; i.e., site with more farmers → more re-inspections.*

*→ Any new projects sites will be particularly interesting to inspect.*

*This CUC policy does not require the inspection of all new entrants to a production unit in their first year with the group.*

**2016 Corrective Actions:** CUC amended its inspection instruction to state all entrants with new organic status to a grower group must be inspected in the first year by the certifier. CUC notified staff about the procedure change via the CUC certification system and the Scheme manager will randomly check the implementation of the change during the annual internal audit.



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### AUDIT INFORMATION

<b>Applicant Name:</b>	Control Union Certifications (CUC)
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	Meeuwenlaan 4-6, 8011 BZ Zwolle, The Netherlands
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<b>Phone Number:</b>	0031-38-426 0115
<b>Auditor(s):</b>	Robert Pooler, Regional Accreditation Manager
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	NOP Review: 11/23/10 – 02/25/11, 03/15/11
<b>Audit Identifier:</b>	NP0099ACA
<b>Action Required:</b>	No
<b>Audit Type:</b>	Corrective Action Review
<b>Audit Objective:</b>	To verify continuing compliance to the audit criteria.
<b>Audit Criteria:</b>	7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; amended December 13, 2010. Program handbook: Guidance and Instructions for Accredited Certifying Agents & certified Operations, Winter Edition, January 31, 2011.
<b>Audit Scope:</b>	The company's quality manual including personnel, processes, procedures, facilities, and related records.
<b>Location(s) Audited:</b>	Desk Audit

The Control Union Certifications (CUC) Mid Term Audit started on April 9, 2010 with a review of the documents submitted by CUC and concluded with the on-site audit conducted May 10–14, 2010.

On August 27, 2010, the NOP issued a Notice of Noncompliance to CUC for noncompliances identified during the Mid Term Audit.

On September 30, 2010, CUC submitted proposed corrective actions to the noncompliances NP0099ACA.NC1 – 5 identified during the Mid-Term Audit. On November 09, 2010, CUC submitted additional information on its proposed corrective action on NP0099ACA.NC1, and submitted the OSP and inspection report on the Thailand farm processing units identified in NP0099ACA.NC1. CUC submitted the following proposed corrective actions:

- Letter containing proposed corrective actions for noncompliances NP0099ACA.NC1 - 5.
- Excel spreadsheet of CUC Thailand NOP clients with inspection dates.
- OSP and 10/08/10 inspection report of Thailand farm new processing units cited in NP0099ACA.NC1.
- CUC instructions on inspecting client's OSP's, and facilities, including exporting operations, for CUC inspectors.

On December 02, 2010, the NOP reviewer requested additional proposed corrective actions on NP0099ACA.NC2 – 4 from CUC. On December 09, 2010, CUC submitted the following document:

- Letter containing additional corrective actions on noncompliances NP0099ACA.NC2 – 4.

## **FINDINGS**

Documents and records reviewed determined that CUC has adequately addressed all five noncompliances identified during the Mid-Term audit (NP0099ACA).

**NP0099ACA.NC1** – NOP §205.401 states, “A person seeking certification of a production or handling operation under this subpart must submit an application for certification to a certifying agent. The application must include the following information: (a) an organic production or handling plan, as required in §205.200.” and NOP 205.402 (a) states, “Upon acceptance of an application for certification, a certifying agent must: (1) Review the application to ensure completeness pursuant to §205.401.”

- *The OSP submitted by a crop client in Holland was not complete; the OSP was completed by the inspector and the client during the renewal inspection.*
- *Also a review of a Thailand file found that on page 7 of the OSP identified use of Pyrethrum insect killer to treat for Aphids and Thrips on seed plants and it described that “since we produce seed as organic product, the application of those materials are conducted directly to other plant parts and only a very small amount might be remained on the fruit skin. Seed after removed from fruit must be clean thoroughly during processing.” OSP’s for the farms did not include records.*
- *One farm in Thailand added two new processing units and the only information in the file beyond the original OSP for the base client was when new units were added the only information in the file is the processing unit floor plan and a very generic “Process specification of organic processing unit” which identifies the name and location of the processing unit, briefly describes the process (generic), and references various records. The inspection report did not indicate that the two added processing units were inspected or if they were just added to the certificate.*

**Corrective Actions:** The corrective actions adequately address the noncompliance. CUC has implemented additional OSP review procedures to clarify that OSP’s must be reviewed and approved by a certifier prior to scheduling inspections. To assist OSP review and inspections, CUC developed a certification checklist to monitor certification activities, including review of recordkeeping. With regard to the insecticide identified in the OSP, CUC determined that the Pyrethrum used on the seed plants is a nonsynthetic substance that is allowed for use on organic crops according to NOP regulation requirements in § 205.206(e). CUC has provided the OSP and inspection reports on the added Thailand farm processing units. The 10/08/10 inspection verified that the Thailand farm is operating in compliance with the NOP regulations. CUC also provided instruction to their Thailand inspectors on the requirement for comprehensive annual inspections of all facilities and fields described in OSP. CUC has updated their quality manual to include the OSP review procedures and certification checklist.

**NP0099ACA.NC2** -NOP §205.402(c) states, “The applicant may withdraw its application at any



time...”

*CUC does not have a procedure for withdrawal of an application by a client nor does the fee schedule reference any liability by the client for costs of services provided up to the time of withdrawal of its application.* **Corrective Actions:** The corrective actions adequately address the noncompliance. CUC developed procedures for application withdrawals, including providing instruction on not issuing Notice of Noncompliance or Denial of Certification when clients withdraw applications. CUC also updated its fee schedule to include fees for recovering certification costs when clients withdraw applications. CUC has updated their quality manual to include the application withdrawal procedures and updated fee schedule.

**NP0099ACA.NC3** – NOP §205.501(a)(9) states, “Maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary...” *Complete files for several clients were not available on CUC’s CUSI database and could not be obtained during the time-frame of the on-site office audit.* **Corrective Actions:** The corrective actions adequately address the noncompliance. CUC implemented procedures to update and complete client certification record files. The status of client certification record files will be monitored with the CUC certification checklist. CUC has updated their quality manual to include the recordkeeping procedures and changed their internal audit procedures to monitor the maintenance of client files.

**NP0099ACA.NC4** – NOP §205.403(d) states, “The inspector must also address the need for any additional information as well as any issues of concern.” and NOP §205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent 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...” *Inspectors in countries outside of Holland are issuing non-compliances to the clients with a date to be corrected. Then, the certifying officer in that country is issuing a notice of non-compliance, corrective action notice, and the letter of resolution at the same time.* **Corrective Actions:** The corrective actions adequately address the noncompliance. CUC has amended their inspection procedures to indicate inspectors can propose noncompliances to be either confirmed or denied by the CUC certifier. When confirmed, the CUC certifier issues the NOP Notice of Noncompliance to the client. CUC has updated their quality manual to include the amended inspection procedures and Notice of Noncompliance procedures.

**NP0099ACA.NC5** – NOP §205.662 (c) states, “...The notification of proposed suspension or revocation of certification shall state: (1) The reasons for the proposed suspension or revocation; (2) The proposed effective date of such suspension or revocation; (3) The impact of a suspension or revocation on future eligibility for certification; and (4) The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681.” *CUC has sent certified operations a letter stating they have been suspended and it did not contain all the elements for proposed suspension required by §205.662(c)(1)-(4).* **Corrective Actions:** The corrective actions adequately address the noncompliance. CUC developed a Notice of Proposed Suspension template which meets information requirements described in § 205.662(c). The CUC quality manual has been updated to include instruction on using the template and issuing NOP Notices of Proposed Suspension.