



United States Department of Agriculture

Agricultural Marketing Service
National Organic Program

CERTIFICATE OF ACCREDITATION

INTERNATIONAL CERTIFICATION SERVICES

5th Avenue Southeast 301, Medina, North Dakota, 58467, U.S.A.

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

7 CFR Part 205

as an Accredited Certifying Agent

for the scope of

Crops, Handling, Livestock, Wild Crops Operations

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

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

Certificate No: **USDA-10-18**

Effective Date: **4/29/2017**

Renewal Date: **4/29/2022**

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Deputy Administrator
National Organic Program



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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

An onsite renewal assessment of International Certification Services (ICS) organic program was conducted on November 6, 2017. The National Organic Program (NOP) reviewed the auditor's report to assess ICS's compliance to the USDA organic regulations. This report provides the results of NOP's assessment.

GENERAL INFORMATION

Applicant Name	International Certification Services, Inc.
Physical Address	301 5th Ave SE, Medina, North Dakota, 59467
Mailing Address	301 5th Ave SE, Medina, North Dakota, 59467
Contact & Title	Dawn Krapp, Accounting/Quality Control Specialist
E-mail Address	dawn@ics-intl.com
Phone Number	701-486-3578
Reviewers & Auditors	Rebecca Claypool, NOP Reviewer; Robert Yang, On-site Auditor.
Program	USDA National Organic Program (NOP)
Review & Audit Dates	Corrective actions review: November 29, 2018 NOP assessment review: July 13, 2018 Onsite audit: November 6-9, 2017
Audit Identifier	NOP-58-17
Action Required	No
Audit & Review Type	Renewal Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of ICS's certification
Audit & Determination Criteria	7 CFR Part 205, National Organic Program as amended
Audit & Review Scope	ICS's certification services in carrying out the audit criteria during the period: July 2014 through November 2017

International Certification Services, Inc (ICS) is a limited liability company initially accredited in April 2002 to the USDA National Organic Program for crops, livestock, wild crops and handling. ICS certifies a total of 1,025 operations according to the following certification scopes: crops (587), wild crops (0), livestock (86), and handling (429). ICS does not certify grower groups. ICS' sole office is located in Median, North Dakota. ICS provides USDA organic certification services in all 50 U.S. States, and does not certify operations outside the U.S.

ICS' organic certification services are primarily performed by two Certification Team Leaders, two Compliance Specialists, nine Customer Care Specialists, and three contracted certification

reviewers. There are 45 inspectors (2 staff inspectors; 43 contracted inspectors). Inspections are assigned according to inspector qualification and location to the operation.

One witness audit of an annual inspection of a crops and livestock (swine) operation was conducted. A second witness audit of an annual inspection of a handling/processor operation was conducted. The handling operation was certified for organic parmesan cheese.

NOP DETERMINATION:

NOP reviewed 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

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

NOP-58-17.NC1 – 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: *ICS does not send notifications of noncompliance resolution to the recipient via a delivery service which provides dated return receipts. The notifications are sent via regular postal mail.*

2018 Corrective Action: ICS implemented the Registered Email program for all issued notices requiring a dated return receipt. If clients do not have an email, certified mail through the US Postal Service is used with a return receipt. ICS revised the Staff Handbook and CCS Checklist to include the requirement for mail services to provide dated return receipts. ICS held a staff training on September 10, 2018 for all staff. ICS submitted their updated Staff Handbook, CCS Checklist, training log, and evidence that dated return receipts are in use.

NOP-58-17.NC2 – 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: *The review of notices of suspension issued by ICS found that in several instances the notices stated, “effective today, (date on the letter)” and stated, “the suspension is effective today, (date).” The two dates stated on the notices were different.*

2018 Corrective Action: ICS modified their notice of suspension template to ensure the correct dates are entered and consistent. ICS trained staff on the use of the updated template on September 10, 2018. ICS submitted the template, staff training log, and a recently issued notice of suspension that used the same dates.

NOP-58-17.NC3 – Accepted. 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must: ... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2603 Organic Certificates, Section 3.1, Elements of the Organic Certificate, states that certificates include the Anniversary date (when the certified operation must submit its annual update).

Comments: *ICS’ Certificate of Organic Operation does not comply in the following manner:*

1. *The certificate does not include an Anniversary Date.*
2. *The certificate incorrectly refers to category(ies) of operation as “Certified Products.” (ex. Certified Products – Crops, Handling/Processing)*
3. *The certificate may list the name of the certified operation twice, and the names listed may not be the same due to way the information is extracted from ICS’ database (ex. Company Name; Company Name, LLC).*

2018 Corrective Action:

1. ICS revised their Certificate of Organic Operation template to include an Anniversary Date.
2. ICS revised the certificate to state “Categories of Organic Operation” with the categories being crops, livestock, wild crop, handling/processing.
3. ICS revised the certificate template to pull the correct operation name field from their database to the certificate, so the name appears correctly on the certificate.

ICS will monitor certificates when they update the NOP Integrity database. ICS trained staff on the certificate template changes on September 10, 2018. ICS submitted the training log, and a recently issued certificate with updates.

NOP-58-17.NC4 – 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.”

Comments: *The review of certification files revealed instances where the onsite inspection identified and reported a certified operation’s noncompliance with the regulations. ICS did not issue the operations a notification of noncompliance, and instead allowed the operations to resolve the noncompliances by responding to an Additional Information Request notice.*

2018 Corrective Action: ICS no longer issues Additional Information Requested (AIR) letters since the Staff Training held on September 10, 2018. ICS updated the Staff Handbook to remove the reference to AIR letters, and instead includes the instruction to issue a notice of noncompliance. ICS submitted the updated handbook and training log.

NOP-58-17.NC5 – Accepted. 7 C.F.R. §205.663 states, “Any agreement reached during or as a result of the mediation process shall be in compliance with the Act and these regulations. The Secretary may review any mediated agreement for conformity to the Act and these regulations and may reject any agreement or provision not in conformance with the Act or these regulations.”

Comments: *The review of one settlement agreement established by ICS revealed that ICS’ settlement agreements may inappropriately include non-finite terms that require ongoing compliance with a USDA organic regulation. Specifically, the reviewed settlement agreement*

stated that the operation “agrees to the following ongoing Conditions for Continued Certification” and required the operation to agree to meet terms that did not have a specific closure date.

2018 Corrective Action: ICS updated their settlement agreement template to include specific due dates for the terms in the agreement. ICS updated their Adverse Action and Settlement Agreement Procedure (Personnel Manual Procedure 5.06B) to include that the terms of the settlement agreement must have specific closure dates rather than ongoing conditions. ICS trained staff on the settlement agreement changes on September 10, 2018. ICS submitted the updated procedures, template and an example of a recently issued settlement agreement with closure dates.

NOP-58-17.NC6 – Accepted. 7 C.F.R. §205.663 states, “Mediation shall be requested in writing to the applicable certifying agent. If mediation is unsuccessful, the applicant for certification or certified operation shall have 30 days from termination of mediation to appeal the certifying agent's decision pursuant to §205.681.”

Comments: *The review of mediation requests accepted by ICS revealed that:*

- 1. ICS does not always require its operations to request mediation in writing. ICS accepted a mediation request that was only requested verbally.*
- 2. ICS allowed an operation to re-request mediation when mediation was unsuccessful. ICS reissued the operation a Notice of Proposed Suspension, and then accepted the operation’s second request for mediation.*

2018 Corrective Action: ICS revised their Adverse Action and Settlement Agreement Procedure (ICS Personnel Manual 5.06B) to include that a written request for mediation from the operator is required. ICS also updated the procedure to clarify that when mediation is unsuccessful, the operation has 30 day from the termination of mediation to file an appeal. ICS trained staff on the changes to the procedure on September 10, 2018. ICS submitted the updated procedure and training log.

NOP-58-17.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.”

Comments: *ICS does not consistently certify an operation that manages broiler chickens and applies for crops/livestock certification as a livestock operation. ICS certifies operations that manages broiler chickens under contract with another entity as a handling operation, and issues a Handling/Processing certificate.*

2018 Corrective Action: ICS updated all the certificates for operations that manage broiler chickens to list the appropriate scope of livestock or crops and livestock. ICS began updating certificates for these operations in November of 2017, and completed certificate updates in 2018. ICS trained staff on September 10, 2018 that operations managing broiler chickens should be certified to the livestock scope. ICS submitted the training log, and an updated certificate for one of the operations.

NOP-58-17.NC8 – Accepted. 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must comply with, implement, and

carry out any other terms and conditions determined by the Administrator to be necessary,” Specifically, NOP 2609 Instruction Unannounced Inspections provides certifiers with instructions and requirements for conducting unannounced inspections.

Comments: *A review of unannounced inspection files revealed the following:*

1. *ICS does not have a clear policy regarding which special cases allow for ICS to notify an operation prior to the inspector’s arrival, including how much time prior to the inspector arriving on-site the operation may be notified.*
2. *Information regarding what was verified by the inspector during the unannounced inspection was found to be inconsistently reported. Interviews with certification staff indicated that ICS does not have an inspection report template for unannounced inspections.*
3. *ICS does not always provide operations with a copy of their unannounced inspection report.*

2018 Corrective Action:

1. ICS developed Procedure 4.09 Unannounced Inspections in the Personnel Manual that includes instructions on conducting unannounced inspections, including information on providing prior notification to the operator.
2. ICS developed an Unannounced Inspection Report and the procedure instructs inspectors to use the report for unannounced inspection.
3. ICS implemented their procedure 4.09 Unannounced Inspections, and began sending operations copies of the Unannounced Inspection Report since January 2018.

ICS trained staff on the new unannounced inspections procedures, and the new inspection report. ICS submitted the procedure, the unannounced inspection report template and the staff training log.

NOP-58-17.NC9 – Accepted. 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary,” The NOP’s International Trade Policies: Korea page states, “Korean Labeling Requirements. U.S. products produced under the arrangement must be labeled according to MAFRA’s organic labeling requirements and may display the Korean organic food label and/or USDA organic seal.”

Comments: *ICS is not verifying product labeling for compliance with Korea’s organic labeling requirements for products exported to Korea under the US – Korea Equivalency Arrangement.*

2018 Corrective Action: ICS updated their Certification Manual and Staff Handbook to include instructions for the verification of product labeling to the Korea Organic Labeling regulations for all products imported into Korea under the US-Korea Equivalency Arrangement. ICS trained staff on the updated manuals on September 10, 2018. ICS submitted the staff training log, and manuals.

NOP-58-17.NC10 – Accepted. 7 C.F.R. §205.501(a)(4) states, “A certifying agent under this subpart must: Use ... adequately trained personnel, including ... 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: *A review of NAQS Import Certificates issued by ICS found the following:*

1. ICS is using a NAQS Import Certificate form that does not contain all the required elements. The form used is not the form that has been provided by the NOP.
2. NAQS Import Certificates do not include a compliance statement.

2018 Corrective Action: ICS updated their NAQS Import Certificate form to be the one listed on the NOP website and it now includes the required compliance statement. This was reviewed at the September 10, 2018 Staff Training and implemented immediately. ICS submitted the revised NAQS Import Certificate form and the staff training log.

NOP-58-17.NC11 – Accepted. 7 C.F.R. §205.501(a)(4) states, “A certifying agent under this subpart must: Use ... adequately trained personnel, including ... 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.

Comment: A review of TM-11 certificates issued by ICS found the following:

1. ICS’ certificate numbering system does not ensure that each certificate is assigned a unique identification number.
2. TM-11 certificates issued for products exported to Japan under the US – Japan Equivalency Arrangement either did not include a compliance statement or incorrectly included the compliance statement for Taiwan.

2018 Corrective Action:

1. ICS changed their certificate numbering system to include a year before the numbers, for example ICS JP YEAR###, so the numbers cannot be duplicated from year to year.
2. ICS updated the template to include the correct compliance statements, and the
3. designated staff member will remove statement that does not pertain to the TM-11 being created.

ICS updated the Staff Handbook to indicate TM-11s are assigned a unique number, and the corresponding compliance statements for Japan and Taiwan. ICS trained staff on the updated procedure and template during the September 10, 2018 Staff Training. ICS submitted the updated handbook, training log, TM-11 template and an example of a correctly completed TM-11.

NOP-58-17.NC12 – Accepted. 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary,” The NOP’s International Trade Policies: Taiwan includes the requirements for certifying agents to issue TM-11 certificates.

Comments: ICS does not meet the requirements for issuing TM-11s in the following manner:

1. ICS does not maintain a control log that records/tracks the disposition of each export certificate, including those issued, voided, or destroyed.
2. ICS does not have a designated staff person who is responsible for all aspects of the issuance of the export certificates, including oversight of the control log.

2018 Corrective Action:

1. ICS created an Export Control Log in 2018 for recording and tracking exports.
2. ICS designated a primary and secondary person for issuing TM-11 export certificates and overseeing the export control log. ICS updated the Staff Handbook to include the completion of TM-11s by the designated staff person.

ICS trained staff on the updated procedure for completing export certificates on September 10, 2018, and submitted the updated Staff Handbook and training log.

NOP-58-17.NC13 – Accepted. 7 C.F.R. §205.501(a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections, review certification documents”

Comments: *A review of performance evaluation files found that the performance reviews for the two certification leaders were not conducted in 2016.*

2018 Corrective Action: ICS updated their Personnel Manual Procedure 2.08 Evaluation of Staff Performance to be consistent with current procedures, including the requirement for annual staff evaluations. ICS completed annual evaluations for all staff in 2017 and 2018, and submitted the staff evaluation summaries and the updated procedure.

NOP-58-17.NC14 – Accepted. 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” Specifically, NOP 2025 Internal Program Review Requirements include the requirements for internal program review reporting.

Comments: *A review of ICS’ internal program reviews found the following:*

- 1. ICS’ internal program review report did not identify how any proposed corrective actions will be addressed in a timely and appropriate manner. The report also did not include an assessment of prior findings and implemented corrective actions of prior program reviews.*
- 2. The internal program review is not conducted by personnel different from those who perform certification activities.*

2018 Corrective Action:

1. ICS created an Internal Review Deficiency Report which records the deficiency, why it occurred, the corrective action, and due date. The report also compares the current year’s deficiencies with the prior year’s report. ICS began using the revised report in 2018, and submitted the template.
2. ICS updated their Internal Review Audits Procedure 8.07 in the ICS Personnel Manual to indicate which noncertification staff are eligible to conduct each section of the internal review.

ICS trained staff on the changes to who can conduct internal review activities during the September 10, 2018 Staff Training. ICS submitted the updated Internal Review Audits Procedure.

NOP-58-17.NC15 – Accepted. 7 CFR §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.”

Comments: *A review of ICS' submitted documents found the following:*

- 1. ICS' certification manual and Staff Handbook do not fully reflect ICS' current policies and procedures, especially those regarding noncompliance procedures.*
- 2. Information in ICS' organic system plan regarding requirements for product exported to Japan under the Equivalency Arrangement does not correctly state the arrangement requirements.*

2018 Corrective Action: ICS revised their Certification Manual and Staff Handbook to include their current policies. ICS submitted the revised manuals and a summary of all the changes made in each. ICS plans to meet annually to review their manuals for accuracy and to make changes as needed. ICS also corrected the organic system plan Intl Module for products exported under the Japan Equivalency Arrangement. ICS designated a staff member to oversee international documents and ensure they are updated correctly. ICS trained staff September 10, 2018, and submitted the training log and updated Intl Module.

NATIONAL ORGANIC PROGRAM REPORT

AUDIT AND REVIEW PROCESS

An onsite mid-term audit of the International Certification Services (ICS) organic program was conducted on July 14 – 16, 2014. The National Organic Program (NOP) reviewed the auditor’s report to assess ICS’s compliance to the USDA organic regulations. This report provides the results of NOP’s assessment.

GENERAL INFORMATION

Applicant Name	International Certification Services (ICS)
Physical Address	301 5th Avenue SE, Medina, ND 58467
Mailing Address	Same
Contact & Title	Dawn Krapp, Quality Control Specialist
E-mail Address	dawn@ics-intl.com
Phone Number	701.486.3578
Reviewer(s) & Auditor(s)	Janna Howley (Reviewer); Patricia Heckart (On-Site Auditor)
Program	USDA National Organic Program (NOP)
Audit and Review Date(s)	Audit: July 14-16, 2014 NOP Review: August 13, 2014
Audit Identifier	NP4195NNA
Action Required	No
Audit and Review Type	Mid-term Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of ICS’s certification system.
Audit and Determination Criteria	7 CFR Part 205, National Organic Program as amended
Audit and Review Scope	Assessment of ICS’s certification program for the period XXXXXX.

ICS is a privately held division of IMI Global. ICS was first accredited by USDA on 29 April 2002. ICS is also accredited by the International Organic Accreditation Service (IOAS) to certify to International Federation of Organic Agriculture Movements (IFOAM), Farm Verified Organic (FVO), European Recognition Program (EU) and Canadian Organic Regime (COR). The company also offers certification to the ICS Certified Gluten-Free Standard, Food Alliance Certified, Bio Suisse, Japan/JAS, and other third party standards.

ICS is currently approved for the following accreditation scopes: crops, livestock, wild crop, and handling/processing. ICS certifies 466 operations: 309 (crops), 45 (livestock), and 147 (handling). ICS certifies operations in the United States, Canada, and Mexico. All activities are

conducted from one office in Medina, North Dakota. ICS does not currently certify any grower groups; however, they do have procedures for grower group certification.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether ICS'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 "**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.

Non-compliances from Prior Assessments

NP2177EEA.NC1 – Cleared

NP2177EEA.NC2 – Cleared

NP2177EEA.NC3 – Cleared

NP2177EEA.NC4 – Cleared

Non-compliances Identified during the Current Assessment

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

None.

AUDIT INFORMATION

Applicant Name:	International Certification Services, Inc. (ICS)
Address:	301 5th Avenue SE; Medina, ND 58467
Contact & Title:	Dawn Krapp, Quality Control Specialist
E-mail Address:	dawn@ics-intl.com
Phone Number:	701-486-3578
Auditor(s):	Betsy Rakola, Accreditation Manager; Renee Mann, Accreditation Manager
Program:	USDA National Organic Program (NOP)
Audit Date(s):	April 10, 2013 through July 8, 2013
Audit Identifier:	NP2177EEA
Action Required:	No
Audit Type:	Accreditation Renewal, Corrective Action Assessment
Audit Objective:	To review and approve corrective actions submitted in response to the non-compliances identified in the Accreditation Renewal report NP2177EEA.
Audit Criteria:	7 CFR Part 205, National Organic Program, Final Rule, dated December 21, 2000; updated March 15, 2012.
Audit Scope:	Proposed corrective actions submitted by ICS
Location(s) Audited:	Desk

The NOP conducted an on-site accreditation renewal assessment of International Certification Services, Inc. (ICS) during June 25 – 29, 2012, including a livestock witness audit on July 26, 2012. On February 13, 2013, the NOP sent ICS a Notice of Noncompliance related to the findings from the on-site assessments. ICS responded with corrective actions on March 8, April 17, May 8, May 23, and July 8, 2013. The NOP reviewed the corrective actions during March through July, 2013. The NOP Accreditation Committee considered these corrective actions on July 11, 2013 and recommended that the NOP renew ICS’s accreditation as a USDA organic certifying agent.

GENERAL INFORMATION:

ICS is a certification organization that carries out inspection activities for the purpose of verifying compliance of agricultural produce, foods, food products, and feed to the 7 CFR Part 205, National Organic Program, Final Rule. ICS was initially accredited to the USDA National Organic Program as an authorized certifying agent for crops, wild crops, livestock, and handling on April 29, 2002. ICS is currently certifying operations to the NOP in Canada, Africa, Mexico, Sweden, Tahiti, and USA. The majority of ICS’s clients are in the USA and Canada.

At the time of the assessment, ICS certified the following: 321 crop operations, including 10 specialty Greenhouses, 56 livestock operations, 125 handlers, and one grower group. The handlers were classified as

64 processors, 22 distributors, and 38 traders. There were no certified wild crop operations.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verify and confirm that ICS is currently operating in compliance with the requirements of the audit criteria, except as identified below. The corrective actions for the non-compliance identified during the 2009 Deferred/Mid-term Audit were verified and found to be implemented and effective and the non-compliance was cleared. Four new non-compliances were identified during the renewal assessment. The corrective actions submitted by ICS were reviewed and accepted unless otherwise noted below. Corrective actions will be verified during the next on-site assessment.

NP9117ZZA.NC1 – Cleared

NP2177EEA.NC1 – Accepted. NOP §205.404 states, “(a) Within a reasonable time after completion of the on-site inspection.... If the certifying agent determines that the organic system plan and all procedures and activities of the applicant’s operation are in compliance with the requirements of this part and that the applicant is able to conduct operations in accordance with the plan, the agent shall grant certification. (b) The certifying agent must issue a certificate of organic operation which specifies (1) Name and address of the certified operation; (2) Effective date of certification; (3) Categories of organic operation...(4) Name address, and telephone number of the certifying agent.” Additionally, NOP §205.501(a)(15)(ii) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Submit to the Administrator a copy of: A list, on January 2 of each year, including the name, address, and telephone number of each operation granted certification during the preceding year.” *Records reviewed indicated that a certification scheme exists at International Certification Services that provides a level of certification “status” to a “sub” production and handling operations that provides raw materials to a fully certified operation in an exclusive arrangement. Records show that there are 34 instances where a certified operation pays for certification of a “sub” entity to ensure a supply of organic raw materials or services. This arrangement does not allow an organic certificate to be issued to the “sub” operation in an effort to ensure that the operation does not share goods or services with anyone other than the certified operation. Each of the “sub” operations submits an annual update and receives an annual inspection by ICS as prescribed. Additionally, records demonstrate that because of this “sub” arrangement, there are 34 additional operations that are not listed on the annual list of certified operations and scopes that must be submitted to the Administrator each year. Corrective action:* ICS reviewed its list of clients classified as “subs.” Of the 34 operations listed as “subs,” only 5 are separate legal entities that would require separate certificates. The remaining 29 operations are either additional locations owned by the certificate holder; parts of the operation that did not require certification under the USDA organic regulations; or warehouses in Canada which cannot hold NOP certificates. ICS implemented its new policy by notifying the five remaining separate legal entities that the practice of sub-contracting certification is no longer allowed. ICS has issued certificates to 2 of the 5 companies and is in the process of conducting inspections for, and issuing separate certificates to, the remaining 3 companies. ICS expects to resolve the issue by the end of the calendar year. To prevent the non-compliance from occurring in the future, ICS removed its policy on

allowing sub-contracting (part 1.09) from its policy manual. Effective immediately, ICS will no longer certify subcontracted operations. ICS notified its staff of this change verbally.

NP2177EEA.NC2 – Accepted. NOP §205.662 (a)(1)-(3) states, “*Notification.* 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: (1) A description of each noncompliance; (2) The facts upon which the notification of noncompliance is based; and (3) 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.” *Several Notifications of Noncompliance prior to 2012 list a reference clause(s) to the NOP at the beginning of the noncompliance statement which is followed by the specific findings. There is no connection between the findings and the specific clause of the Rule that describes the infraction. Additionally, a review of fourteen files indicated that the deficiencies identified during the initial review of an application or renewal for certification are not identified with an Official Notice of Non-compliance to 205.662 as prescribed, but are listed in a “Deferral” letter that is sent to the client. The letter states that the deficiencies must be addressed as a condition for inspection. Records showed that as many as 31 conditions have been issued in an initial review and as many as three deferral letters have been issued during the pre and post inspection certification cycle without a single non-compliance being issued.*

Corrective action: ICS submitted proof of revised procedures in its Administrative Manual and draft Reviewer Handbook for identifying and classifying Notices of Noncompliance. This procedure requires that all such notices include an explanation of the findings and how they relate to the USDA organic regulations. The procedure also states that ICS will send a Notice of Noncompliance to any operator when the initial reviewer identifies non-compliances. The policy is based on information provided at the NOP annual ACA training sessions on the Penalty Matrix and other certifier guidance. ICS also submitted revised templates for its Notices of Noncompliance and Proposed Suspension. ICS submitted a copy of the email it sent to its Reviewers and Compliance Specialists notifying them of the policy update. ICS also submitted a draft agenda for the upcoming ICS reviewer training to be held in 2013.

NP2177EEA.NC3 – Accepted. NOP §205.642 states, “Fees charged by a certifying agent must be reasonable, and a certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator. The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification.” *The 2012 fee schedule that is on file with the Administrator is comprehensive; however, the total estimated cost of certification is not provided to each client as required. The estimate includes only a \$125.00 inspection deposit added to the other calculated fees from the schedule. The agreement that the operator signs at the time of application or update states that the rest of the inspection fees are to be billed at a later time. Considerations for the geographic location of the inspector selected, the number of hours necessary to perform the inspection scopes, and travel necessary to complete the inspection are all variables that may affect the actual cost that is not estimated.*

Corrective action: ICS updated its cost estimate (used for new applicants) to include the average costs of both US-based (\$400-\$600) and international (\$3000-\$4000) inspections. ICS updated its current fee schedule to give an estimate of US-based inspections. ICS updated its fee letters (used for renewing

clients) by adding the previous year's inspection cost, and adding a statement that indicates that the current inspection cost will be approximately the same cost as the last inspection. All three of these documents also explain that the inspection costs will vary depending on the independent contractors' fees, inspection location, timeliness of paperwork and availability of inspectors.

NP2177EEA.NC4 – Accepted. 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; (2) 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.” Additionally, NOSB Recommendation “Criteria for Certification of Grower Groups”, dated October 2002, states, “In order to be certified as a grower group, the following conditions must be met: (2) the group must be managed as a legal entity under one central administration that is uniform and consistent; (5) grower groups must establish and implement an internal control system (quality system), with supervision and documentation of production practices and inputs used at each producer's operation to ensure compliance with the USDA's National Organic Standard.” *The single grower group certification provided by ICS is for a resin gathering operation in Somaliland, Africa that is “sponsored” by a processing group certified by another ACA in the U.S. All resin from the gathering areas in Somaliland is bagged and shipped to the U.S. and is used in the manufacture of the essential oils of frankincense and myrrh. Records for the files reviewed since 2008 indicated that there is no Internal Control System manual or a set of procedures that outline the requirements of the management of this grower/gathering group; nor is there information identifying the responsible person for the administration of the Grower Group. It is evident that the group is not managing their own control system. There are third party training documents in the original file for a company that was proposed to manage the group but a management system for that organization is not present and there is no agreement available to show a relationship between the group and the proposed administrator of the ICS. There is no arrangement or description of practices and procedures performed and documented; a description of the monitoring practices and procedures used within the group; a description of the recordkeeping within the group; a description of the management practices; and the physical barriers established to prevent commingling of organic and non-organic (buffer) harvest. The most recent submission shows the 2012 file now includes 3 groups with a total of 52 harvesters from the original one group with 7 harvesters. There is no supporting documentation to show how new harvesters were added; the training and inspection of each of the harvesters; or results of inspection or results of internal audits or a documented ICS procedure manual that would provide an outline of the SOCP Group that is managing the group.* **Corrective action:** ICS suspended the grower group in Somaliland in November 2012 due to multiple identified weaknesses in the group's internal control system. ICS modified its policy manual to incorporate NOP Policy Memo 11-10, which references the NOSB's 2008 recommendation on certifying grower groups. This recommendation includes the definition of and requirements for internal control systems. ICS has discussed the revised policy with staff involved with the file. ICS has no grower group clients at this time and stated that when inspecting grower group applicants in the future, the inspector will be notified of specific instructions from the reviewer prior to a grower group inspection.