



# United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

*Institute for Marketecology*

Weinfelden, Switzerland

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

7 CFR Part 205

(As amended)

as an Accredited Certifying Agent

for the scope of

**Crops, Wild Crops, Livestock and Handling 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: NP2260AKA

Effective Date: June 7, 2012

Expiration Date: June 7, 2017

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Deputy Administrator  
National Organic Program



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## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

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

### GENERAL INFORMATION

<b>Applicant Name</b>	IMOsuisse AG (IMO)
<b>Physical Address</b>	Weststrasse 51, Weinfelden, CH-8570, Switzerland
<b>Mailing Address</b>	Same
<b>Contact &amp; Title</b>	Ms. Ingrid Hucke, Head of Department Europe/USA/NOP Scheme Manager
<b>E-mail Address</b>	<a href="mailto:ihu@imo.ch">ihu@imo.ch</a>
<b>Phone Number</b>	+41-71-626 0 626
<b>Reviewer &amp; Auditors</b>	Janna Howley, NOP Reviewer Lars Crail, On-site Auditor; Robert Yang, Auditor Trainee
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Dates</b>	NOP assessment review: April 20, 2015 Onsite audit: September 15-17, 2014
<b>Audit Identifier</b>	NP4258LCA
<b>Action Required</b>	None
<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 IMO'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>	IMO's certification services in carrying out the audit criteria during the period: November 2012 through September 2014.

The Institute for Marketecology (IMO) based in Weinfelden, Switzerland was legally spun off the Bio-Foundation in 2013 and embedded into a new independent legal entity as a stock corporation (AG) subject to Swiss law called IMOsuisse AG. The organization's name and legal form were changed, retroactive to January 1, 2013. The IMO main office is located in Weinfelden, Switzerland with a branch office in Germany. Key NOP certification activities are performed in the following IMO offices: Bolivia, Turkey, Chile, and Switzerland. In July 2013, IMO discontinued certification services at the following offices where key activities occurred: China and Brazil.

IMO was initially accredited by the USDA National Organic Program (NOP) on June 7, 2002 for crop, wild crop, livestock, and handling/processing operations. IMO currently has 671 NOP certified operations worldwide which includes 402 crop, 5 livestock, 37 wild crop, and 562 processor/handling operations in 50 countries. IMO certifies 161 grower groups, mainly in Turkey and Latin America.

## **NOP DETERMINATION:**

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

**NP9180ACA.NC3 – Cleared**  
**NP2260AKA.NC1 - Cleared**  
**NP2260AKA.NC2 – Withdrawn**  
**NP2260AKA.NC3 – Cleared**  
**NP2260AKA.NC4 – Cleared**  
**NP2260AKA.NC5 – Cleared**  
**NP2260AKA.NC6 – Cleared**  
**NP2260AKA.NC8 – Cleared**  
**NP2260AKA.NC10 – Cleared**  
**NP2260AKA.NC11 – Cleared**  
**NP2260AKA.NC12 – Cleared**  
**NP2260AKA.NC13 – Cleared**  
**AIA091910LMC.NC3 – Cleared**

**NP2260AKA.NC7 – Accepted.** 7 CFR §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 each response to such notification must be sent to the recipient's place of business via a delivery service which provides dated return receipts."

**2012 Comments:** *Per interviews with the NOP Program Scheme Deputy Manager, it was found that IMO is not currently meeting this requirement. Notifications are not sent via a delivery service that provides dated return receipts.*

**2012 Corrective Action:** As a temporary measure until June 2013, IMO used email delivery and read confirmations. Operations were requested to confirm receipt with a return email response. After June 2013, IMO implemented a registered email delivery system via an electronic service provider. IMO's 2013 annual program review will report on the implementation status of the

corrective actions.

**2014 Verification of Corrective Action:** IMO has not implemented a registered email delivery system via an electronic service provider. IMO continues to use email delivery and read confirmation.

**2015 Corrective Action:** IMO has selected a system that will allow it to receive dated return receipts via an electronic service provider. IMO provided the NOP with a copy of the electronic service provider service contract, which is scheduled to go into effect in May 2015. All NOP clients will be informed about the changed procedure via client newsletter once the system is in place. As soon as the procedure has been defined in detail the relevant QMH documents will be adapted and all staff members will receive further training on the revised procedure. IMO's internal NOP Annual Program Review will review and verify the use of the service providing Dated Return Receipts. Copies of the *Annex 2 Training confirmation on Audit results* and *Annex 3 DRAFT IMO I 5.2 G-e Internal Procedures NOP* were provided to the NOP for review.

### **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.

**NP4258LCA.NC1 – Accepted.** 7 CFR §205.501(a)(15)(ii) states that a certifying agent 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.”

*Comments:* On January 2, 2014, IMO failed to submit a complete list of certified operations. The submitted list did not include certified operations located in Switzerland.

**Corrective Action:** IMO will now complete and submit annual lists of all certified operations. The 2014 annual list of certified operations was provided to the Administrator on January 2, 2015, including all information requested as per *NOP Instruction 2026: Submitting Annual Lists of Certified Operations*. A copy of the *2014 Annual List of Certified Operations* spreadsheet was provided to the NOP for review.

**NP4258LCA.NC2 – Accepted.** 7 CFR §205.501(a)(21) states that a certifying agent must... “Comply with, implement, and carry out any other terms or conditions determined by the Administrator to be necessary.” Furthermore, §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 regulations in this part. Additional inspections may be announced or unannounced at the discretion of the certifying agent or as required by the Administrator...”

*Comments:* IMO indicated that on January 2, 2013, there were 606 certified operations. During 2013, IMO conducted nine unannounced inspections which does not meet NOP's policy (NOP 2609) that a minimum of 31(5% of the total certified operations) unannounced inspections occur.

**Corrective Action:** For 2015, IMO will perform unannounced inspections of at least 5% of its NOP certified operations. All staff members concerned were updated on this requirement in

January 2015. The fulfillment of this requirement will be verified during IMO's 2015 internal NOP Annual Program Review. Copies of the *Annex 2 Training confirmation on Audit results*; *Annex 3 DRAFT IMO I 5.2 G-e Internal Procedures NOP*; *Annex 5 Template NOP Annual Program Review* were provided to the NOP for review.

**NP4258LCA.NC3 – Accepted.** 7 CFR §205.501(a)(3) states that a certifying agent 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: Below are several occurrences of noncompliant labeling and material issues where IMO certification staff granted approvals and inspectors did not identify noncompliances, during review or verification activities:*

- §205.304(a)(1)(ii) states that retail package labeling may indicate, “Made with organic (specified ingredients or specified food groups)”: provided, that the statement does not list more than three “organically produced ingredients; or, food groups.” *Comments: IMO approved a “Made with organic” retail label that did not specify ingredients or food groups; instead a percentage of organic content was indicated.*
- §205.304(b)(2) states that agricultural products in packages described in §205.301(c) must: “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...” *Comments: IMO approved a retail product label where the “Certified Organic by ....” statement was not below the name of the manufacturer or distributor.*
- §205.270(c)(2) states that a handling operation must not use in or on agricultural products intended to be sold as organic, “A volatile synthetic solvent or other synthetic processing aid not allowed under §205.605...” *Comments: The salt ingredient in a “Made with organic...” product contained the anti-caking agent Sodium Ferronitrile, a prohibited material that is not listed on §205.605.*
- §205.301(b) states that “A raw or processed agricultural product sold, labeled, or represented as “organic” must contain...not less than 95 percent organically produced raw or processed agricultural products.” Furthermore, NOP 4012, Use of Brand or Company Names containing the word “Organic,” provides specific NOP policy on this topic. *Comments: IMO has approved at least one retail label with the word “Organic” in the brand name which is displayed on the primary product panel of a “Made with organic...” product.*

**Corrective Action:**

- **Labels:** IMO *Work Instruction No. 53, Annex I, NOP Labelling Requirements* outlined the requirements of “made with organic...” retail labels. The August 2014 *NOP Instruction: Use of Brand or Company Names Containing the Word “Organic”* requirements for labels containing the term “organic” were added to the *Work Instruction* in January 2015. Staff members then received training in January 2015 on all labeling requirements. Inspectors received training in March 2015. A Notice of Noncompliance was issued to the client with incorrect labels and prohibited material. Because IMO is in the process of developing and implementing an updated sanction system that will roll out in May 2015, all NOP certified operations will be informed about label requirements for “made with organic...” products through an April 2015 client letter that will update them

on the new system and requirements. IMO's internal NOP Annual Program Review will verify that rules are applied correctly during label approval. Copies of *Annex 2 Training confirmation on Audit results; Annex 6 Notice of Non-compliance to (the Client); Annex 7 Work Instruction No. 53 Annex I* were provided to the NOP for review.

- **Recipes.** All staff members received update training in January 2015 on the requirement of salt in multi-ingredient products. Inspectors received update training in March 2015. The IMO online training material for NOP inspectors and evaluators/certification officers covered the issue of review and verification of salt specifications. Noncompliances were issued to the specific client. Because IMO is in the process of developing and implementing an updated sanction system that will roll out in May 2015, IMO certified operators will be informed through an April 2015 client letter that will update them on the new system and requirements. IMO's internal NOP Annual Program Review will verify if the requirements have been followed correctly during recipe approval. Copies of *Annex 2, Training confirmation on Audit results; Annex 6, Notice of Non-compliance (Client)* were provided to the NOP for review.

**NP4258LCA.NC4 – Accepted.** 7 CFR §205.662(c) states, “When a rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent ... shall send the certified operation a written notification of proposed suspension...”

*Comments: IMO issued a notice of proposed suspension before the Notice of Noncompliance deadline for an operation to submit a rebuttal or corrective actions.*

**Corrective Action:** The internal instruction on how to use the template for Proposed Suspensions has been improved. All staff members concerned received update training on the NOP non-compliance procedure in January 2015. IMO's internal NOP Annual Program Review will follow up on the correct application of the NOP non-compliance procedure and the correct use of the updated template. Copies of *Annex 2 Training confirmation on Audit results; Annex 8 Template Proposed Suspension* were provided to the NOP for review.

**NP4258LCA.NC5 – Accepted.** 7 CFR §205.662(c)(4) states, “The notification of proposed suspension or revocation of certification shall state: The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681.”

*Comments: The template for Proposed Suspension states that an operation has the opportunity to submit a rebuttal to IMO within 14 days. USDA organic regulations only indicate that operations have the right to appeal or request mediation.*

**Corrective Action:** The template for Proposed Suspensions has been corrected. All staff members concerned received update training in January 2015. IMO's internal NOP Annual Program Review will follow up on the correct use of this template. Copies of *Annex 2 Training confirmation on Audit results; Annex 8 Template Proposed Suspension* were provided to the NOP for review.

**NP4258LCA.NC6 – Accepted.** 7 CFR §205.501(a)(15)(i) states, states that a certifying agent must... “Submit to the Administrator a copy of: Any notice of...notification of noncompliance, notification of noncompliance correction...simultaneously with its issuance...”

*Comments: IMO submits copies of notices of proposed suspension and suspension to the NOP; however, noncompliance and resolution notifications are not sent on a consistent basis.*

**Corrective Action:** Along with the implementation of a service that provides dated return receipts, IMO began notifying the NOP in March 2015 of all notices of noncompliance and notices of non-compliance resolution. All staff members concerned were informed in January 2015 of this requirement. All NOP clients will be informed of IMO’s updated sanction system via client newsletter in late April 2015. As soon as the procedure has been defined in detail the relevant QMH documents will be adapted and all staff members will receive further training on the revised procedure. IMO’s internal NOP Annual Program Review will follow up on the correct implementation of this requirement. Copies of *Annex 2 Training confirmation on Audit results; Annex 3 DRAFT IMO I 5.2 G-e Internal Procedures NOP* were provided to the NOP for review.

**NP4258LCA.NC7 – Accepted.** 7 CFR §205.662 (a)(1) states, “... a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide...A description of each noncompliance.”

*Comments: The following features were identified by auditors during a review of noncompliance notifications:*

- *Issued noncompliances listed in the “Summary Assessment” document do not cite a specific regulation. There is no direct identifiable reference to the USDA organic regulations for noncompliances issue by IMO. Instead, reference numbers correspond to the operation’s OSP and inspection report.*
- *One proposed revocation notice did state the regulatory citation; however the citations were not appropriate to the noncompliances.*

**Corrective Action:** All sanction catalogues will be updated by indicating reference to the corresponding NOP paragraph for each control point. The catalogues will be available after the next Change Management update in May 2015. The sanction catalogues will be introduced gradually, starting in May with crop production and handling activities, followed by catalogues for wild collection and smallholder certification. All staff members concerned were informed in January 2015 of the requirement. As soon as the new sanction system catalogues are available all staff members concerned will receive further training. IMO’s internal NOP Annual Program Review will follow up on the correct use of the sanction catalogues. A copy of *Annex 2 Training confirmation on Audit results* was provided to the NOP for review.

**NP4258LCA.NC8 - 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.”

*Comments: The review of two adverse action incidents revealed that proposed suspension notifications were issued without issuing noncompliance notifications.*

**Corrective Action:** The template for Proposed Suspensions has been updated to include clearer instructions on how to use it. All staff members concerned received update training in January 2015 on NOP noncompliance procedures as detailed in *Work Instruction No. 165* and the instructions given in the *Proposed Suspensions Template*. IMO's internal NOP Annual Program Review will follow up on the correct use of this template. Copies of *Annex 2 Training confirmation on Audit results; Annex 8 Template Proposed Suspension* were provided to the NOP for review.

**NP4258LCA.NC9 - Accepted.** 7 CFR §205.670(e) states, "...Sample integrity must be maintained throughout the chain of custody..."

*Comments:* In one reviewed pesticide residue case, a sample was collected on July 10, 2013 and held for almost five months before received by the laboratory for analysis.

**Corrective Action:** All staff members at IMO received update training in January 2015 on the requirement to always ensure sample integrity. Inspectors were trained on the sample integrity requirement by email, or in-house, training, based upon availability. IMO's internal NOP Annual Program Review will review and verify the implementation of this requirement. A copy of *Annex 2 Training confirmation on Audit results* was provided to the NOP for review.

**NP4258LCA.NC10 – Accepted.** 7 CFR §205.501(a)(21) states that a certifying agent must... "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2603, Organic Certificates, indicates that the Anniversary Date on a certificate shall be the date the organic operation must submit its annual update.

*Comments:* The anniversary date listed on IMO certificates reflects a date one year after the issuing of the certificate. The date on the certificate is not the date which the operation must submit its annual update.

**Corrective Action:** The anniversary date has been set to March 31 of the following season, applicable for all certificates from the 2015 onwards. The NOP certificate template was updated in January 2015 and is available for use. All staff members were informed of the change in January 2015. All NOP clients will be informed on the changed procedure via client newsletter in April 2015. The NOP Annual Program Review will verify the correct use of the certificate template. Copies of *Annex 2 Training confirmation on Audit results* and *Annex 9 DRAFT IMO I 4.3.9 G-e NOP Certificate* were provided to the NOP for review.

**NP4258LCA.NC11 – Accepted.** 7 CFR §205.504(c)(2) states that a certifying agent must submit... "for all parties responsibly connected to the certifying agent, a conflict of interest disclosure report..."

*Comments:* Conflict of interest disclosures for the three board members were not completed.

**Corrective Action:** The members of the Board of Directors of IMOswiss AG signed 2014 Declarations of Conflicts of Interests and the information was entered into the staff database. The Board Members have been added to the list kept by the Human Resources Department to collect documents from all relevant personnel on an annual basis. Declarations of Conflicts of Interests will be collected annually by the HR Department from every staff member listed. The IMO

internal NOP Annual Program Review will verify the implementation of this requirement. A copy of *Annex 10 Declarations of Conflicts of Interests of Board Members; extract of HR staff list* was provided to the NOP for review.

**NP4258LCA.NC12 – Accepted.** 7 CFR §205.501(a)(5) states that a certifying agent must... “Ensure that its... contractors with inspection... have sufficient expertise in organic or handling techniques to successfully perform the duties assigned.” NOP 5012 Approval of Liquid Fertilizers for Use in Organic Production indicates that the material evaluation program of a certifying agent approving liquid fertilizers with a nitrogen analysis greater than 3 percent must “conduct a... review of all documented processes by a qualified inspector.”

*Comments: IMO’s policy for inspector training and approval is to provide both in-house and, at minimum, one in-field inspection training specific to the type of inspection the inspector is being approved for. The review of training and inspection approval records for the inspector who conducted inspections of multiple operations involved in the production and handling of a liquid fertilizer product with a nitrogen analysis greater than 3 percent disclosed that the inspector was neither trained nor approved to conduct input materials inspections according to IMO’s policy.*

**Corrective Action:** As of January 2015, IMO ceased to offer approval of operations involved in the production and handling of a liquid fertilizer product with a nitrogen analysis greater than 3 percent, due to lack of competent inspection personnel. *Work Instruction No. 116 (VA-116 G-e Off-farm Input Evaluation and Certification)* has been updated. Currently the entire input evaluation and certification procedure is under revision in order to harmonize it with Ecocert’s revised procedure. The complete update of the *Work Instruction* is scheduled for June 2015. However, all relevant personnel were notified that IMO will not offer approval of operations involved in the production and handling of a liquid fertilizer product with a nitrogen analysis greater than 3 percent. The contract with the only client concerned has been cancelled, effective date November, 2014. IMO’s QMH document has been revised (IMO I 3.2.2) and training, approval and supervision requirements have been clarified for each scheme/scope (IMO I 3.2.16). The NOP Annual Program Review will follow up on the correct implementation of the staff approval procedure. Copies *Annex 2 Training confirmation on Audit results; Annex 11 Update training of department leaders on staff approval procedure; IMO I 3.2.2 G-e IMO In-house Training; IMO I 3.2.16 Competencies personnel; and Cancellation letter IMO client* were provided to the NOP for review.

**NP4258LCA.NC13 – Accepted.** 7 CFR §205.501(a)(21) states that a certifying agent must... “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” PM 11-4 Evaluation of Materials Used in Organic Crop, Livestock, and Handling Operations, indicates, “Organic producers and handlers must provide a complete list of substances used in production and handling in their Organic System Plan (OSP).”

*Comments: The review of IMO’s policy for approval of pesticides (Policy No. 11 G-e Approval of Inputs) disclosed the following: When information about the inert ingredients in the pesticide is not disclosed by the input manufacturer, IMO is accepting in lieu of full disclosure, an affidavit (IMO I 4.4.14 G-e Declaration inert ingredients NOP) or self-declaration from the*

*manufacturer attesting to the fact that the” pesticide only contains the inert ingredients listed on EPA List 4 minus the revoked inerts.”*

**Corrective Action:** Relevant changes in the corresponding policy for input approval were drafted and the document will be available after the next Change Management update in May 2015. Staff members received training on the requirement in January 2015, and inspectors received training in March 2015. All NOP clients will be informed on the changed procedure via client newsletter by April 2015. The NOP Annual Program Review will verify implementation of this requirement. Copies of *Annex 2 Training confirmation on Audit results; Annex 12 DRAFT Policy 11 G-e Approval of Inputs* and *DRAFT Policy 11 G-e; Annex I Approval of Inputs* were provided to the NOP for review.

## GENERAL INFORMATION

<b>Applicant Name:</b>	Institute for Marketecology (IMO) Switzerland
<b>Physical Address:</b>	West STR 51, Ch-8570 Weinfelden, Switzerland
<b>Mailing Address:</b>	Same as Physical Address
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<b>Phone Number:</b>	0041 071 626 0 892
<b>Auditor(s):</b>	Lars Crail, Corrective Action Review Auditor; Mike Lopez and Meg Kuhn, Onsite Auditor(s).
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	November 18 – 22, 2013
<b>Audit Identifier:</b>	NP2260AKA
<b>Action Required:</b>	None
<b>Audit Type:</b>	Corrective Action Review Audit
<b>Audit Objective:</b>	To evaluate the corrective actions submitted by the certifier in response to the noncompliances identified during the Accreditation Renewal Assessment.
<b>Audit Criteria:</b>	7 CFR Part 205, National Organic Program; dated December 21, 2000; as amended.
<b>Audit Scope:</b>	IMO's submitted corrective action plan, in response to the Notice of Noncompliance issued on February 11, 2013.
<b>Location(s) Audited:</b>	Not Applicable.

The Institute for Marketecology (IMO) Accreditation Renewal Assessment commenced on September 18, 2012 with a witness inspection of a wild crop operation in Santa Fe, Peru and concluded with the onsite IMO headquarters audit and additional witness inspections conducted October 29 – November 02, 2012 in Weinfelden, Switzerland.

IMO is a department of the Swiss Bio-Foundation, a non-profit foundation aimed to support the development of organic agriculture and consumer education. The IMO main office is located in Weinfelden, Switzerland with a branch office in Germany and sub-offices in Bolivia, Brazil, India, China, Chile, Dominican Republic, Romania, Croatia, Spain, Ecuador, Uganda and Ireland. Only the Bolivia and China offices perform key activities related to NOP. IMO certified operations and the IMO office in Nanjing, China, were assessed on September 24-28, 2012 and the results of which are contained in a separate report (NP2260AKA CN).

IMO was initially accredited by the USDA National Organic Program (NOP) on June 7, 2002 for crop, wild crop, livestock, and handling/processing operations. IMO is also accredited and issues certification for schemes such as Bio Suisse, JAS, and the EU for the EC 834/2007 and 889/2008 Standards.

IMO currently has 707 NOP certified operations worldwide which includes 415 crop, 26 livestock, 28 wild crop, and 264 processor/handling operations. IMO certifies 152 operations as

grower groups. The majority of these are for the scope of crops with some wild crops and livestock (apiaries) as well.

IMO provides NOP certification for clients in 49 countries including Albania, Austria, Belgium, Bolivia, Bosnia, Brazil, Bulgaria, Chile, China, Colombia, Congo, Croatia, Dominican Republic, El Salvador, Ethiopia, France, Georgia, Germany, Ghana, Greece, Guatemala, Haiti, Indonesia, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Mexico, Morocco, Netherlands, Nicaragua, Nigeria, Palestine, Paraguay, Peru, Philippines, Russia, Sierra Leone, South Africa, Spain, Sri Lanka, Suriname, Switzerland, Tanzania, Thailand, Togo, Turkey, Uganda, and the Ukraine.

## **NOP REVIEW DETERMINATION**

### **Prior Assessment Noncompliances**

The NOP determined that two of the three prior assessment noncompliance (NP9180ACA.NC1 and NC2) corrective actions verified during the onsite audit were adequately implemented and effective:

**NP9180ACA.NC1 – Cleared**

**NP9180ACA.NC2 – Cleared**

The NOP determined from the results of the onsite audit that one prior assessment noncompliance (NP9180ACA.NC3) corrective action was not adequately implemented. IMO submitted additional corrective action measures for NOP's review. The NOP determined the measures to be adequate and accepts IMO's submission. NOP auditors will verify the corrective actions for implementation and effectiveness during the next onsite audit.

**NP9180ACA.NC3 - Accepted** - NOP § 205.404 (b) (3) states, "The certifying agent must issue a certificate of organic operation which specifies the: Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation." *Several organic certificates reviewed did not specify the categories of organic operation.* **Corrective Action (2010):** The certificate template has been revised and the relevant certification staff informed. A copy of the revised certificate was submitted for review and included the categories of organic operation. **NOP Verification of Corrective Action (2012):** Three of 16 files reviewed showed that IMO is not consistently issuing NOP certificates that list the category of certification. IMO updated its certificate template after the last on-site assessment, and again in March 2011; however, the new (compliant) template has not been effectively implemented. **Corrective Action (2012):** IMO's material submission for NOP's review included a revised organic certificate template, training slides, proposed certification staff training dates, training confirmations, and IMO's internal staff e-letter with NOP audit results and proposed corrections. Although IMO implemented measures to address the prior noncompliance, NOP auditors found inconsistencies when sampling organic certificates. IMO training focused on identifying and listing the correct organic categories for each operation. All operation certificates will be reviewed and adjusted accordingly beginning June 2013 and concluding after one annual certification cycle. IMO's 2013 annual program review will report on the implementation status of the corrective actions.

## Current Assessment Noncompliances

The NOP reviewed the corrective action materials submitted by IMO and determined that the measures adequately address seven of the eight current assessment noncompliances. The NOP accepts IMO's corrective actions and will verify them for implementation and effectiveness during the next onsite audit.

One noncompliance is withdrawn. IMO submitted evidence to demonstrate that inspection verification activities were conducted adequately.

**NP2260AKA.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." *A handler listed on its OSP a supplier of organic ingredients identified as being certified by an Accredited Certifying Agent (ACA) that is no longer accredited by the NOP. Subsequent investigation during this assessment verified that the applicant is in fact now using another supplier for that ingredient which is certified under an accredited ACA. However, the OSP was evaluated and approved with the erroneous information listed. All information submitted by the applicant must be verified and approval must be granted only if the submitted application appears to comply or may be able to comply with the Act.*

**Corrective Action:** In addition to the IMO staff training materials, confirmations, and notifications provided for NOP review, IMO submitted revised quality manual procedures and reviewer checklists. IMO's efforts are to ensure that new applications, current OSPs, or annual updates are reviewed for compliance prior to conducting initial and annual inspections. IMO implemented the revised review procedures in March 2013 and training of all IMO certification staff will be completed by late 2013. IMO also corrected the specific deficiencies identified by NOP auditors regarding the sampled operations. IMO's 2013 annual program review will report on the implementation status of the corrective actions.

**NP2260AKA.NC2 – Withdrawn** - NOP §205.403(c)(1,2) states, "The on-site inspection of an operation 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..." *At the handler witness inspection, the inspector did not review or verify: sanitation, pest control, and commingling practices including materials used, as applicable, or the corrective actions from the previous on-site inspection. Regarding recordkeeping, the inspector did not conduct a traceability exercise to test the audit trail to ensure it meets the definition per the organic regulations.* **Rebuttal:** NOP issued this noncompliance as a result of a handler witness inspection. According to IMO, the inspection was at a large and complex operation processing multi-ingredient products certified to multiple organic standards (e.g. NOP, EU, Bio Suisse). Additionally, the inspection was not conducted in English. IMO submitted for NOP's review the operation's inspection report confirming that the inspector verified sanitation, pest control, controls to prevent commingling, and prior noncompliances. The inspection report included audit trail verification for several organic ingredients. Nevertheless, IMO submitted

confirmation that the inspector completed additional training. During 2013 and 2014 IMO will provide training to all inspectors emphasizing inspection verification practices. IMO's quality manual was revised to include a new chapter describing the inspection verification of specific NOP practice standards. In the future IMO will provide a dedicated translator for NOP witness inspections and will also instruct inspectors to plan for additional time during inspections. This will allow inspectors to pause and explain verification practices to NOP auditors while the inspection is in progress. IMO's 2013 annual program review will report on the implementation status of the corrective actions.

**NP2260AKA.NC3 – Accepted** - NOP§205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (2) Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart.” *Assessment of IMO's material review program found that there is no documented procedure or formal process for staff – evaluators and/or Certification Officers – to follow when reviewing, evaluating, and approving (or denying) materials for use in livestock and handling operations. For crop operations, IMO has a robust off-farm input material program, which also includes procedures addressing cleaning and sanitizing on-farm; but there is no same/similar program or review of other operational inputs such as livestock medications or vaccines or handling sanitizers, additives, or processing aids. Materials in use are checked against the National List and, as appropriate, non-GMO, irradiation and sewage sludge documentation is obtained and maintained in the client file; but verification that materials in use comply with designated National List annotations is not taken into account, except for winemaking clients. (For winemaking clients, there is a clear requirement in place to review additives, including a checklist for evaluators to demonstrate additives meet the USDA organic regulations.) For example, when reviewing a handler file, it was found that citric acid is being used as an ingredient to a Lime Juice product but there was no information in the file showing the material complied with the corresponding National List annotation; during interviews, it was found the evaluator/inspector and the NOP Program Scheme Deputy Manager were unaware of the annotation requirement in the regulations. **Corrective Action:** IMO clarified in its response to the noncompliance that record evidence regarding the citric acid compliance was in the operation's file, but could not be located on the day of the audit. IMO developed new annexes to the OSPs for operators to list all material inputs. The annexes will be reviewed and approved by IMO certification staff. Implementation of this new materials annex took place beginning June 2013. Training occurred during 2013 for the new procedures and forms. Training confirmations and presentation materials were provided for NOP review. IMO's 2013 annual program review will report on the implementation status of the corrective actions.*

**NP2260AKA.NC4 – 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.” *The following issues were identified during a review of client files:*

- 1) *Review of 6 client files containing approximately 45 labels, both retail and bulk, spanning all claim categories revealed the following issues:*
  - *Retail labels (approximately 15 total) for a client producing spices displayed the IMO seal more prominently than the USDA seal, which is out of compliance with §205.303(a)(5). Specifically, the IMO seal was taller/bigger*

*than the USDA seal.*

- *A bulk label reviewed for an individually quick frozen (IQF) strawberry product displayed the USDA seal on the product box in a green/transparent scheme. Under the USDA organic regulations, transparent USDA seals can be combined only with black ink; alternately, green ink can be used if/when the USDA seal is displayed in the green/white/brown color scheme, per §205.311.*
  - *A bulk label reviewed for bulk coffee did not include a place for the display of the product lot number, as required when applicable under §205.307(b).*
- 2) *A number of certificates reviewed verified IMO allows certification of multiple distinct and separate operations under the scope of one certificate. Further, in these cases, 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.*
  - 3) *IMO is certifying bees under the livestock scope; however, IMO is not requiring the land on which the bees feed to be certified organic. Because the land is not certified organic, the bees are not receiving certified organic feed, which is out of compliance with §205.237 requirements for livestock.*
  - 4) *[China Satellite Office Audit Finding – NP2260ADA CN] IMO issued a certificate that lists two certified operations. IMO failed to comply with §205.401(a) by accepting an application for certification from an operation that did not complete an Organic System Plan. IMO failed to comply with 205.403(a) by not conducting an onsite inspection of a certified operation for which certification was requested. IMO granted certification to an operation when it had not determined that the operation complied with the USDA organic regulations.*

**Corrective Action:** IMO provided objective evidence that label training was conducted and planned for future training sessions. Specific incidents of noncompliant labels were resolved with the operations. Regarding noncompliant certificates of several operations, IMO will no longer issue certificates with the “Mandator” or project owner listed, instead, certificates will list one operation as the certified entity. For the noncompliant bee keeping operations identified, certification staff and operators were informed that bee hive locations and foraging areas must be certified organic. IMO requested a one-year transition period (completed June 2014) to fully implement this requirement. IMO submitted for review several revised procedures and forms that reflect implementation of the requirements. IMO’s 2013 annual program review will report on the implementation status of the corrective actions.

**NP2260AKA.NC5 – Accepted** - NOP §205.501(a)(7) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Have an annual program review of its certification activities conducted by the certifying agent’s staff, an outside auditor, or a consultant who has expertise to conduct such reviews and implement measures to correct any noncompliance’s with the Act and the regulations in this part that are identified in the evaluation.” *There is not an annual program review specific to certification activities for the NOP. Internal audits are performed annually by the Quality Management Department in conjunction with the Scheme Manager with the criteria of ISO 17020 and Guide 65. These*

*internal audits encompass all schemes administered by IMO. Although the scheme of NOP is included in these internal audits and the specific requirements are addressed, not all areas of the program are reviewed annually.* **Corrective Action:** IMO has revised its procedures to allow for an annual review addressing specific USDA organic regulation requirements. An annual review report template was provided for NOP's review.

**NP2260AKA.NC6 – Accepted** - NOP §205.642 states, “The certifying agent may require applicants for certification to pay at the time of application a nonrefundable fee which shall be applied to the applicant’s fee-for-service account. The certifying agent may set the nonrefundable portion of certification fees; however, the non-refundable portion of certification fees must be explained in the fee schedule submitted to the Administrator. The fee schedule must explain what fee amounts are nonrefundable and at what stage during the certification process fees become nonrefundable.” *IMO policy is to charge only fees incurred up to the point of withdrawal, however, this procedure is not listed on the fee schedule.* **Corrective Action:** IMO submitted a revised fee schedule which indicates a refund policy for NOP's review.

**NP2260AKA.NC7 – Accepted** - NOP §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 each response to such notification must be sent to the recipient’s place of business via a delivery service which provides dated return receipts.” *Per interviews with the NOP Program Scheme Deputy Manager, it was found that IMO is not currently meeting this requirement. Notifications are not sent via a delivery service that provides dated return receipts.* **Corrective Action:** As a temporary measure until June 2013, IMO used email delivery and read confirmations. Operations were requested to confirm receipt with a return email response. After June 2013, IMO implemented a registered email delivery system via an electronic service provider. IMO's 2013 annual program review will report on the implementation status of the corrective actions.

**NP2260AKA.NC8 – Accepted** - NOP §205.661(a) states, “A certifying agent may investigate complaints of noncompliance with the Act or regulations of this part concerning production and handling operations certified as organic by the certifying agent. A certifying agent must notify the Program Manager of all compliance proceedings and actions taken pursuant to this part.” *Two client files were requested for review of complaint proceedings. In both instances, it was found that IMO did not notify the NOP of results of the compliance proceedings and actions taken.* **Corrective Action:** IMO provided materials for NOP's review as evidence of additional training and quality manual revisions. NOP will be notified of all complaints and proposed actions by IMO. The revised procedures were immediately implemented. IMO's 2013 annual program review will report on the implementation status of the corrective actions.

**AUDIT INFORMATION**

<b>Applicant Name:</b>	Institute for Marketecology (IMO) Control CN Co Ltd.
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	Room 404, Tianzheng International Plaza, 399 Zhongyang Road, Nanjing City, Jiangsu Province, China
<b>Mailing Address:</b>	Same as Physical Address
<b>Contact &amp; Title:</b>	Ding Wei, Director
<b>E-mail Address:</b>	<a href="mailto:ding@imochina.cn">ding@imochina.cn</a>
<b>Phone Number:</b>	025 8321 2780
<b>Auditor(s):</b>	Lars Crail, Corrective Action Review Auditor
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	September 30, 2013
<b>Audit Identifier:</b>	NP2260AKA CN (China Satellite Office)
<b>Action Required:</b>	None
<b>Audit Type:</b>	Corrective Action Review Audit
<b>Audit Objective:</b>	To evaluate the corrective actions and/or responses submitted by the certifying agent regarding the noncompliances issued on March 21, 2013.
<b>Audit Criteria:</b>	<i>7 CFR Part 205 National Organic Program (NOP)</i> , dated December 21, 2000; as amended.
<b>Audit Scope:</b>	IMO's April 19, 2013 corrective action plan in response to the Notice of Noncompliance issued on March 21, 2013.
<b>Location(s) Audited:</b>	Not Applicable.

As part of the Institute for Marketecology (IMO) Renewal Assessment, a satellite office audit and two witness audits occurred of IMO certification activities in the People's Republic of China (China). IMO Control China Co., Ltd, is a joint venture company established in September 2006 between IMO-CN and Swiss Bio-Foundation. IMO certifies 176 operations to the following scopes: crop (90), wild crop (8), and handling (54). Included in these numbers, IMO certifies 11 grower groups.

## **NOP REVIEW DETERMINATION**

This report provides the reader with NOP's review and determination of noncompliance responses submitted by IMO for those noncompliances identified during the audit of IMO's China satellite office. For a report of the renewal assessment activities conducted during 2012 in Weinfelden, Switzerland, refer to the Corrective Action (CA) Review Audit report NP2260AKA. The noncompliances below are a result of a review of certification records and staff interviews at the IMO Nanjing office. Witness audits were also conducted by NOP auditors on crop and handling operations.

This section summarizes the noncompliances issued to IMO and NOP's determination of the certifier's responses:

### 2010 Assessment Noncompliances

- The corrective actions for five (AIA091910LMC.NC1, NC2, NC4, NC5 and NC6) of the seven noncompliances from the previous NOP Surveillance Assessment (AIA091910LMC) conducted in September 2010 were verified and found to be implemented and effective; therefore, the noncompliances were cleared.
- One noncompliance (AIA091910LMC.NC3) remained outstanding and IMO submitted a corrective action for NOP's review. The corrective action is accepted.
- One noncompliance (AIA091910LMC.NC7) was withdrawn.

### 2012 Assessment Noncompliances

- One audit finding supports a noncompliance identified during the 2012 IMO Switzerland onsite renewal assessment (NP2260AKA.NC4). Refer to the NP2260AKA CA Review Audit report for NOP's determination. This noncompliance was initially identified as NP2260ADA.NC9, but was later removed and the noncompliance evidence was incorporated into NP2260ADA.NC4. NP2260ADA.NC9 does not exist.
- Four new noncompliances (NP2260AKA.NC10 through NC13) were identified during the audit. IMO's corrective actions submitted for NOP's review are accepted.

During the next onsite audit, the NOP will verify the accepted corrective actions for implementation and effectiveness.

The sections below provide detail on the noncompliances issued to IMO and NOP's determination of the certifier's responses:

### **Corrective Action Verification of the 2010 Surveillance Assessment Noncompliances**

**AIA091910LMC.NC1 – Cleared:** NOP § 205.404(b) states, “The certifying agent must issue a certificate of organic operation which specifies the: (3) Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation; and...” *NOP certificates issued by IMO do not indicate the scope of certification on the certificates: crop, wild crop, livestock, or handling.* Additionally, NOP 2603 (Instruction Documents - Organic Certificates), Section 4, states, “NOP organic certificates should be issued in English and specify the statement – “Once certified, a production or handling operation’s organic certification continues in effect until surrendered, suspended or revoked.”” *IMO-issued certificates state, “The certification remains valid until restituted, suspended or revoked.”*

**Corrective Action:** IMO provided an updated certificate template that identifies the scope of certification; the certification also now includes the statement above from NOP 2603 Instruction document. **2012 Verification of Corrective Action:** During the witness audits and office audit, all certificates reviewed indicate the certification scope and include a statement regarding the conditions of certification validity.

**AIA091910LMC.NC2 – Cleared:** NOP § 205.402(a) states, “Upon acceptance of an application for certification, a certifying agent must: (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;” In subpart C, NOP § 205.201 states, “(a) ...An organic production or handling system plan must include: (3) 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;.. (6) Additional information deemed necessary by the certifying agent to evaluate compliance with the regulations.” *The general format of IMO’s OSP templates appears to adequately cover the regulatory elements of NOP § 205.201 and consists of sufficient “check box” options and narrative sections for operations to describe their activities. However, the following deficiencies were identified by the auditors during the witness audits and review of office records:*

- *OSPs are inadequately completed by clients and not identified as deficient by IMO inspectors and reviewers. For example, in one instance, in the “Processing Ratio and Recipes” section of the OSP, an operation listed Jasmine Tea as an ingredient and as the final product (ratio 1:1); however, further questioning of the IMO staff revealed that this ingredient and product consisted of two plant materials: Jasmine flower and tea leaves. Furthermore, this product and the other final products produced by the operation did not list the organic categories (i.e. 100%, Organic, Made with Organic...). Another example of an incomplete description was identified in the “Production Premises” section of the OSP. This certified client had several processing facilities and in the “Location and Function” section, the client described the function, but not the physical location.*

**Corrective Action:** IMO responded to this specific issue with corrective measures while indicating that the operation is a trader only and not a processor of the product. IMO also reiterated established application review processes, including submission of a completed

NOP-checklist to the IMO-Switzerland office showing IMO-China office review of documents for completeness and ability to comply with the NOP regulation. IMO submitted a copy of this checklist, as well as 2 completed versions from the IMO-China office, as objective evidence of system improvement. **2012 Verification of Corrective Action:** The auditors' review of OSPs during the onsite audit revealed that OSPs are completed adequately by operations and provide sufficient description and disclosure of compliance activities.

- *Although there are sections of the OSP that ask the operator to describe the company and its activities, these sections do not allow the operations enough space to provide sufficient detail for reviewers to understand and grasp the extent of the operation's scope of activities, partnerships, and facilities. Corrective Action:* IMO responded with an updated OSP Operator Profile Form that provides expansive space for operator responses. **2012 Verification of Corrective Action:** A new Operator Profile Form was implemented and determined to be adequately completed by operators.
- *The OSP has a section for "Quality Control Measures;" however, in the case of one large processor with several facilities with parallel production, there was mention by the operator of staff training and development of complete quality control procedures, but no mention of an internal audit process. Corrective Action:* IMO provided an updated OSP template of section 10-5.1 that expanded upon the "Quality Control Measures" section of the OSP, specifically adding the statement, "According to NOP an operator must describe the monitoring procedures implemented to guarantee the integrity of organic products. Beside the use of testing and quality assurance programs this may be done through internal audits of your operation facilities." IMO has amended the OSP system as requested. **2012 Verification of Corrective Action:** Internal review programs were in place for the operations observed during the witness audits.

**AIA091910LMC.NC3 – Accepted** – §205.403(c) states that "The on-site inspection of an operation 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;" *During a witness audit of a newly planted tea production site, there was significant soil erosion observed due to rain and a lack of ground cover on this hilly site. The inspector did not question the operator about the erosion during the site visit and the inspector did not mention the erosion as an issue of concern during the exit interview. § 205.203(a) states "the producer must select and implement tillage and cultivation practices that maintain or improve the physical, chemical, and biological condition of soil and minimize soil erosion." The operation's OSP does not mention any steps to prevent erosion.*

*Other NOP auditor observations during the IMO witness audits conducted in 2010:*

- *The inspector failed to identify the lack of OSP descriptions and monitoring to prevent erosion. Corrective Action:* Regarding the lack of erosion discussion cited; IMO indicated that this component of the inspection may have occurred while NOP auditors were not present with the IMO inspector and client, "especially as the plot was very big and auditors were not around the inspection all the time. According to the memory of our inspector, he told the farm director about this problem of erosion." Further, IMO

required the farmer to “identify the risks of erosion, to take adequate measures against erosion, and to update the organic system plan accordingly.” **2012 Verification of Corrective Action:** The crop witness audit was conducted at a different production site and on flat terrain. There was no observed evidence of erosion.

- *The Inspector failed to verify that the operation is obtaining and maintaining current organic ingredient supplier certificates.* **Corrective Action:** IMO notes this inspection was for an operation that has three suppliers, all of which are IMO-certified as part of the certified operation’s integrated supply system, and the certificates for which are provided to the operation directly through IMO. IMO noted that the inspector, familiar with IMO clients and this particular client’s certification structure, was aware that the suppliers were currently certified through IMO and, accordingly, current IMO certificates were available to demonstrate compliance. As such, this information was not requested on-site. However, IMO’s additional response indicated that September 2011 inspector training (for the IMO-China office) would include “review of the OSP” and “verification of information given in the OSP during inspection” (which would include review of suppliers, per §205.201(a)(2)) as topics for review. **2012 Verification of Corrective Action:** OSP review and verification of OSP information topic training occurred as scheduled. During the processing facility witness audit, the inspector reviewed supplier certificates.
- *Inspector failed to verify product recipes.* **Corrective Action:** For system-wide issues, see other notes in this response regarding training planned for September 2011 for NOP inspectors at the IMO-China office. For this specific issue, IMO notes that the operation audited was for handling as a trader only and, as such, did not blend or process products. These activities would be verified at the individual sites conducting processing activities. IMO’s certification system requires the submission of product profiles for applicable operations, which must be verified at the inspection. **2012 Verification of Corrective Action:** Training occurred as scheduled in September 2011. During the processing facility witness audit, the inspector reviewed product recipes and confirmed production batches by conducting mass balance testing.
- *There was no evidence that the inspector conducted a records trace back test for any of the organic products.* **Corrective Action:** IMO acknowledges inspectors working with the China office require further training on audit trail, recordkeeping, and traceability. IMO-Switzerland has planned training with IMO-China inspectors and an IMO-Switzerland inspector experienced with audit trail verification and review. Training is planned for September 2011. **2012 Verification of Corrective Action:** Training occurred as scheduled in September 2011. During the processing facility witness audit, the inspector conducted an adequate ingredient trace-back and review of records.

**2012 Audit Findings:** The following audit findings were identified as supporting evidence that AIA091910LMC.NC3 remains outstanding:

*During the crop witness audit:*

- *The inspector failed to verify a crop rotation plan or implementation of sod, cover cropping, green manure crops and catch crops pursuant to §205.205.*
- *The inspector failed to verify that the operation was using management practices and mechanical means to prevent crop pests pursuant to §205.206 (a) and (b). The operation*

*was using a pyrethrum pesticide material to control aphids and no management practices or mechanical methods were discussed or identified as possible control measures in lieu of using input materials. This was not identified as a concern by the inspector during the exit meeting.*

- *Compost is used as the only fertility input by this operation. During inspection of the composting site, the final compost product was not sufficiently processed. The material was unfinished compost and should be classified as manure. This issue was not identified as a concern by the inspector during the exit meeting.*

**2012 Corrective Actions:** All IMO Chinese inspectors will complete two IMO online training courses consisting of presentations, reading material, and exercises specifically to address the practice standards for crop rotation, pest management, and composting. Regarding the particular findings during the crop witness audit, IMO issued the operation a revised “Summary Assessment” or notice listing noncompliances for §205.205, §205.206 (a) and (b), and §205.203 (c). IMO will verify the operation’s corrective measures during the next onsite inspection. IMO published a newsletter to certified operations with a description of practice standards regarding crop rotation, pest management, and composting. The purpose of the newsletter is to remind, clarify and educate operations about the USDA organic regulations.

**AIA091910LMC.NC4 – Cleared:** NOP § 205.501(a) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (15) Submit to the Administrator a copy of: (i) Any notice of denial of certification issued pursuant to § 205.405, notification of noncompliance, notification of noncompliance correction, notification of proposed suspension or revocation, and notification of suspension or revocation sent pursuant to § 205.662 simultaneously with its issuance...” *There is no record that copies of these documents are submitted to the NOP with the exception of three Notices of Proposed Suspension received by NOP Appeals.* **Corrective Action:** The corrective action response submitted indicates that the IMO-Switzerland accredited office (China is considered a “satellite office” to the IMO-Switzerland office, and does not maintain its own USDA NOP accreditation) has objective evidence (email submission and copies of letters) available to demonstrate the IMO-Switzerland office is following this accreditation requirement for all offices. The three notices sent directly to the NOP Appeals team were for proposed suspensions for non-payment of fees, issued directly by the Chinese office to operators without cc: to the IMO-Switzerland office. The China office has been reminded that only IMO-Switzerland can issue these types of notices to IMO NOP clients. Further, IMO acknowledged the misunderstanding of non-compliance notification requirements, specifically forwarding all notices, including those IMO considers “minor,” to the NOP Appeals team. IMO updated their sanction procedures to indicate NOP compliances – minor or otherwise – are considered above level IV d; those above IV d require cc: notification to the NOP Appeals team. **2012 Verification of Corrective Action:** IMO China office staff indicated that copies of issued noncompliance and adverse action notifications sent to the NOP are the responsibility of IMO Switzerland. NOP auditors conducting the accreditation renewal onsite audit in Switzerland verified that copies of notifications are sent to the NOP as required.

**AIA091910LMC.NC5 – Cleared:** 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.” *The auditors’ review of several notices identified the following discrepancies:*

- *One notice indicated an effective suspension date prior to the notice date.*
- *No mention of the right to request mediation.*
- *One notice did not mention the right to file an appeal.*

**Corrective Action:** IMO provided updated templates for the Notices of Proposed Suspension or Proposed Revocation and Notices of Suspension or Revocation to include §205.662 requirements, specifically: correct suspension effective dates; as well as mediation and appeal notification requirements in the proposed notices. **2012 Verification of Corrective Action:** NOP auditors conducting the accreditation renewal on-site audit in Switzerland verified that the updated templates are used.

**AIA091910LMC.NC6 – Cleared:** NOP § 205.505(a) states, “A private or governmental entity seeking accreditation under this subpart must sign and return a statement of agreement prepared by the Administrator which affirms that, if granted accreditation as a certifying agent under this subpart, the applicant will carry out the provisions of the Act and the regulations in this part, including: (4) Have an annual internal program review conducted of its certification activities by certifying agent staff, an outside auditor, or a consultant who has the expertise to conduct such reviews and implement measures to correct any non-compliances with the Act and the regulations in this part;” *An internal audit is conducted by IMO to satisfy ISO Guide requirements; however, the internal audit report failed to cover NOP certification activities.*

**Corrective Action:** IMO acknowledged the internal audit system set up was devised to comply with ISO 65 accreditation requirements; however, IMO has proposed an update to the “IMO Checklist for Internal Audits” document that shows verification of NOP certification activities to address this finding. An internal audit 3-year plan was also provided showing IMO’s projected internal audit dates. **2012 Verification of Corrective Action:** The IMO China office annual internal audit report was reviewed and determined to satisfy the requirements of the regulation.

**AIA091910LMC.NC7 – Withdrawn:** NOP § 205.670 states, “(d) Results of all analyses and tests performed under this section: (1) Must be promptly provided to the Administrator ...” *Although IMO has a residue sampling regime, analyses and test results are not submitted to the NOP.* **Corrective Action:** IMO acknowledged that the current residue testing system was set up to comply with the EC-regulation thus far and has not been notifying NOP of all tests results, including those with negative results. IMO has notified the NOP in instances of positive residue testing results, confirmed by review of emails to RAM-East Region. IMO provided additional corrective action response documents demonstrating an update to the notification system, now requiring results of all analyses and tests to be communicated to the NOP. Changes to the procedure manual (VA-37 G-e Procedures for handling residue cases in organic products v02) demonstrate this system has been updated. **Withdrawn:** Effective January 1, 2013, an amended § 205.670 was implemented and certifying agents are no longer required to submit test results to the NOP.

**2012 Audit Finding that Supports the 2012 IMO Switzerland Onsite Renewal  
Assessment Noncompliance NP22260ADA.NC4**

**NP22260AKA.NC4** – §205.501(a)(3) states that “Certifying agents must carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406...” *IMO issued a certificate that lists two certified operations. IMO failed to comply with §205.401(a) by accepting an application for certification from an operation that did not complete an Organic System Plan. IMO failed to comply with 205.403(a) by not conducting an onsite inspection of a certified operation for which certification was requested. IMO granted certification to an operation when it had not determined that the operation complied with the USDA organic regulations. 2012 Corrective Actions: Refer to NP22260AKA.NC4 in IMO’s CA Review Audit report for NOP’s determination of IMO’s response.*

**2012 Audit Noncompliances and Corrective Actions**

**NP2260AKA.NC10 – Accepted** – §205.402(a) states that “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;...” *Crop witness audit observations revealed that IMO failed to identify compliance to the crop rotation practice standard (§205.205); failed to identify compliance to the crop pest, weed, and disease management practice standard (§205.206) and failed to identify how the operation was monitoring the effective implementation of the OSP (205.201(a)(3)). Additionally, the handler portion of this operation does not maintain adequate controls to prevent the shipment and sale of nonorganic product as organic. During the handling witness audit, 2011 processed dried Goji berry product was located in cold storage without clear labeling identifying the organic standard: EU, JAS, or NOP. Since the operation’s NOP certification was suspended during 2011, the inventory of stored 2011 harvested product is not certified to USDA organic regulations and cannot be sold, labeled, or represented as such. The Timeline of Events below shows that the operation was suspended between December 2010 to July 2012 and 2011 harvested processed products are ineligible for NOP organic status.*

*Timeline of Events:*

*Nov 2010: The prior certifier proposes suspension due to alleged contaminated product.*

*Dec 2010: The prior certifier suspends both operations.*

*Aug 2011: IMO issued certification to the suspended operations without reinstatement approval and then subsequently retracted the certification.*

*May 2012: NOP grants reinstatement to the operations.*

*July 2012: IMO issues certification to the operations.*

*IMO's system of compliance review failed to identify the above mentioned noncompliances during the processing of the operation's reinstatement request. 2012 Corrective Actions:* IMO revised its review procedure for Organic System Plans (OSP) in order to determine whether the OSPs are complete and the information therein is compliant to USDA organic regulations. IMO conducted training with seven relevant staff members on the revised review procedure.

**NP2260AKA.NC11 – Accepted** – §205.501(a)(13) states that certifiers “Accept the certification decisions made by another certifying agent accredited or accepted by USDA pursuant to §205.500.” *IMO granted certification to two suspended operations that were not approved for reinstatement by the NOP which then allowed the suspended operations to market (i.e. sell, label, and represent) organic products. See Timeline of Events in NP2260ADA.NC10. 2012 Corrective Actions:* IMO revised its review procedure with regard to applications and Organic System Plans (OSP) in order to determine whether an operation is suspended or was reinstated prior to granting certification. IMO conducted training with staff members on the revised review procedure.

**NP2260AKA.NC12 – Accepted** – §205.403(e)(2) states that “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.” *During both the crop and handler witness audits, a copy of the “Summary of Nonconformances/Noncompliances” was provided to the operation; however, a full inspection report is not issued to the operation unless specifically requested. IMO certification procedures indicate that an operation will either receive a copy of the inspection report at the conclusion of the inspection or afterwards. A full inspection report must be provided to the inspected operation. 2012 Corrective Actions:* IMO's response clarified existing procedures which indicate that an inspection report copy is provided to all operations after a certification decision is rendered. IMO conducted an internal review of China based operation files and verified that full inspection reports are provided to operations when issuing certification notifications. IMO conducted certification training for China satellite office staff which covered this topic.

**NP2260AKA.NC13 – Accepted** – §205.404(b)(1) states that “The certifying agent must issue a certificate of organic operation which specifies the: Name and address of the certified operation;..” *The 2011 List of Certified Operations submitted to the NOP by IMO does not correspond to the names listed on issued certificates. 2012 Corrective Actions:* IMO issues certificates in China under the “Project Name,” not the certified operation's name. IMO corrected its database list of operations to indicate an operation name instead of “Project Name” and instructed its Chinese staff of the procedural change.