



CERTIFICATE OF ACCREDITATION



United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

NASAA CERTIFIED ORGANIC

Unit 7/3, Mount Barker Road, Stirling, 5152, AUSTRALIA

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

7 CFR Part 205

as an Accredited Certifying Agent

for the scope of

Crops, Handling, Livestock, Wild Crops Operations

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

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

Certificate No: **USDA-0-20**

Effective Date: **10/11/2017**

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

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Deputy Administrator
National Organic Program

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

GENERAL INFORMATION

- **Certifier Name** NASAA Certified Organic (NCO)
- **Physical Address** Unit 7/3, Mount Barker Road, Stirling, SA 5152, Australia
- **Audit Type** Mid-term Assessment
- **Auditors & Audit Dates** Sherry Aultman, Patricia Bursten; 08/02/2021 - 08/06/2021
- **Audit Identifier** NOP-21-21

CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted a mid-term audit of NASAA Certified Organic (NCO)'s certification activities during the period November 3, 2018 through August 2, 2021. The purpose of the audit is to verify NCO's conformance to the USDA organic regulations. Audit activities included a records audit and interviews with staff. No witness audits were conducted.

NASAA Certified Organic (NCO) is a propriety limited company and is a subsidiary of the National Association for Sustainable Agriculture, Australia (NASAA) that was initially accredited as a USDA certifying agent on October 10, 2017. NCO's office is in Stirling, South Australia. NCO is accredited to the following scopes: Crop, Wild Crop, Livestock, and Handling.

NCO certifies 333 operations to the following scopes: Crops (106), Wild Crop (14), Livestock (78), Handling (148), and 11 grower groups.

Certification services are conducted in Australia, Chile, Taiwan, Myanmar, China, Malaysia, Nepal; Papua New Guinea; Samoa, Solomon Islands, Vanuatu, and Singapore.

Certification activities are performed by 15 staff, including a general manager, a certification manager, an inspection coordinator, an exports coordinator, 5 accreditation and technical officers, 4 certification/review officers, and 2 administrative staff. NCO also contracts with 30 inspectors.

NOP DETERMINATION:

The NOP reviewed the audit results to determine whether NCO's corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the audit.

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Accepted**" indicates acceptance of the corrective actions, and verification of corrective action implementation will be conducted during the next audit.

Noncompliances from Prior Assessments

AIA-4019-20 – Cleared.

AIA-4020 -20 – Cleared.

AIA-4021-20 – Cleared.

AIA-4022-20 – Cleared.

AIA-4023-20 – Cleared.

AIA-4025-20 – Cleared.

AIA-4026-20 – Cleared.

AIA-4028-20 – Cleared.

AIA-4029-20 – Cleared.

AIA-3470-20 - Accepted. (NOP-24-19.NC1) - 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: *NCO does not fully implement the criteria for grower group certification, as required by NOP Policy Memo 11-10 Grower Group Certification. The auditor’s witness audit of a grower group found the following:*

- 1. NCO does not inspect all new entrants to the grower group and is not inspecting all processing locations (DMEs) during annual inspections.*
- 2. NCO’s Grower Group Certification Criteria Section 8.5 states, “The ICS must maintain records of all non-compliances detected in the group including the agreed time for completion of corrective actions. Instances of major noncompliance by a group member must be reported to NCO.” NCO is incorrectly requiring its certified grower groups to report only major noncompliances.*

Corrective Action: NCO updated its procedure Grower Group Certification Criteria to require that an ICS reports all noncompliances to NCO. The procedure also requires that the ICS conducts an inspection of all new entrants to the grower group.

Verification of Corrective Action: The auditors reviewed grower group files and found that NCO is still not fully implementing the criteria for grower group certification, as required by NOP Policy Memo 11-10. The auditors verified that NCO inspected all members of the grower groups and all processing locations during annual inspections; however, NCO did not provide documentation that they are requiring the grower groups to report all identified noncompliances from internal inspections.

2022 Corrective Action: NCO submitted draft revisions to the ICS checklist, which include questions on whether the ICS maintains a noncompliance register, and which require the certified entity to submit the register to NCO. NCO also submitted draft updates to GG OMP section 2.7.1 to further describe the ICS requirement for noncompliance register, including the level of detail that must be provided. NCO emailed a notification to their grower groups, inspectors, and certification officers on August 22, 2022, so they are aware of the requirement for grower groups to submit a noncompliance register and for inspectors to collect this information. NCO’s new requirement for use of the ICS noncompliance register will be fully implemented by October 1, 2022. NCO submitted an excel-format Noncompliance Register template to the NOP. Draft revisions to the ICS checklist and procedures (GG OMP section 2.7.1) that were submitted to the NOP will be finalized by January 1, 2023, and inspectors will use the new checklist beginning in the first quarter of 2023.

AIA-3471-20 - Accepted. (NOP-24-19.NC2) – 7 C.F.R. §205.404(b)(1) – (4) states, “The certifying agent must issue a certificate of organic operation which specifies the: Name and address of the certified operation; Effective date of certification; Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation; NOP-21-21 CA NASAA Certified Organic 9/30/2022

and Name, address, and telephone number of the certifying agent.;"

Comments: *The auditor's review of an organic certificate NCO issued to a grower group found the following issues:*

- 1. The certificate was missing an effective date.*
- 2. The scope listed on the certificate was Processing/Handling even though the operation had applied for Crops and Processing/Handling scopes.*
- 3. "Growing of coconuts" is incorrectly listed as the certified product on the certificate.*

Corrective Action: NCO has made improvements to the electronic system it uses for generating organic certificates. The effective date will now be auto populated onto NCO's organic certificates based on a data field in NCO's eCert system. NCO has also reviewed the data for its operations maintained in its eCert system to ensure that scopes and certified products are accurately listed on its operations' organic certificates. NCO issued the grower group an updated organic certificate that lists the correct scopes and products.

Verification of Corrective Action: The auditors reviewed a grower group organic certificate and found that NCO still does not issue grower groups organic certificates that fully comply with the USDA organic regulations. The auditors found that the certificates now include an effective date as required, and also include the correct scopes. However, the certificate listed "growing of nursery seedlings," which is not correct language for product listings.

2022 Corrective Action: NCO submitted a revised organic certificate for the grower group, which contained the correct language for product listings. NCO also submitted a training agenda for a technical staff meeting, during which NCO discussed requirements for ensuring data quality, particularly with regard to information displayed on the organic certificate. The meeting agenda lists attendees. The training was held during the August 23, 2022 technical meeting.

AIA-4024-20 - Accepted. (NP6318LCA.NC13) – 7 C.F.R. §205.501(a)(1) states, "A private or governmental entity accredited as a certifying agent under this subpart must: have sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the organic certification program established under the Act and the regulations in this part;..."

Comments: *Labels of organic products reviewed by the auditor indicated the following issues:*

- a. The "certified organic by..." statement is not located on the information panel below the information identifying the handler of the product.*
 - b. The NCO logo is displayed more prominently than the USDA seal.*
 - c. The green and white version of the USDA seal includes a black outer circle, instead of a brown outer circle as required by the USDA organic regulations.*
 - d. Ingredients are not identified as "organic" in the ingredient statement of an organic product.*
- 2. An interview with a certified organic operator indicated he did not have access to or possession of a copy of the USDA organic regulations.*
 - 3. Products on a certified operation's certificate issued by NCO classifies repackaged products as "100% organic", however, the supplier certificates are classified as "organic."*

Corrective Action: NCO took the following actions:

1. NCO conducted a compliance review of the NOP labels used by its clients, ending January 2019, and submitted a summary spreadsheet of the results.
2. NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. Previously, the NOP requirements were in a separate manual. NCO submitted a

meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.

3. NCO included instructions for label verification during inspections in its November 2018 NCO inspector communique. NCO also placed special emphasis on NOP label review for 2019 and placed a reminder on the certification whiteboard that “2019 is label verification year.”

Verification of Corrective Action: The auditors reviewed certification files and found that NCO still does not consistently demonstrate sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the NOP organic certification program. The auditors verified that corrective actions for items 1c, 1d 2, and 3 were implemented and effective. However, the auditors verified that corrective actions for items 1a and 1b were not effectively implemented.

1. During their review of labels, auditors verified the following:
 - a. The “certified organic by...” statement was still not located on the information panel below the information identifying the distributor or handler of the product as required.
 - b. The NCO logo was still displayed more prominently than the USDA seal, which is not allowed by the organic regulations.
 - c. The green and white version of the USDA seal was compliant.
 - d. Ingredients were correctly identified as “organic” in the ingredient statements of organic products.
2. The auditors verified that certified organic operations had access to the USDA organic regulations as required.
3. The auditors verified that “Organic” label claims complied with the regulations.

2022 Corrective Action: NCO identified the deficiencies described in parts 1 A and B in a February 2, 2022 notification to the operation, which was also submitted to the NOP. The notice cited 7 C.F.R. §205.303 and required the operator to implement corrective actions immediately, to be verified during the next annual inspection. NCO also developed a label review checklist containing checkpoints for verification of correct placement for the “Certified organic by” statement and prominence of the USDA seal in comparison to the certifier logo. NCO implemented the checklist in September of 2022.

AIA-4027-20 - Accepted. (NOP-92-17.NC2) – 7 C.F.R. §205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation.”

Comments: *NCO is not following the NOP’s noncompliance and adverse action process. The auditor observed the following examples:*

- a) *Notices of noncompliance are not consistently issued before the notice of proposed suspension is issued.*
- b) *A notice of noncompliance was not issued to the operator for the use of a prohibited input.*
- c) *Notices of noncompliance are not consistently issued for late fees.*
- d) *NCO does not have a notice of noncompliance resolution template and does not issue resolution letters.*
- e) *NCO’s contract (Terms and Conditions) with operations does not include accurate*

information about the NOP adverse action process.

Corrective Action: NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. As part of the Certification Manual review, NCO rewrote the NOP Adverse Action Procedure to ensure that all step-wise processes are included in the “Noncompliances and Sanctions” section. NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019. NCO also created and submitted a template Notice of Noncompliance Resolution letter and NCO updated its operator contract to include a link to the USDA Organic Noncompliance and Adverse Action Flow Chart.

Verification of Corrective Action: The auditors reviewed certification files and interviewed NCO staff and found that NCO is still not consistently issuing notifications of noncompliance according to the regulations. The auditors verified that corrective actions for items a, c, and e were effectively implemented. However, the auditors verified that corrective actions for items b and d were not effectively implemented as follows:

- a) NCO correctly issued notices of noncompliance prior to issuing notices of proposed suspension.
- b) NCO still does not consistently issue notices of noncompliance when the operation is found to be noncompliant. The following examples were noted:
 - An operation used a prohibited herbicide, and NCO removed the paddocks from organic certification but did not issue a notice of noncompliance.
 - The NCO inspector recorded multiple recordkeeping issues, but NCO did not issue a notice of noncompliance.
 - A Grower Group had incomplete and inaccurate producer contracts, OSPs and maps. NCO did not issue a notice of noncompliance.
- c) NCO issued notices of noncompliance in a timely manner for late fees and OSP updates.
- d) NCO does not have a notice of noncompliance resolution template and does not consistently issue notices of noncompliance resolution as required by the USDA organic regulations.
- e) NCO’s contract with operations accurately described the NOP adverse action process.

2022 Corrective Actions: NCO submitted an agenda and training plan for an August 23, 2022 training for certification staff. The training addressed noncompliance and adverse action processes, including how to differentiate between minor issues and noncompliances. The training materials were based on **NOP 4002 Enforcement of USDA Organic Regulations, Penalty Matrix**.

Noncompliances Identified during the Current Assessment

AIA-7210-21 - 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: *NCO does not use a delivery service that provides dated return receipts when issuing the notifications listed in §205.660(d).*

Corrective Actions: NCO submitted several emails between NCO staff and their database provider that describe their ongoing attempts to implement a compliant system. NCO submitted copies of email correspondence demonstrating this. The emails shows dialog from February to March and August of 2022.

AIA-7211-21 - Accepted. 7 C.F.R. §205.403(a)(2)(ii) states, “The Administrator or State organic program's governing State official may require that additional inspections be performed by the certifying agent for the purpose of determining compliance with the Act and the regulations in this part.”

Comments: *The auditors’ review of unannounced inspection files and interviews with staff found that NCO does not provide operations with the reason the operation was chosen for the unannounced inspection. This does not meet the requirements of NOP 2609 Unannounced Inspections.*

Corrective Actions: In the recertification letter, the reviewing certification officer will include a statement notifying the client of the reason for the unannounced inspection. The template was updated on August 22, 2022, and certification officers were notified of the update in a technical meeting on August 23. The agenda for the technical meeting, as well as the template language, were submitted to the NOP.

AIA-7215-21 - Accepted. 7 C.F.R. §205.405(a)(1) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. The notification of noncompliance shall provide: a description of each noncompliance.”

Comments: *NCO issued a combined notification of noncompliance and denial for correctable violations. Auditors reviewed a producer’s file and found that NCO issued the combined notice for record keeping violations, which are correctable.*

Corrective Actions: On August 23, 2022, NCO trained staff regarding issuance of noncompliance and adverse actions, including denial of certification. The training was based on the NOP’s Adverse Action Flowchart and also instructed staff regarding the need for accurate citations when issuing noncompliances and adverse actions. The training agenda was submitted to the NOP.

AIA-7217-21 - Accepted. 7 C.F.R. §205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart.”

Comments: *NCO does not demonstrate the ability to fully comply with the requirements for accreditation. NCO’s noncompliance and adverse action process is not in alignment with the USDA organic regulations. The auditor’s review of files and interviews with staff identified the following issues:*

- 1. NCO issues a revocation as the final step after issuing a suspension. This is not consistent with the organic regulations, which allow for certifiers to suspend or revoke an operation’s organic certification, but not to do both.*
- 2. NCO’s Certification Manual’s description of enforcement action omits the possibility that a noncompliance can be issued to certified operations.*
- 3. NCO’s Certification Manual states that proposed suspensions and suspensions can be*

issued to applicants. For applicants, suspension is not an applicable action according to the USDA organic regulations.

4. NCO's Certification Manual states that NCO will not proceed with the adverse action process if an operation, issued a notice of proposed suspension, voluntarily surrenders and addresses the original noncompliances that lead to the notice of proposed suspension. This is not consistent with the regulations, which require the adverse action to proceed unless the operation requests mediation or files an appeal.

Corrective Actions: NCO submitted a revised Certification Manual that describes compliant processes related to issuing notices of noncompliance and adverse action. On August 23, 2022, NCO trained staff regarding the manual updates and the NOP's Adverse Action Flowchart. NCO also instructed staff regarding the need for accurate citations when issuing noncompliances and adverse actions. The training agenda was submitted to the NOP.

AIA-7218-21 - Accepted. 7 C.F.R. §205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

Comments: *NCO does not fully demonstrate the ability to comply with the requirements for accreditation. NCO does not fully implement the criteria for grower group certification, as required by NOP Policy Memo 11-10 Grower Group Certification. The auditors' review of grower group certification files found the following:*

- 1. The organic certificate lists products not produced by the grower group.*
- 2. The Internal Control System (ICS) does not include many of the required elements, such as a description of sanctions, how conflicts of interest are mitigated, details on USDA organic regulation training requirements, a description of shared production practices and inputs, staff job descriptions and qualifications, or clear policies or procedures to verify the group's compliance to the USDA organic regulations.*
- 3. The Grower Group's internal inspection form does not include verification of compliance to the USDA organic regulations.*
- 4. The Grower Group's contract and ICS Manual do not reference the USDA organic regulations.*
- 5. The Grower Group records do not verify that each production unit consistently received an annual internal inspection.*
- 6. The NCO Audit (inspection) Report does not verify the Organic System Plan (OSP).*

Corrective Actions: NCO submitted draft updates to its procedure Grower Group Certification Criteria and Internal Control System Manual, so that these now require that an ICS includes the required elements. The staff were updated and trained on these new requirements at the September 6, 2022 technical meeting. NCO also submitted draft revisions to the Grower Group Checklist, which now references the USDA organic regulations. These updates were also included in the September 6, 2022 training, according to the training agenda NCO submitted to the NOP.

AIA-7219-21 - Accepted. 7 C.F.R. §205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

Comments: *NCO does not consistently demonstrate the ability to fully comply with the requirements for accreditation, including NOP 3012 Interim Instruction Material Review and NOP 5012 Approval of Liquid Fertilizers for Use in Organic Production. The auditors found the following issues related to NCO's material review process:*

- 1. NCO does not have a written protocol regarding the depth and frequency of review of approved input materials as required by NOP 3012.*

2. NCO approves liquid fertilizers with nitrogen analyses greater than 3% without performing annual unannounced inspections or a balance-in/balance-out analysis of all ingredients and finished products as required by NOP 5012.
3. NCO does not require certified operations to provide commercial availability documentation for non-organic yeast ingredients in processed organic products, as required by § 205.605(a).

Corrective Actions: NCO submitted new material review checklists that will help ensure accurate and comprehensive review of ingredients and materials. The checklists will be used be launched during the first quarter of 2023. NCO held a training for their certification technical team on August 23, 2022, to address these issues. NCO sent the NOP the meeting agenda and supplemental reading materials, which include ***NOP 3012 Interim Instruction, Material Review and NOP 5012 Guidance, Approval of Liquid Fertilizers for Use in Organic Products***. NCO also plans to send staff to an IOLA training on NOP certification related to these topics by the end of 2022. NCO submitted email correspondence as evidence of this plan.

AIA-7220-21 - Accepted. 7 C.F.R. §205.403(c)(1) states, “The onsite inspection of an operation must verify: The operation's compliance or capability to comply with the Act and the regulations in this part;”

Comments: NCO’s inspectors do not consistently verify an operation’s compliance with the USDA organic regulations. The auditor’s review of certification files found the following issues:

1. NCO inspectors are not consistently conducting sufficient traceback and mass balance audit activities to determine compliance, and in one case, the inspector did not conduct any mass balance or traceback audits.
2. An inspector identified antibiotics on site at a livestock operation but did not verify usage details or note this as an issue of concern.

Corrective Actions: NCO is in the process of developing industry-specific traceback and mass balance templates, which they will complete by the end of 2022. Staff and inspectors will be notified when the templates are complete. NCO is working with Deacon University on development of these templates, and they submitted notes from meetings held on July 26, August 11, and August 16, 2022, as evidence of this effort. NCO also updated evaluation checklists used by the reviewer to provide feedback on inspection quality. The new checklist includes questions related to the sufficiency of the traceability audits as well as review of inputs. The certification reviewer completes an evaluation for each inspection report. These checklists will be put to use in the fourth quarter of 2022. NCO’s training on August 23 addressed review of materials listed in the Organic System Plan, according to the training agenda NCO submitted to the NOP.

AIA-7221-21 - Accepted. 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §205.402 through 205.406 and §205.670;”

Comments: NCO does not carry out the provisions of the Act and the regulations by consistently verifying the Organic System Plan (OSP) during the initial and final certification review/decision stages. The auditors’ review of certification files found incomplete or inaccurate OSPs and supporting documents. Examples of incomplete and inaccurate OSPs found by the auditors include:

1. One livestock OSP did not provide information on animal feed supplements or health inputs, though the inspection identified both. The products were not reviewed, the OSP was not updated, and the missing information was not listed as an issue of concern.

2. One OSP listed soil fertility micronutrients, but the products were not reviewed for compliance.
3. Two livestock OSPs did not contain dry matter intake calculations. NCO did not request the missing information or identify this as an issue of concern.
4. One livestock OSP stated there was no purchase of animals, but the inspector identified that bulls were purchased. NCO did not request additional information or note this as an issue of concern.
5. One grower group OSP did not contain information on transportation, seeds, crop rotation, or crop storage. NCO did not request the missing information or identify this as an issue of concern.

Corrective Actions: NCO conducted training on August 23 for review staff, which included reminders that the OSP applications and annual updates must be reviewed completely, and missing information must be flagged for follow-up. NCO also trained on a new Initial and Update Review Checklist.

AIA-7222-21 - Accepted. 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

Comments: NCO does not carry out the provisions of the Act and regulations. The auditors’ review of grower group certification files and interviews with NCO staff found the following:

1. NCO did not review and approve new labels after requesting an operation correct noncompliant versions.
2. NCO allowed a client to use seed treated with a prohibited substance.
3. NCO listed products on a certificate as “certified” rather than “100% organic” or “organic” as appropriate.

Corrective Actions: NCO submitted a corrected organic certificate. NCO conducted training on August 23 that addressed labeling requirements, material review, and data quality as it pertains to the organic certificate. The training agenda was submitted to the NOP.

AIA-7223-21 - Accepted. 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

Comments: NCO does not carry out the provisions of the Act and regulations. The auditors’ review of certification files found that NCO does not consistently verify sufficient information to determine the compliance of input materials.

1. NCO did not request or review the full composition of an adjuvant ingredient used in the formulation of a pesticide made on-farm.
2. NCO did not request or review a manufacturing process of an ingredient used in a fish fertilizer product to verify its nonsynthetic status.
3. NCO approved an ingredient in a seed treatment product that is sold in both organic-approved and conventional forms without verifying which version of the ingredient was used.
4. NCO approved the addition of synthetic acid to a multi-ingredient fish fertilizer product where the fish ingredient had already been sufficiently stabilized with synthetic acid.

Corrective Actions: NCO held a training for their certification technical team on August 23, 2022, to address these issues. NCO sent the NOP the meeting agenda and supplemental reading materials.

The training covered ***NOP 3012 Interim Instruction, Material Review and NOP 5012 Guidance, Approval of Liquid Fertilizers for Use in Organic Products.***

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a renewal assessment of NASAA Certified Organic (NCO). An onsite audit was conducted, and the audit report reviewed to determine NCO's capability to continue operating as a USDA accredited certifier. This report provides the results of the renewal assessment and review of NCO's corrective actions.

GENERAL INFORMATION

Applicant Name	NASAA Certified Organic (NCO)
Physical Address	Unit 7/3 Mount Baker Road Stirling, SA 5152, Australia (AU)
Mailing Address	PO Box 768, SA 5152, Australia (AU)
Contact & Title	Frances Porter, Accreditations & Technical Officer
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Phone Number	+61 8 7231 7700
Reviewer(s) & Auditor(s)	Karin French, NOP Reviewer; Rebecca Claypool and Penny Zuck, On-site Auditors.
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	Corrective action review: October 1 – December 11, 2019 NOP assessment review: June 5, 2019 Onsite audit: October 29 – November 2, 2018
Audit Identifier	NOP-92-17
Action Required	None
Audit & Review Type	Renewal Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of [ACA acronym]'s certification system.
Audit & Determination Criteria	<i>7 CFR Part 205, National Organic Program as amended</i>
Audit & Review Scope	NCO's certification services in carrying out the audit criteria during the period: November 7, 2016 – November 2, 2018

NCO is a fully-owned subsidiary of the National Association for Sustainable Agriculture, Australia (NASAA) that was initially accredited as a USDA certifying agent on October 10, 2002. NCO's accreditation scopes are crops, wild crops, livestock, and handling/processing. NCO's office is located in Stirling, South Australia (State), Australia.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether NCO's corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

Non-compliances from Prior Assessments

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Outstanding**” indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

NP6318LCA.NC4 – Cleared.
NP6318LCA.NC6 – Cleared.
NP6318LCA.NC7 – Cleared.
NP6318LCA.NC9 – Cleared.
NP6318LCA.NC10 – Cleared.
NP6318LCA.NC11 – Cleared.
NP6318LCA.NC12 – Cleared.
NP6318LCA.NC15 – Cleared.

NP6318LCA.NC1 – Accepted. 7 C.F.R. §205.501(a)(21) states, “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2603, Organic Certificates, Section 3.1, describes the elements of an organic certificate that should be included.

Comments: *The following issues were identified on NCO issued organic certificates:*

- 1. The certification scopes are not clearly listed as Crops, Wild Crops, Livestock, and Handling/Processing.*
- 2. There is no Anniversary Date stated on certificates.*

Corrective Action: NCO updated the NOP certificate template to include the certification scope and the anniversary date. NCO submitted a copy of the new template.

2018 Verification of Corrective Action: All certificates reviewed by the auditors included anniversary dates. The handler certificates reviewed did not include the scope of certification, and some did not include the labeling category for certified products.

2019 Corrective Action: NCO revised its certificates to identify Crops, Wild Crops, Livestock, or Processing/Handling as the certification scope. NCO submitted example certificates identifying the scopes of livestock, crops, and handling certificates as evidence that the corrective action had been implemented. NCO does not currently certify any operations for wild crops.

NP6318LCA.NC2 – Accepted. 7 C.F.R. §205.501(a)(21) states, “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2027, Personnel Performance Evaluations, Section 3.2(b) states “Field Evaluation (Inspectors only) of Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually.”

Comments: *Inspector field evaluations were not conducted during 2015 and one evaluation has occurred in 2016.*

Corrective Action: NCO contracted with a field evaluator to conduct all 2017 inspector field evaluations. Evaluations will begin in February and end in December of 2017. NCO developed a peer evaluation form and work instruction, and trialed them in 2016. NCO submitted the documents.

2018 Verification of Corrective Action: NCO conducted all but three inspector field evaluations in 2017. NCO contracted with another certifier to conduct some of the evaluations, and the certifier did not fulfill the contract. NCO plans to conduct the remaining three inspector’s field evaluations in 2018. The work instruction and updated peer evaluation form are in use by NCO. NCO is developing a risk-based plan to conduct inspector field evaluations every other year and will submit this to the NOP.

2019 Corrective Action: NCO developed a risk-based plan for conducting field evaluations of inspectors and incorporated the plan in its “System Management Manual” under the Performance Monitoring Section. NCO plans to conduct field evaluations of its inspectors on a rolling basis over a three-year period, with approximately one third evaluated each year. In 2019, NCO also conducted field evaluations of the remaining three inspectors who had not been evaluated in 2017. NCO is working with other USDA-accredited certifiers to share the inspector field review process.

NP6318LCA.NC3 – Accepted. 7 CFR § 205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent ... reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation...”

Comments: *Operations were issued noncompliances for non-NOP organic certification scheme violations; however, when the same violation was applicable to the NOP standard, NCO did not issue NOP noncompliances.*

Corrective Action: NCO developed a new procedure specifically for USDA NOP adverse action to avoid confusion about noncompliances for other standards and the NOP standard. NCO trained staff on the new procedure on December 8, 2016, and submitted training materials.

2018 Verification of Corrective Action: In one file reviewed by the auditor, NCO issued a notice of noncompliance to a handler for a non-NOP organic certification scheme violation; however, even though the violation was applicable to the NOP standard, NCO did not issue a notice of noncompliance for the NOP certification.

2019 Corrective Action: NCO integrated the NOP program requirements, including the NOP adverse action requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. The Certification Manual states on p. 117, “If the client is certified to multiple standards (e.g.

DAWR, JAS and NOP) a letter must be sent for each program, or the letter written in such a manner as to clearly indicate the noncompliance and how it relates to the multiple program requirements.” NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.

NP6318LCA.NC5 – Accepted. 7 C.F.R. §205.501(a)(9) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary...” §205.403(e)(1) states, “At the time of the inspection, the inspector shall provide the operation's authorized representative with a receipt for any samples taken by the inspector.”

Comments: *For the two of three sampling events reviewed by the auditor, NCO does not maintain records showing that operators were provided a receipt.*

Corrective Action: NCO updated their Work Instruction for Inspections and Inspectors version S1.3.1 to include the requirement to leave a receipt with the operator for samples taken during the inspection. NCO informed inspectors of the updated procedure in January 2017. NCO submitted the updated procedure and email communication to inspectors.

2018 Verification of Corrective Action: NCO provides a copy of the sample receipt to operations after the inspection, as indicated in their Work Instruction (S1.3.1). Documents reviewed demonstrate that the operations are signing off on samples taken, but there were no records showing that operators are provided a receipt by the inspector at the time of sampling. Some inspectors use carbon copy receipt books and leave a copy when samples are taken; however, the duplicate copy is not sent to the office to verify a receipt was left by the inspector. During two witness audits, the operator signed off on the sample taken, but a receipt was not left with the operation at the time of sampling.

2019 Corrective Action: NCO revised its producer inspection checklist and processor inspection checklist to require that the inspector attach a photo of the sample receipt issued to the operator. NCO submitted a copy of an email providing inspectors with the new checklist and summarizing the changes, dated January 11, 2019. NCO also submitted a copy of its November 2018 NCO inspector communique, which includes a reminder that inspectors must give operators a receipt when they take samples.

NP6318LCA.NC8 – Accepted. 7 C.F.R. §205.405(a) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification.”

Comments: *NCO issued a Denial of Certification without following the adverse action process.*

Corrective Action: NCO developed a new Adverse Action Procedure which outlines the steps to issuing a denial of certification to applicants. NCO trained their staff on the change December 8, 2016, and submitted the new procedure.

2018 Verification of Corrective Action: NCO did not follow the correct adverse action process when denying certification to an applicant in 2018. NCO issued a denial of certification to the operation (that had not made false statements) instead of either a combined notice of noncompliance and denial of certification or a notice of noncompliance followed by a denial of certification.

2019 Corrective Action: NCO integrated the NOP program requirements, including the NOP adverse action requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. The revised certification manual includes the conditions under which NCO shall issue a combined notice of noncompliance and denial of certification. NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.

NP6318LCA.NC13 – Accepted. 7 C.F.R. §205.501(a)(1) states, “A private or governmental entity accredited as a certifying agent under this subpart must: have sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the organic certification program established under the Act and the regulations in this part;...”

Comments:

1. *Labels of organic products reviewed by the auditor indicated the following issues:*
 - a. *The “certified organic by...” statement is not located on the information panel below the information identifying the handler of the product.*
 - b. *The NCO logo is displayed more prominently than the USDA seal.*
 - c. *The green and white version of the USDA seal includes a black outer circle, instead of a brown outer circle as required by the USDA organic regulations.*
 - d. *Ingredients are not identified as “organic” in the ingredient statement of an organic product.*
2. *An interview with a certified organic operator indicated he did not have access to or possession of a copy of the USDA organic regulations.*
3. *Products on a certified operation’s certificate issued by NCO classifies repackaged products as “100% organic”, however, the supplier certificates are classified as “organic.”*

Corrective Action:

1. NCO communicated with the operation regarding the noncompliant label, and are in the process of receiving an updated label from the operation. NCO trained all staff at the December 8, 2016 training on label review using the NOP link to the Organic Labeling Training Module. NCO submitted the training power point.
2. NCO trained their inspectors to show operators where the NOP regulations can be found in the USDA website. NCO also sent out the link to the NOP regulations to all operations in the December 2016 Technical Communique. NCO re-trained certification staff that a 100% Organic listing on an operator’s certificate must be

supported by a 100% Organic listing on supplier certificates. NCO conducted the training on December 8, 2016. NCO submitted the power point training.

2018 Verification of Corrective Action:

1. In a review of labels, the auditors verified that the NCO logo and USDA seal were displayed in a compliant manner, but found that NCO had reviewed and approved product labels that are non-compliant in the following manner:
 - a. Labels did not include the required “certified organic by...” statement or did not place the “certified organic by...” statement below the information identifying the handler or distributor of the product.
 - b. Ingredients are not identified as “organic” in the ingredient statement of an organic product.
 - c. A "Made with organic (specified ingredients or food group(s))" label for organic wine includes the statement “made with 100% organic grapes” on the principal display panel.
2. Through interviews with operators during witness audits, the auditors verified that NCO operations have access to or have in their possession a copy of the USDA organic regulations.
3. The auditors verified that NCO is issuing certificates for 100% organic products when the suppliers certificates verify all products or ingredients are 100% organic.

2019 Corrective Action: NCO took the following actions:

1. NCO conducted a compliance review of the NOP labels used by its clients, ending January 2019, and submitted a summary spreadsheet of the results.
2. NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. Previously, the NOP requirements were in a separate manual. NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.
3. NCO included instructions for label verification during inspections in its November 2018 NCO inspector communiqué. NCO also placed special emphasis on NOP label review for 2019 and placed a reminder on the certification whiteboard that “2019 is label verification year.”

NP6318LCA.NC14 – Accepted. 7 C.F.R. §205.662(c)(1-4) states, “When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance....The notification of proposed suspension or revocation of certification shall state: The reasons for the proposed suspension or revocation; The proposed effective date of such suspension or revocation; The impact of a suspension or revocation on future eligibility for certification; and The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681.”

Comments: *NCO's templates for Notice of Proposed Suspension and Notice of Proposed Revocation give the operation the option to resolve outstanding issues (noncompliances). The only two options allowed by the USDA organic regulations at the stage of proposed adverse action are for the operator to request mediation or file an appeal.*

Corrective Action: NCO updated the templates for the Notice of Proposed Suspension and the Notice of Proposed Revocation to not include the option of resolving noncompliances. NCO submitted copies of the templates.

2018 Verification of Corrective Action: During the review of issued notices of proposed suspension, the option to resolve noncompliances was included in the notices. NCO's templates for notice of proposed suspension/revocation also include the option to correct the noncompliance.

Additionally, the adverse action letters and templates do not include the impact of suspension or revocation on the future eligibility of certification.

2019 Corrective Action: NCO took the following actions:

1. The NCO Certification Manager conducted a review of all NOP Template Letters for compliance to Adverse Action requirements in March 2019. NCO submitted updated templates for the Notice of Proposed Suspension and Notice of Proposed Revocation, which are also loaded into ECERT for use by NCO staff.
2. NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. As part of the Certification Manual review, NCO rewrote the NOP Adverse Action Procedure to ensure that all step-wise processes are included in the "Noncompliances and Sanctions" section. NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.

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-92-17.NC1 – Accepted. 7 C.F.R. §205.403(d) states, "The inspector must conduct an exit interview with an authorized representative of the operation who is knowledgeable about the inspected operation to confirm the accuracy and completeness of inspection observations and information gathered during the on-site inspection. The inspector must also address the need for any additional information as well as any issues of concern."

Comments: *NCO inspectors are not including the required information in inspection exit interviews.*

- a) *During a witness audit the inspector did not include all issues of concern and additional information needed in the exit interview.*
- b) *NCO's inspection report exit interview form includes an area for inspectors to list noncompliances rather than issues of concern.*

Corrective Action: NCO updated the cover page of its inspection checklists (visit confirmation and exit interview) to remove the prompt for inspectors to grade compliance issues as “major or minor,” and to make it clear to inspectors that issues should not be recorded as noncompliances. NCO submitted a copy of the email providing inspectors with the new checklist and summarizing the changes, dated January 11, 2019. NCO will update its quality system to include an Inspector’s Manual, which NCO intends to finalize in January 2020.

NOP-92-17.NC2 – Accepted. 7 C.F.R. §205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation.”

Comments: *NCO is not following the NOP's noncompliance and adverse action process. The auditor observed the following examples:*

- a) *Notices of noncompliance are not consistently issued before the notice of proposed suspension is issued.*
- b) *A notice of noncompliance was not issued to the operator for the use of a prohibited input.*
- c) *Notices of noncompliance are not consistently issued for late fees.*
- d) *NCO does not have a notice of noncompliance resolution template and does not issue resolution letters.*
- e) *NCO's contract (Terms and Conditions) with operations does not include accurate information about the NOP adverse action process.*

Corrective Action: NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. As part of the Certification Manual review, NCO rewrote the NOP Adverse Action Procedure to ensure that all step-wise processes are included in the “Noncompliances and Sanctions” section. NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019. NCO also created and submitted a template Notice of Noncompliance Resolution letter and NCO updated its operator contract to include a link to the USDA Organic Noncompliance and Adverse Action Flow Chart.

NOP-92-17.NC3 – Accepted. 7 C.F.R. §205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart;”

Comments: *NCO's livestock inspection report does not instruct inspectors to verify that ruminant livestock are receiving 30% DMI from pasture during the grazing season. During a*

witness audit, the pasture requirement was discussed but feed records were not reviewed to calculate the amount of dry matter consumed from pasture to verify compliance.

Corrective Action: NCO clarified that organic livestock operations in Australia are expected to range freely on pasture all year, and therefore could be expected to receive at least 30% DMI from pasture over 120 days. NCO does not currently certify livestock operations outside of Australia. NCO submitted a copy of its “NOP Addon Checklist” amended to include verification points for the 30% DMI requirement and feed records. NCO certification officers were trained on livestock feed calculations for certification officers on September 7, 2018, and inspectors were trained on livestock materials and DMI calculations on October 25, 2019; NCO submitted the corresponding training records as evidence.

NOP-92-17.NC4 – 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 website provides instructions and the terms of international trade arrangements.

Comments: *NCO’s Certification Manual procedures for exporting product to Canada do not include the terms of the Canadian international arrangement.*

Corrective Action: NCO integrated the NOP program requirements, including the NOP labeling requirements, into a single source document (Certification Manual) that records procedures and work instructions for all programs under which NCO is a certification body. The revised manual refers to the requirements of the US-Canada Organic Equivalency Arrangement in the sections “Program Scope & Additional Program Requirements,” and “Export and Issuing of Export Documentation.” NCO submitted a meeting agenda to demonstrate that the Certification Manual was finalized and discussed at a technical meeting on April 12, 2019. NCO submitted a copy of an email to demonstrate that NCO notified its certification staff of, and provided access to, the completed certification manual on April 24, 2019.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

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

GENERAL INFORMATION

Applicant Name	NASAA Certified Organic (NCO)
Physical Address	Unit 7/3 Mount Baker Road Stirling, SA 5152, Australia (AU)
Mailing Address	Unit 7/3 Mount Baker Road Stirling, SA 5152, Australia (AU)
Contact & Title	Mr. Sachin Ayachit, Certification Manager
E-mail Address	sachin.ayachit@nasaa.com.au
Phone Number	+61 8 8370 8455
Reviewers & Auditors	Rebecca Claypool and Graham Davis, NOP Reviewers; Lars Crail and Penny Zuck, On-site Auditors.
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	Corrective action review: January 26, 2017 NOP assessment review: December 5, 2016 Onsite audit: November 7 – 16, 2016
Audit Identifier	NP6318LCA
Action Required	None
Audit & Review Type	Mid-Term Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of NCO's certification
Audit & Determination Criteria	7 CFR Part 205, National Organic Program as amended
Audit & Review Scope	NCO's certification services in carrying out the audit criteria during the period: October 24, 2014 through November 7, 2016

NCO is a fully-owned subsidiary of the National Association for Sustainable Agriculture, Australia (NASAA) and was initially accredited as a USDA certifying agent on October 10, 2002. NCO's accreditation scopes are crops, wild crops, livestock, and handling/processing. Their current accreditation period will expire on October 10, 2017. NCO's office is located in Stirling, South Australia (State), Australia.

NOP DETERMINATION:

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

Noncompliances from Prior Assessments

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Outstanding**" indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as "**Accepted**" indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

NP0291EEA.NC3 – Cleared.

NP4135ZZA.NC1 – Cleared.

NP4135ZZA.NC2 – Cleared.

Noncompliances 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.

NP6318LCA.NC1 – Accepted. 7 C.F.R. §205.501(a)(21) states, "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2603, Organic Certificates, Section 3.1, describes the elements of an organic certificate that should be included.

Comments: *The following issues were identified on NCO issued organic certificates:*

1. *The certification scopes are not clearly listed as Crops, Wild Crops, Livestock, and Handling/Processing.*
2. *There is no Anniversary Date stated on certificates.*

2017 Corrective Action: NCO updated the NOP certificate template to include the certification scope and the anniversary date. NCO submitted a copy of the new template.

NP6318LCA.NC2 – Accepted. 7 C.F.R. §205.501(a)(21) states, "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2027, Personnel Performance Evaluations, Section 3.2(b) states "Field Evaluation (Inspectors only) of Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually."

Comments: *Inspector field evaluations were not conducted during 2015 and one evaluation has occurred in 2016.*

2017 Corrective Action: NCO contracted with a field evaluator to conduct all 2017 inspector field evaluations. Evaluations will begin in February and end in December of 2017. NCO

developed a peer evaluation form and work instruction, and trialed them in 2016. NCO submitted the documents.

NP6318LCA.NC3 – Accepted. 7 CFR § 205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent ... reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation...”

Comments: *Operations were issued noncompliances for non-NOP organic certification scheme violations; however, when the same violation was applicable to the NOP standard, NCO did not issue NOP noncompliances.*

2017 Corrective Action: NCO developed a new procedure specifically for USDA NOP adverse action to avoid confusion about noncompliances for other standards and the NOP standard. NCO trained staff on the new procedure on December 8, 2016, and submitted training materials.

NP6318LCA.NC4 – Accepted. 7 CFR § 205.662(e)(1-2) states, “If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent ... shall send the certified operation a written notification of suspension or revocation.”

Comments: *NCO has suspended or canceled certification for NOP operations without following the noncompliance and adverse action process. When these operations were decertified to non-NOP organic certification schemes, their NOP certification was automatically dropped.*

2017 Corrective Action: NCO developed a new adverse action procedure for NOP operations that includes a stepwise procedure to address noncompliances at different stages of certification. NCO trained certification staff, and submitted the Adverse Action Procedure.

NP6318LCA.NC5 – Accepted. 7 C.F.R. §205.501(a)(9) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary...” §205.403(e)(1) states, “At the time of the inspection, the inspector shall provide the operation's authorized representative with a receipt for any samples taken by the inspector.”

Comments: *For the two of three sampling events reviewed by the auditor, NCO does not maintain records showing that operators were provided a receipt.*

2017 Corrective Action: NCO updated their Work Instruction for Inspections and Inspectors version S1.3.1 to include the requirement to leave a receipt with the operator for samples taken during the inspection. NCO informed inspectors of the updated procedure in January 2017. NCO submitted the updated procedure and email communication to inspectors.

NP6318LCA.NC6 – Accepted. 7 C.F.R. §205.501(a)(21) 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; Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2025, Internal Program Review, Section 3.1, states, “Internal program reviews are conducted by personnel different from those who perform certification activities.”

Comments: *NCO's 2015 internal review was conducted by an individual that conducts NOP certification inspections for NCO.*

2017 Corrective Action: NCO contracted with an unaffiliated independent auditor to conduct the 2016 internal review, which was completed in December 2016.

NP6318LCA.NC7 – Accepted. 7 C.F.R. § 205.403(e)(2) states, “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.”

Comments: *For two of three residue testing events reviewed by the auditor, there was no record showing that the test results were sent to the operators.*

2017 Corrective Action: NCO updated the S1.4.2 Processing Incoming Test Results procedure to include the requirement of sending the test results to the operator, and recording the communication in NCO's database. NCO submitted the updated procedure, and staff will be trained on the change in March of 2017.

NP6318LCA.NC8 – Accepted. 7 C.F.R. §205.405(a) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification.”

Comments: *NCO issued a Denial of Certification without following the adverse action process.*

2017 Corrective Action: NCO developed a new Adverse Action Procedure which outlines the steps to issuing a denial of certification to applicants. NCO trained their staff on the change December 8, 2016, and submitted the new procedure.

NP6318LCA.NC9 – Accepted. 7 C.F.R. §205.501(a)(9) states, “A private or governmental entity accredited as a certifying agent under this subpart must: ... Maintain all records pursuant to §205.510(b) and make all such records available for inspection and copying during normal business hours by authorized representatives of the Secretary...”

Comments: *NCO personnel had difficulties locating records requested by the auditors that could demonstrate compliance or provide evidence of conducted certification activities:*

- 1. NCO could not locate documents of a grower group that would demonstrate whether handling practices were conducted at a certified organic facility.*
- 2. Staff correspondence with operations are not consistently maintained as records in NCO's server for access by certification staff.*

2017 Corrective Action: NCO is transitioning to a new server that will house a new database where all correspondence with operations is maintained. The transition will occur in the first half of 2017. NCO is developing policies and procedure on a recordkeeping system for certification files, communications and noncompliances, and NCO will conduct an internal review to ensure protocols are being followed. NCO plans to have the new procedures in place by June 2017.

NP6318LCA.NC10 – 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: *NCO is allowing certified operations to contract with non-certified operations to handle organic product.*

2017 Corrective Action: NCO will identify the operations where non-certified operations are handling organic product, and send a notification to the certified operations. The notification will give the certified operations 12 months to transition to certified facilities, have the non-certified operation obtain their own certification, or surrender their organic certification. NCO’s database identifies the non-certified facilities as “sublicenses” of the certified operations. NCO will track the certified operations’ progress during their annual inspection, and “sublicenses” applying for certification will be tracked in the NCO database. NCO also plans to conduct unannounced inspections at a sampling of these operations over the following certification cycle to evaluate compliance.

NP6318LCA.NC11 – Accepted. 7 C.F.R. §205.501(a)(11)(iii) states, “Prevent conflicts of interest by: Not permitting any employee, inspector, contractor, or other personnel to accept payment, gifts, or favors of any kind, other than prescribed fees, from any business inspected: Except, That, a certifying agent that is a not-for-profit organization with an Internal Revenue Code tax exemption or, in the case of a foreign certifying agent, a comparable recognition of not-for-profit status from its government, may accept voluntary labor from certified operations;...”

Comments: *NCO’s conflict of interest form for certification personnel including inspectors does not state that accepting gifts or favors are prohibited.*

2017 Corrective Action: NCO updated their Conflict of Interest declaration form to note that gifts and favors are prohibited. NCO trained staff on the update at the January 2017 training. NCO submitted the updated Conflict of Interest declaration form.

NP6318LCA.NC12 – Accepted. 7 C.F.R. §205.403(c)(2) states, “The on-site inspection of an operation must verify: That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation;...”

Comments: *During the witness audit of a crop and livestock operation and a review audit of a handling operation, the following issues were identified by the auditor:*

1. *NCO’s system of requiring operations to complete an organic system plan (OSP) upon initial application and an annual update form during subsequent years does not facilitate the verification process. The current system of maintaining an accurate and current OSP is cumbersome and subject to verification error due to the multiple documents (annual updates, attached schedules, maps, flow charts, etc...) that comprise the OSP and potential changes to the OSP during the period of certification.*
2. *Mass balance audit activities were not completed adequately to determine compliance.*

3. *Inspectors are using the inspection report template as a reference and basis to conduct inspection activities rather than utilizing a current OSP including the annual update(s).*
4. *Product labels used by an operation were not submitted to NCO for review and approval and were not obtained or verified by the inspector during the inspection, nor identified as an issue of concern.*

2017 Corrective Action:

1. NCO updated S1.3.1 Work Instruction for Inspections and Inspectors to include the requirement that Organic Management Plans and updates are sent to the inspector prior to inspection, so the inspector has the most up to date paperwork to conduct the inspection.
2. NCO developed a training on conducting mass balance audits during inspections. NCO updated the Processor Checklist Guidance (F4.07G) and Producer Checklist Guidance (F4.02G) to include sample audit questions and NCO submitted these documents.
3. NCO updated S1.3.1 Work Instruction for Inspections and Inspectors to include the requirement that Organic Management Plans and updates are sent to the inspector prior to inspection. Inspectors will be notified of the requirement to verify compliance against the Organic System Plan during inspections. Inspector training occurred at the end of February 2017.
4. NCO notified certified operations in their December 2016 Technical Bulletin that organic labels must be submitted for approval. Inspectors were trained to include label review during inspections at the February 2017 training.

NP6318LCA.NC13 - Accepted. 7 C.F.R. §205.501(a)(1) states, “A private or governmental entity accredited as a certifying agent under this subpart must: have sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the organic certification program established under the Act and the regulations in this part;...”

Comments:

1. *Labels of organic products reviewed by the auditor indicated the following issues:*
 - a. *The “certified organic by...” statement is not located on the information panel below the information identifying the handler of the product.*
 - b. *The NCO logo is displayed more prominently than the USDA seal.*
 - c. *The green and white version of the USDA seal includes a black outer circle, instead of a brown outer circle as required by the USDA organic regulations.*
 - d. *Ingredients are not identified as “organic” in the ingredient statement of an organic product.*
2. *An interview with a certified organic operator indicated he did not have access to or possession of a copy of the USDA organic regulations.*
3. *Products on a certified operation’s certificate issued by NCO classifies repackaged products as “100% organic”, however, the supplier certificates are classified as “organic.”*

2017 Corrective Action:

1. NCO communicated with the operation regarding the noncompliant label, and are in the process of receiving an updated label from the operation. NCO trained all staff at the December 8, 2016 training on label review using the NOP link to the Organic Labeling Training Module. NCO submitted the training power point.
2. NCO trained their inspectors to show operators where the NOP regulations can be found in the USDA website. NCO also sent out the link to the NOP regulations to all operations in the December 2016 Technical Communique.
3. NCO re-trained certification staff that a 100% Organic listing on an operator's certificate must be supported by a 100% Organic listing on supplier certificates. NCO conducted the training on December 8, 2016. NCO submitted the power point training.

NP6318LCA.NC14 – Accepted. 7 C.F.R. §205.662(c)(1-4) states, “When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance....The notification of proposed suspension or revocation of certification shall state: The reasons for the proposed suspension or revocation; The proposed effective date of such suspension or revocation; The impact of a suspension or revocation on future eligibility for certification; and The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681.”

Comments: *NCO's templates for Notice of Proposed Suspension and Notice of Proposed Revocation give the operation the option to resolve outstanding issues (noncompliances). The only two options allowed by the USDA organic regulations at the stage of proposed adverse action are for the operator to request mediation or file an appeal.*

2017 Corrective Action: NCO updated the templates for the Notice of Proposed Suspension and the Notice of Proposed Revocation to not include the option of resolving noncompliances. NCO submitted copies of the templates.

NP6318LCA.NC15 – Accepted. 7 C.F.R. § 205.501(a)(21) 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; Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” The NOP website provides instructions and the terms of international trade arrangements. The 2016 Certifier Training Presentation, International Trade Arrangements, pp 31-33, instructs certifiers what must be verified.

Comments: *The auditor's review and assessment of the NCO organic system templates revealed that there is no instruction to the operator to disclose whether they export or import ingredients and/or products; or intend to do so. Likewise, the NCO inspection report template does not require inspectors to record verification of compliance for imported and exported ingredients and/or products under established trade arrangements (e.g. Equivalency, Recognition, Export, etc...)”*

2017 Corrective Action: NCO updated the organic system plan (OSP) templates to include questions regarding if products/ingredients are imported or exported. The inspection checklists were also updated to include questions for inspectors to verify import and export documents. The staff was trained on the changes in December, 2016 and the inspectors will be trained prior to April 30, 2017. NCO will submit the updated OSP templates when completed.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) received the National Association for Sustainable Agriculture, Australia (NASAA) Certified Organic (NCO) accreditation renewal application to remain a U.S. Department of Agriculture (USDA) accredited certifier on March 27, 2014. The NOP has reviewed NCO's application, conducted an onsite audit, and reviewed the audit report to determine NCO's capability to operate as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	NASAA Certified Organic (NCO)
Physical Address	Unit 7/3 Mount Barker Road, Stirling, SA 5152 Australia
Mailing Address	Unit 7/3 Mount Barker Road, Stirling, SA 5152 Australia
Contact & Title	Sachin Ayachit, Certification Manager Gita du Plessis, Quality Systems Officer
E-mail Address	Sachin.Ayachit@nasaa.com.au Gita.duPlessis@nasaa.com.au
Phone Number	61 8 8370 8455
Reviewer(s) & Auditor(s)	Penny Zuck, NOP Reviewer; Corey Gilbert, On-site Auditor.
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	Corrective Action review: June 9, 2015 NOP assessment review: February 5, 2015 Onsite audit: May 15-23, 2014
Audit Identifier	NP4135ZZA
Action Required	None
Audit & Review Type	Renewal Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of NCO's certification
Audit & Determination Criteria	7 CFR Part 205, <i>National Organic Program as amended</i>
Audit & Review Scope	NCO's certification services in carrying out the audit criteria during the period: October 18, 2010 through October 23, 2014.

NCO is a fully-owned subsidiary of NASAA and provides independent certification services. NCO was initially accredited as a USDA National Organic Program (NOP) certifier on October 10, 2002 for crops, wild crops, livestock, and handling. NCO currently certifies 66 operations to the USDA regulations with 33 crop, 0 wild crop, 18 livestock, 35 handling, and 11 grower groups (crop and handling) with numerous operations being certified for multiple categories. A majority of NCO certified operations are located in Australia, with others located in Malaysia,

Nepal, Papua New Guinea, Samoa, and the Solomon Islands. All certification activities are carried out by personnel in the Stirling, South Australia office.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether NCO's corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from accreditation renewal assessment.

Non-compliances from Prior Assessments and Since the Prior Assessment

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Outstanding**” indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

NP0291EEA.NC1 – Cleared

NP0291EEA.NC2 – Cleared

NP0291EEA.NC4 – Cleared

NP0291EEA.NC5 – Cleared

NP0291EEA.NC6 – Cleared

NP0291EEA.NC7 – Cleared

NP0291EEA.NC8 – Cleared

NP0291EEA.NC9 – Cleared

NP0291EEA.NC3 – Accepted – 7 CFR §205.662 states, “(b) *Resolution*. When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent or the State organic program's governing State official, as applicable, shall send the certified operation a written notification of noncompliance resolution. (c) *Proposed suspension or revocation*. When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance. When correction of a noncompliance is not possible, the notification of noncompliance and the proposed suspension or revocation of certification may be combined in one notification. (e) *Suspension or revocation*. (1) If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of suspension or revocation (2) A certifying agent or State organic program's governing State official must not send a notification of suspension or revocation to a certified operation that has requested mediation pursuant to §205.663 or filed an appeal pursuant to §205.681, while final resolution of either is pending.” NOP § 205.501(a)(15)(i) requires that a private entity accredited as a certifying agent must submit to the Administrator a copy of any notice of denial of

certification, notification of noncompliance, and notice of noncompliance resolution sent pursuant to §205.662 simultaneously with its issuance.

Comments: *Six of the nine files reviewed contained Notices of Non-compliance to the certified operations. Also, eleven Notices of Noncompliance and one Notice of Suspension were recorded in the files. However, there were no official letters of resolution to the Notices of Non-compliance and the Notice of Suspension was not preceded by a Notice of Non-compliance and Notice of Proposed Suspension as required in this clause. None of the notices were provided to the NOP as required. It should be noted that NCO currently has a procedure and templates in place to ensure that this deficiency is resolved.*

Corrective Action: NCO acknowledged that sending resolution letters is a component of the noncompliance procedure, and submitted a copy of a “Notice of Noncompliance Resolution” issued to a NOP client in February 2011. NCO provided a copy of a Work Instruction document in the Quality Manual (WI1.1.13 Work Instruction – Noncompliances and Sanctions, Version 1.1) that demonstrates NASAA’s understanding of NOP’s required Issuance of Notices, as described in 7 CFR § 205.662b (noncompliance resolution) and 7 CFR § 205.662(c) (Notice of Noncompliance preceding Notice of Proposed Suspension). NCO also provided a copy of a “Notice of Proposed Suspension” template document. If effectively implemented, the corrective action response demonstrates NCO’s capability to comply with NOP accreditation requirements.

Verification of Corrective Action (2014): NCO copied the NOP on all Notices of Noncompliance (NoNC) except for one issued December 12, 2013, which was not sent to the NOP until April 17, 2014 (after it was identified as a noncompliance during NCO’s internal audit). NCO issued NoNC Resolution Letters in all cases where the noncompliances had been resolved; therefore, this portion of the noncompliance was cleared. However, NCO issued one Notification of Proposed Suspension on March 14, 2012 followed by a Notice of Suspension on July 16, 2012 for a certified handling operation without notifying the NOP. This failure to notify the NOP illustrates that the noncompliance was not fully addressed.

Corrective Action (2015): NCO submitted copies of adverse action templates, and the email used to submit these, for Notice of Noncompliance, Notice of Proposed Suspension, and Notice of Suspension. All templates have been revised to include “USDA-NOP” listed under cc: to be sent via email.

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.

NP4135ZZA.NC1 – Accepted. 7 CFR § 205.405(a) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and notification of denial of certification may be combined in one notification.”

Comments: *An applicant for NOP certification applied a prohibited substance (aluminum phosphide) in November 2012 to 5 of 21 pastures to control rabbits per a government mandate*

(the livestock were removed from the pastures during application and only returned after treatment was completed). The operation was granted initial NOP certification in December 2013. According to a letter from the Government of South Australia, South East Natural Resources Management Board, the European Rabbit on the operation's property is considered a pest per the regulations of the Natural Resources Management Act 2004, and the landowner is responsible for taking action to control or destroy the pest. Interviews with the Certification Manager, Certification Officer, and Quality Systems Officer indicated their confusion regarding the government-mandated emergency pest control order relative to the USDA organic regulations at 7 CFR § 205.672, which is only applicable to U.S. Federal or State emergency pest or treatment programs.

Corrective Action: NCO submitted a training log verifying the attendance of certification staff at a training that took place on this regulation, January 9, 2015. NCO will publish this regulation in the next operator technical bulletin that is published every 3-4 months and the inspector's bulletin. NCO plans to include this regulation on the agenda of external training by IOIA for future trainings and in-house staff training. NCO submitted copies of Notice of Noncompliance issued to the operation and Noncompliance Resolution along with documentation to verify the affected paddocks of the operation have been removed from certification.

NP4135ZZA.NC2 – Accepted. 7 CFR § 205.501(a)(18) states, “A private or governmental entity accredited as a certifying agent under this subpart must: ...notify the inspector of its decision regarding certification of the production or handling operation site inspected by the inspector and any requirements for the correction of minor non-compliances.”

Comments: *NCO does not inform inspectors of the decision regarding certification and any requirements for the correction of minor noncompliances after inspections. The three inspectors interviewed stated they are not provided this information after the certification decision and they only receive it the following year if they are assigned the same inspection again.*

Corrective Action: NCO added the following statement to the Certification Decision procedure in the Quality Manual and trained Certification Officers on the new procedure: “*Inform the outcome of the Certification decision including any requirements for the correction of minor noncompliances to the inspector.*” NCO submitted certification staff training records, a copy of the work instruction to include the notification of certification decision to inspector, and a copy of the notification to the inspector that was recently completed.

Applicant Name:	NASAA Limited Trading as NASAA Certified Organic Pty. Ltd. (NCO)
Est. Number:	N/A
Physical Address:	Unit 7/3 Mount Baker Rd., Stirling, South Australia 5152
Mailing Address:	PO Box 768, Stirling, South Australia 5151
Contact & Title:	Stephanie Goldfinch, Executive Officer
E-mail Address:	technical@nasaa.com.au
Phone Number:	+61 8 8379 8455
Auditor(s):	Meg Kuhn, RAM – East Region
Program:	USDA National Organic Program (NOP)
Audit Date(s):	March 22 – May 18, 2011
Audit Identifier:	NP0291EEA
Action Required:	No
Audit Type:	Corrective Action Audit
Audit Objective:	To verify review and approve corrective actions addressing the non-compliances identified during the Mid-Term Audit.
Audit Criteria:	7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; revised February 17, 2010.
Audit Scope:	NCO's Feb 22 and 24, 2011 response letters to the Mid Term Audit non-compliance report
Location(s) Audited:	Desk

AUDIT INFORMATION

During the Mid Term audit (October 18-22, 2010), the corrective actions for the 9 (nine) non-compliances identified during the Surveillance-Accreditation Renewal audit (Audit Identifier: NP7172MMA) were verified and found to be implemented and effective and the non-compliances were cleared. There were 9 (nine) new non-compliances identified during the Mid-Term audit. NCO was notified of this finding in a notice from the NOP on January 4, 2011. Two responses were received from NCO, via email, on February 22 and 24, 2011. Additional corrective actions were requested on April 8, 2011; responses were received April 22 and 27, 2011. Corrective action responses adequately addressed all non-compliances and demonstrate NCO's capability to comply with NOP accreditation requirements.

FINDINGS

NP0291EEA.NC1 – Adequately Addressed: NOP §205.501(a)(16) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Charge applicants for certification and certified production and handling operations only those fees and charges for certification activities that it has filed with the Administrator.” *A review of the current fee schedule indicated that the fee schedule was updated in June 2010 to be effective on July 1, 2010. Since that time, NASAA has been invoicing based on that schedule but the new schedule is not on file with the Administrator. Records indicated that the previous fee schedule dated June 12, 2009, was also not filed with the Administrator.* **Corrective Action:** NCO submitted a

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current copy of the fee schedule. The schedule now includes a requirement to forward the schedule to the NOP Administrator by a certain date, documented on the schedule form. Corrective action response demonstrates NCO's capability to comply with NOP accreditation requirements.

NP0291EEA.NC2 – Adequately Addressed: NOP §205.642 states, "Fees charged by a certifying agent must be reasonable, and a certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator. The certifying agent shall provide each applicant with an estimate of the total cost of certification." Additionally, NASAA Certified Organic Procedure S.1.1.8 Providing Cost Estimates for NOP Applicants states, "3.3.1 – NCO shall provide each applicant with: 1. An application packet including application form, OSP, some information about NCO and the fee schedule; 2. Estimated cost of NOP certification at application stage, and 3. An estimate of the annual cost of updating the certification." *Records reviewed and interviews conducted with the financial officer for NASAA indicated that no estimates of the total cost of certification have been or are currently being provided to new clients or existing clients. The company only provides the fee schedule, which is a flat fee based schedule.* **Corrective Action:** NCO developed a new estimates spreadsheet to complete for all categories of NOP application and certification renewal. This will be sent to applicants and renewal operators prior to the inspection occurring. A copy of the "estimate" document was attached. If effectively implemented, corrective action response demonstrates NCO's capability to comply with NOP accreditation requirements.

NP0291EEA.NC3 – Adequately Addressed: NOP §205.662 states, "(b) *Resolution.* When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent or the State organic program's governing State official, as applicable, shall send the certified operation a written notification of noncompliance resolution. (c) *Proposed suspension or revocation.* When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance. When correction of a noncompliance is not possible, the notification of noncompliance and the proposed suspension or revocation of certification may be combined in one notification. (e) *Suspension or revocation.* (1) If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of suspension or revocation (2) A certifying agent or State organic program's governing State official must not send a notification of suspension or revocation to a certified operation that has requested mediation pursuant to §205.663 or filed an appeal pursuant to §205.681, while final resolution of either is pending." NOP § 205.501(a)(15)(i) requires that a private entity accredited as a certifying agent must submit to the Administrator a copy of any notice of denial of certification, notification of noncompliance, and notice of noncompliance resolution sent pursuant to §205.662 simultaneously with its issuance. *Six of the nine files reviewed contained Notices of Non-compliance to the certified operations. Also, eleven Notices of Noncompliance and one Notice of Suspension were observed and recorded in the files. However, there were no*

official letters of resolution to the Notices of Non-compliance and the Notice of Suspension was not preceded by a Notice of Non-compliance and Notice of Proposed Suspension as required in this clause. None of the notices were provided to the NOP as required. It should be noted that the certifier currently has a procedure and templates in place to ensure that this deficiency is resolved. **Corrective Action:** NCO acknowledged that sending resolution letters is a component of the Non-compliance procedure, and submitted a copy of a “Notice of Noncompliance Resolution” issued to a NOP client in February 2011. NCO provided a copy of a Work Instruction document in the Quality Manual (obj evi: WI1.1.13 Work Instruction – Noncompliances and Sanctions, Version 1.1) that demonstrates NCO’s understanding of NOP’s required Issuance of Notices, as described in NOP§205.662b (non-compliance resolution) and NOP §205.662(c) (NoNC preceding Notice of Proposed Suspension). NCO also provided a copy of a “Notice of Proposed Suspension” template document. If effectively implemented, the corrective action response demonstrates NCO’s capability to comply with NOP accreditation requirements.

NP0291EEA.NC4 – Adequately Addressed: NOP §205.501(a)(6) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services.” *Of the 5 staff personnel files and 5 inspector files reviewed; 3 staff members and all 5 inspectors required an annual performance evaluation. Of those 8 personnel, only 1 had an annual performance evaluation conducted in the previous two years; and that one was conducted April 2009.* **Corrective Action:** NCO developed a performance plan schedule for all staff, showing when performance evaluations were due for each employee. NCO also developed templates for NCO staff and inspector evaluation reviews. If implemented effectively, NCO’s response demonstrates capability to comply with NOP accreditation requirements.

NP0291EEA.NC5 – Adequately Addressed: NOP §205.510(a)(1) states, “An accredited certifying agent must submit annually to the Administrator, on or before the anniversary date of the issuance of the notification of accreditation, the following report and fees: A complete and accurate update of information submitted pursuant to §§205.503 and 205.504.” *NASAA Certified Organic submitted the 2008 Annual Report on December 31, 2008; and, to date, has not submitted the 2009 Annual Report or the 2010 Annual Report. The required annual report date (accreditation date) for NASAA Certified Organic is due by October 10th of each year.* **Corrective Action:** NCO submitted proof that the 2009 Annual Update was submitted to the NOP on October 20, 2010. Operations are not required to submit an annual update during audit years; as such the submission of a 2010 Annual Update is not required. NCO’s response demonstrates capability to comply with NOP accreditation requirements.

NP0291EEA.NC6 - Adequately Addressed: NOP §205.201 states, “(a) The producer or handler of a production or handling operation, except as exempt or excluded under §205.101, intending to sell, label, or represent agricultural products as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s))” must develop an organic production or handling system plan that is agreed to by the producer or handler and an accredited certifying

agent. An organic system plan must meet the requirements set forth in this section for organic production or handling. An organic production or handling system plan must include: (1) A description of practices and procedures to be performed and maintained, including the frequency with which they will be performed; (2) A list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability, as applicable; (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; (4) A description of the recordkeeping system implemented to comply with the requirements established in §205.103; (5) A description of the management practices and physical barriers established to prevent commingling of organic and nonorganic products on a split operation and to prevent contact of organic production and handling operations and products with prohibited substances; and (6) Additional information deemed necessary by the certifying agent to evaluate compliance with the regulations. (b) A producer may substitute a plan prepared to meet the requirements of another Federal, State, or local government regulatory program for the organic system plan: *Provided, That, the submitted plan meets all the requirements of this subpart.*” A review of 9 files found that in each case the Organic System Plan or Organic Handling Plan was updated annually as required; however, the update and the original Organic System Plan did not contain enough information to determine the ability of the operation to comply fully with the requirements of the Rule. Livestock files reviewed did not include the identification protocols for organic livestock, did not include the documents used to transfer organic livestock, did not include descriptions of handling facilities, animal health, and other requirements of the Rule. For forage production, there was no description of buffer zones or justification for their exclusion and no evidence that the need for buffers was verified during inspections. There was no description of planting, equipment used, inputs, rotation practices, and post-harvest handling. The OSP and OSP updates for Group certifications did not contain information required by the NOSB Guidelines for Grower Groups nor did the information in the OSP’s meet the requirements of NASAA procedures. **Corrective Action:** NCO indicates in their response that “we are a work item in place to revise all Organic System Plans, all OHPs and Updates and we had already identified that improvements were needed. This was not completed at the audit. New forms are under development and will be implemented next month.” In order to close this NC, NCO must provide the objective evidence demonstrating the corrective action plan. Email request to NCO on 04/08/11 requesting these form updates prior to closure of this audit. All updated OSP documents were submitted on 04/22/11. NCO also provided a template letter for renewal NOP clients, indicating that a new OSP must be completed prior to inspection for the next certification year. If effectively implemented, the corrective action response demonstrates NCO’s capability to comply with NOP accreditation requirements.

NP0291EEA.NC7 - Adequately Addressed: NOSB Recommendation - Adopted October 20, 2002 - Criteria for Certification of Grower Groups and NCO International Operator/Grower Group Policy P3.7 dated 16/10/09 states, “...The ICS must provide relevant (abridged if necessary) standards to all grower group members in a language of their local tongue. A) The group must supply a translation of this outline to be approved by NCO. 2.2.10 The Internal Control System must be effective and documented and shall include: ii) a protocol for assessing and managing risks associated with the group including conflicts of interest; iv) a system whereby non-compliances are managed and sanctions against non-compliant group members are

implemented and recorded for verification by NCO; v) a system for accepting new members into the group; vi) and a group training regimen. Additionally, viii) the group shall have in place comprehensive record-keeping system similar to that which is required of any NCO farm operator and covering the following areas: fertility purchases and use, rotations, pest/disease controls purchases and use, brought in feed, harvest, storage, any on-farm or post-harvest processing records of sales.” *The review of three grower group files indicated that neither the original Organic System Plan nor the ICS outline contained information or procedures pertaining to managing risk within the ICS and or conflicts of interest that may exist within the group. The information available did not contain procedures for accepting new members into the group, for group training and frequency, and the recordkeeping systems were not explained. The review of inspection reports for these groups indicated that recordkeeping was deficient throughout the grower base and in some cases not available at all.* **Corrective Action:** NCO submitted the following documents in response to this NC:

- P3.7 International Grower Group Certification – program requirements from the NCO Quality Manual (updated; now includes risk analysis within the ICS (section 10), assessing conflicts of interest (sec 4 – 6), procedures for accepting new members to a group (sec 9.4), and handling deficient recordkeeping systems within the group (sec8))
- AF1.1 Grower Group Application Form
- F2.1.03 NASAA & NOP Organic Management System Plan Questionnaire (Grower Group)
- NCO International Grower Group Certification Check Sheet (for use during application, inspection, and inspection report review processes)

If effectively implemented, the corrective action response and corresponding objective evidence documents demonstrates NCO’s capability to comply with NOP accreditation requirements.

NP0291EEA.NC8 – Adequately Addressed: NOP §205.501(a) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (1) Have sufficient expertise in organic production or handling techniques to fully comply with and implement the terms and conditions of the organic certification program established under the Act and the regulations in this part; (5) Ensure that its responsibly connected persons, employees, and contractors with inspection, analysis, and decision-making responsibilities have sufficient expertise in organic production or handling techniques to successfully perform the duties assigned.” *Records showed that certification decisions in 2009 for some, if not all, of the 13 certified livestock operations were made by a certification officer that had not received NOP livestock training until August of 2010. Records also showed that two livestock inspections were performed in 2009 by an inspector who does not have credentials for performing livestock inspections and is not listed on the NASAA 2010 profile for inspector’s that lists the types of inspections for which they are approved.* **Corrective Action:** NCO stated, “NCO conducted a review of inspectors’ livestock experience and qualifications and updated the Inspector Capacity Spreadsheet accordingly. In addition, the NOP review staff have been re-assessed and approved for conducting livestock assessments.” The Inspector Capacity Spreadsheet was submitted as objective evidence, along with IOIA training materials for Basic Livestock training and current IOIA Basic Livestock completion certificates for identified / applicable staff. If effectively implemented, the corrective action response demonstrates NCO’s capability to comply with NOP accreditation requirements.

NP0291EEA.NC9 – Adequately Addressed: NOP §205.504(b)(1) states, “A private or governmental entity seeking accreditation as a certifying agent must submit... (1) A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.” *NASAA does not have NOP procedures in place for label or material reviews. The review of the labels from two certified operations (one retail wine label and one wholesale tea label) were found to have been through an approval process but the labels were not compliant to the NOP. Additionally, interviews indicated that there are no records associated with a material review other than an approval stamp on the technical sheet or the request form. A review for concentrate pellet found that the reviewer stated: allowed the use but “conditions have to be met”. The conditions of use were not specified and there is no indication that a review of all ingredients was performed.* **Corrective Action:** NCO updated the material review process system, demonstrated by submitting the following objective evidence documents: NCO NOP Labeling Policy, NF4.1 NOP Wine Label Review Sheet, NF12.1 NOP Input Assessment Form, NF12.1 NOP GE, Ionizing Radiation & Sewage Sludge Declaration, GreenGuard NOP Material Review Sheet (specific material review for NOP production), and S1.1.1 NOP Procedure for Approval of Alcohol Labels. If effectively implemented, improvements made to the material and label review procedure demonstrates NCO’s capability to comply with NOP accreditation requirements.