



# United States Department of Agriculture

Agricultural Marketing Service  
National Organic Program

**SCS GLOBAL SERVICES**

**2000 Powell Street, Suite 600, Emeryville, California, 94608, U.S.A.**

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

**7 CFR Part 205**

**as an Accredited Certifying Agent**

for the scope of

**Crops, Handling, 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-88-23**

Effective Date: **04/28/2022**

Expiration Date: **04/28/2027**

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**National Organic Program**

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CERTIFICATE OF ACCREDITATION



## NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

### GENERAL INFORMATION

- **Certifier Name** SCS Global Services (SCS)
- **Physical Address** 2000 Powell Street, Suite 600, Emeryville, California 94608, U.S.A.
- **Audit Type** Renewal Audit
- **Auditor(s) & Audit Dates** Colleen O'Brien, Alison Howard, Renée Gebault King, 07/12/2021 to 07/16/2021
- **Audit Identifier** NOP-15-21

### CERTIFIER OVERVIEW

A renewal audit was conducted of SCS Global Services (SCS). Audit activities included a desk audit. The NOP assessed the certifier's conformance to the USDA organic regulations, during the period of July 27, 2019, to July 12, 2021.

SCS was first accredited on April 29, 2002, for Crops, Handling, and Wild Crops scopes. SCS is a for-profit California Benefit Corporation. At the time of this audit, SCS certified 134 operations to the following certification scopes: Crops (32) and Handling (110). SCS certifies one grower group located outside the US. SCS' main office is in Emeryville, California, and they have one satellite office in Culiacan, Mexico. SCS provides certification services in the following states and countries: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, New Mexico, North Carolina, Oregon, Pennsylvania, Texas, Utah, Virginia, Washington, Wisconsin, Haiti, and Mexico.

Certification services are performed by 17 individuals: a director, a technical manager, two associates, a program coordinator, three staff inspectors, and nine contract inspectors. Of these 17 individuals, three operate out of the satellite office in Mexico.

### NOP DETERMINATION:

NOP reviewed the audit results to determine whether SCS' 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 “**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.

### **Noncompliances from Prior Assessments**

**AIA-3320-20 - Cleared.**

**AIA-3322-20 - Cleared.**

**AIA-3324-20 - Cleared.**

**AIA-3325-20 - Cleared.**

**AIA-4006-20 - Cleared.**

**AIA-3321-20 -Accepted.** (NOP-10-19.NC2) – 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:** *SCS's records reviewed during the audit revealed SCS did not conduct unannounced inspections on 5% of certified operations in 2017 or 2018, as described in NOP 2609 Unannounced Inspections.*

**Corrective Action:** SCS created a mechanism to identify candidates for unannounced inspections on an annual (or ongoing) basis. SCS has implemented quarterly program quality meetings to identify candidates for unannounced inspections and to evaluate results from prior quarter's efforts. SCS will schedule unannounced inspections for at least 5% of certified operations starting in 2020.

**Verification of Corrective Action:** The auditors reviewed SCS' certification files and determined that SCS did not conduct unannounced inspections of at least 5% of their certified operations in 2019 and 2020.

**2022 Corrective Action:** SCS developed a plan to have all unannounced inspections identified by January 31<sup>st</sup> of each year, and for all those inspections to be completed by November 1<sup>st</sup>. SCS' Technical Manager will monitor the progress of completing the required number of unannounced inspections and SCS will review status updates at their Quarterly Meetings. SCS submitted an updated job description for the Technical Manager that now includes responsibility for ensuring the program fulfills its obligation to perform unannounced inspections in accordance with NOP requirements. SCS submitted evidence of their Quarterly Meeting agenda, as well as the list of unannounced inspections that occurred in 2021 and 2022, and their plan for 2023 unannounced inspections.

**AIA-3323-20 -Accepted.** (NOP-10-19.NC4) – 7 C.F.R. §205.501(a)(8) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part;”

**Comments:** *The SCS Handler and Grower organic system plans do not ask about exports to Korea and Taiwan but does ask about the EU, Canada, Japan, and Switzerland. The SCS export addendum also does not include all USDA-NOP trade arrangements.*

**Corrective Action:** SCS submitted revised OSP export addendum templates that include sections for Korea and Taiwan. SCS will transition all clients with OSP export addenda to their revised

addendum during 2020 certification cycle. SCS provided training to their certification staff that included updates to their OSPs and addenda on February 7, 2020.

**Verification of Corrective Action:** SCS does not consistently use the revised version of their organic system plan (OSP) export addendum template, which includes sections on Korea and Taiwan. Additionally, the most recent version does not reflect changes to the Japan equivalence (addition of livestock scope), or the recent equivalence established with the United Kingdom. The export addendum also incorrectly implies that USDA organic products exported to Japan may not be shipped in retail packaging, and incorrectly states, “At this time, Switzerland does not use the electronic TRACES system ...”

**2022 Corrective Action:** SCS discontinued use of the export addendum and instead added questions to the S-1 General Information form of their modular OSP (1G: Export and 1H: Export to Canada) regarding all applicable international organic trade arrangements. SCS plans to require submission of new modular OSPs for all clients in 2023. SCS updated the Export Equivalency Guidance and corresponding compliance checklists to cover all applicable international organic trade arrangements, including Korea and Taiwan. SCS also updated guidance documents on Transaction Certificates and International Labeling. SCS held a training for staff on organic export requirements on February 10, 2022. SCS submitted the training agenda and attendance records as evidence.

**AIA-3326-20 -Accepted.** (NOP-10-19.NC7) – 7 C.F.R. §205.402(a)(2) states, “Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part.”

**Comments:** *The SCS material review process is not documented for all inputs reviewed. The auditor’s review of certification files found that material review decisions and restrictions are not consistently communicated to the operations. Inspectors are not consistently verifying that all inputs are used according to restrictions.*

**Corrective Action:** SCS submitted revised OSP templates to require SCS technical staff to record, review, and approve materials (agrochemical inputs, ingredients & processing aids, cleaners & sanitizers). SCS will transition clients to new their revised OSP during 2020 & 2021 certification cycles. During the 2020 renewal cycle, SCS maintain separate spreadsheet recording current materials used and approvals for each client until new OSPs are fully implemented.

**Verification of Corrective Action:** The auditors reviewed certification files and found that SCS does not consistently use the separate spreadsheet to record current materials used and approved for each client, nor are operations using the updated OSP version 2.0 June 2020. The auditors also reviewed inspection reports and determined inspectors are not consistently verifying that inputs are used according to restrictions.

**2022 Corrective Action:** SCS is no longer using the separate spreadsheet to record current materials used and approved for each client. SCS developed a new Materials Review procedure, which requires tracking of material approvals and restrictions in a database, and documents the material review process for all inputs. SCS developed a Notice of Material Review Decision letter template, which includes template language for inputs that are approved with restriction. The SCS Technical Manager is responsible for ensuring the Materials Restriction Guide is kept current. SCS held a training for review staff on March 31, 2022, that reviewed the updated Materials Review SOP, Material Review Decision letter template, the updated Certification Decision Notice, and Materials Restriction Guide. SCS held another training that focused on the Material Review SOP on November 17, 2022; all SCS review staff attended. SCS held a Calibration Training on December 15, 2022, that reviewed inspection verification points, including verifying

input restrictions. All SCS inspectors attended this Q4 Calibration Training, or watched the recording if they were unable to attend. SCS submitted evidence of these trainings and attendance records to the NOP.

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

**AIA-7036-21 – Accepted.** 7 C.F.R. §205.404(b)(1-4) states, “The certifying agent must issue a certificate of organic operation which specifies the: Name and address of the certified operation; Effective date of certification; Categories of organic operation, including crops, wild crops, livestock, or processed products produced by the certified operation; and Name, address, and telephone number of the certifying agent.”

**Comments:** *SCS' organic certificates do not fully comply with the requirements identified in NOP 2603 Organic Certificates. The auditors' review of certification files found SCS organic certificates do not include the statement, “Certified to the USDA organic regulations, 7 CFR Part 205” and instead state, “...has been independently evaluated according to the requirements of the USDA National Organic Program (NOP) ... in compliance with applicable requirements of the NOP Rule (7 CFR 205).”*

**Corrective Action:** SCS updated their organic certificate template to include the compliant statement and developed an internal guidance document, NOP Issuance of Certificates (v.1-0 Feb. 2023), that provides instruction to staff on what should be on the addendum, when to add international trade arrangement information, and issuance timeline. The new certificate templates were implemented in July 2021. SCS issued their operations corrected organic certificates in July 2021 using the new template.

**AIA-7037-21 - Accepted.** 7 C.F.R. §205.670(g) states, “If test results indicate a specific agricultural product contains pesticide residues or environmental contaminants that exceed the Food and Drug Administration's or the Environmental Protection Agency's regulatory tolerances, the certifying agent must promptly report such data to the Federal health agency whose regulatory tolerance or action level has been exceeded. Test results that exceed federal regulatory tolerances must also be reported to the appropriate State health agency or foreign equivalent.”

**Comments:** *SCS does not fully carry out the procedures of NOP 2613 Instruction Responding to Results from Pesticide Residue Testing. The auditors' review of pesticide residue analysis reports found SCS is not always informing operations that their product may be sold as organic when residues are not detected, detected at less than 0.01 ppm, or detected at less than the FDA Action Level.*

**Corrective Action:** SCS developed a new procedure, Pesticide Reporting (v.01 March 2022), that outlines the steps staff are to take when responding to results from pesticide residue testing. SCS also developed template adverse action language for pesticide violations. SCS trained staff on NOP 2613 and the new procedure on February 10, 2023. SCS included in the submission the SOP, the templates, and the attendance list from the training as evidence.

**AIA-7038-21 - 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:** *SCS inspectors do not fully verify an operation's compliance with the USDA organic regulations. The auditors' review of certification files found that SCS inspectors do not always conduct and record traceability exercises during inspections. The auditor found other examples in SCS inspection reports where the completed audits did not meet the goals of traceability exercises.*

*This does not meet the requirements of NOP 2601 Instruction The Organic Certification Process, which states, “The inspector will review each production unit, facility, and site where the operation produces or handles organic products. The inspection includes, but is not limited to: [...] Reconciliation of the volume of organic products produced or received with the amount of organic products shipped, handled and/or sold, also known as trace-back audits or in-out balances;”*

**Corrective Action:** SCS conducted training for staff on December 15, 2022 on how to conduct traceability exercises, including SCS' requirement that one trace-back audit and one mass balance audit be conducted at each annual inspection. SCS has also developed an Inspector Evaluation Tool for its reviewers, which includes an opportunity for the reviewer to identify deficiencies in traceability exercises recorded in inspection reports and provide feedback to the inspector.

**AIA-7039-21 - 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:** *SCS does not carry out the provisions of the Act and regulations. SCS is not consistently verifying the Organic System Plan (OSP) during the initial review, the on-site inspection, and the final certification decision stages. The auditors' review of certification files found incomplete or inaccurate OSPs and supporting documents, including the following examples:*

- 1. Labels and product profile information were missing or incomplete in Handling/Processing OSPs, and interviews with staff could not determine whether the labels and product formulations had been reviewed by SCS reviewers or inspectors.*
- 2. OSPs that are missing a complete description of practices and procedures to be performed and maintained; a complete description of monitoring practices; or a complete list of each substance to be used as a production or handling input, indicating its composition, source, and location(s) where it will be used as required by §205.201(a).*
- 3. Maps of certified fields and corresponding OSPs that are missing distinct, defined boundaries and buffer zones as required by §205.202(b).*

**Corrective Action:** SCS provided training to their staff on reviewing OSPs during their Q4 Calibration Training held on December 15, 2022; SCS submitted training materials and attendance records as evidence. SCS will continue to include this topic on their training agenda and when the new modular OSPs and updated inspection reports are finalized, SCS will hold a training to review the changes (expected to occur in June 2023). SCS is also developing a new OSP review checklist. SCS will start a quarterly review of associates (OSP reviewers) to ensure files are being reviewed and maintained compliantly, beginning Q2 of 2023, covering work completed in Q1 of 2023. SCS will complete two or three reviews of each associate each quarter.

**AIA-7042-21 - 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:** *SCS does not consistently demonstrate the ability to fully comply with the requirements for accreditation. SCS has inadequate policies, procedures, and work instructions for the review and approval of material inputs as detailed in NOP 3012 Interim Instruction Material Review. The auditors found the following:*

- 1. SCS does not have adequate written protocols and procedures outlining the*

*expectations regarding the depth of input review, nor do they provide adequate direction for the evaluation of ingredients, sub-ingredients, processing aids, and manufacturing methodologies at all stages associated with the production of a formulated input.*

2. *SCS does not have adequate policies for maintaining documentation to support its determinations about the status of an input's compliance with the regulations.*

**Corrective Action:** SCS developed a Materials Review Procedure to provide guidance for staff on when and how to review inputs used by SCS clients. The procedure instructs reviewers to compile compliance documentation and save it within each client's OSP folder. The reviewer then adds the approved input to the Materials Spreadsheet in Quality Tracking; this is the internal list of all approved inputs reviewed by SCS and includes restrictions specific to the input. Each client's Approved Input List is generated from this master list by filtering by client name. The SCS Materials Review Procedure indicates inputs will be re-reviewed every four years. SCS held training on March 31, 2022, for all staff who complete materials review; SCS submitted evidence of this training to the NOP as evidence. SCS held another training that focused on the Material Review SOP on November 17, 2022; all SCS review staff attended.

**AIA-7045-21 - 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:** *SCS does not fully implement the NOP's international organic trade arrangement policies and procedures, which are outlined in the NOP's International Trade Policies resources. The auditors' review of USDA organic certificates found that the attestation statement, "Certified in accordance with the terms of the U.S.-Canada Organic Equivalency Arrangement," was missing or included outdated, incorrect language.*

**Corrective Action:** SCS updated their organic certificate templates to include the compliant language. The new templates were implemented on February 3, 2023. SCS stated the requirements for organic certificates will be covered during staff training to occur in Q1 2023, and they will further train staff on generating compliant organic certificates as they transition to the new requirements per the Strengthening Organic Enforcement final rule.