



United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

Stellar Certification Services, Inc.

P.O. Box 1390, Philomath, Oregon 97370

meets all the requirements prescribed in the National Organic Program Regulations

7 CFR Part 205

(Updated November 9, 2012)

as an Accredited Certifying Agent

for the scope of

Crops, Wild Crops, Livestock and Handling Operations

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

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

Certificate No: NP2226EEA
Effective Date: **April 29, 2012**
Expiration Date: **April 29, 2017**


Miles V. McEvoy
Deputy Administrator
National Organic Program



The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program.

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

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

GENERAL INFORMATION

| | |
|---|---|
| Applicant Name | Stellar Certification Services (STEL) |
| Physical Address | 39609 Luckiamute Road, Philomath, OR 97370 |
| Mailing Address | 39609 Luckiamute Road, Philomath, OR 97370 |
| Contact & Title | Sally Lammers, Executive Director |
| E-mail Address | sally@demeter-USA.org |
| Phone Number | 541-92907148 |
| Reviewer(s) & Auditor(s) | Renée Gebault King, NOP Reviewer; Alan Kohles and Steve Ross, On-site Auditors. |
| Program | USDA National Organic Program (NOP) |
| Review & Audit Date(s) | NOP corrective action review: December 8, 2014 NOP assessment review: September 10, 2014 Onsite audit: July 22-24, 2014; Witness audit: June 10, 2014 |
| Audit Identifier | NP4203LLA |
| Action Required | No |
| Audit & Review Type | Mid-Term Assessment |
| Audit Objective | To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of STEL's certification system. |
| Audit & Determination Criteria | 7 CFR Part 205, National Organic Program as amended |
| Audit & Review Scope | STEL's certification services in carrying out the audit criteria during the period: June 19, 2013 through July 24, 2014. |

ORGANIZATIONAL STRUCTURE:

Stellar Certification Services (STEL), a subsidiary of the Demeter Association, is a non-profit, non-tax exempt company that provides USDA organic certification services. STEL was initially accredited as a USDA National Organic Program (NOP) certifying agent on April 29, 2002 for crops, livestock, wild crops and handling operations. The STEL client list as of April 03, 2014 had 146 certified operations with 107 crops, 0 wild crop, 17 livestock and 67 handling (processing) operations certified to the USDA NOP. STEL certifies clients to the NOP in the United States and Costa Rica. STEL does not currently certify any grower groups. STEL is also accredited for ISO Guide 65 for the European Union (EC 834/2007 and EC 889/2008).

STEL has one administrative office located in Philomath, OR that performs all certification activities. The current STEL staff consists of three administrative staff, an executive director (also part of the technical staff), five technical staff (reviewers/evaluation circle), and 15 contracted inspectors. STEL also has a board of directors (BOD) with multiple responsibilities but it is not involved in the certification decision process. Records reviewed during the assessment verified that STEL is meeting the requirements for annual performance evaluations, annual confidentiality agreements and conflict of interest statements. Personnel files reviewed and interviews conducted indicated that all had the required education, training and experience in organic agricultural production and handling to perform the duties assigned.

NOP DETERMINATION:

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

NP2226EEA.NC1 – Cleared

NP226EEA.NC2 – Cleared

Non-compliances Identified during the Current Assessment

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

NP4203LLA.NC1 – Accepted – 7 CFR §205.403(a)(2)(i-iii) states, "(i) A certifying agent may conduct additional onsite inspections of applicants for certification and certified operations to determine compliance with the Act and the regulations in this part. (ii) 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. (iii) Additional inspections may be announced or unannounced at the discretion of the certifying agent or as required by the Administrator or State organic program's governing State official." NOP 2609 Unannounced Inspections, section 4.1.1 states, "We recommend that certifying agents conduct unannounced inspections of five per cent of their total certified operations per year as a tool in ensuring compliance with the regulation." *A review of the STEL certified operations and the onsite inspections schedule found that there were no unannounced inspections conducted in 2013.*

Corrective Actions: STEL implemented a procedure to select operations for unannounced inspections based on 5% of the total number of certified operations as reported in the list submitted to the USDA NOP by January 2 each year. The preliminary list of operations chosen for unannounced inspections will be established by May 15th each year and all unannounced inspections are scheduled to be completed by December 31 of each year. STEL has established date checkpoints, August 30 and October 31, in the calendar to verify progress of the unannounced inspections schedule. STEL has updated the internal audit system to include verification of unannounced inspections per the new procedure.

NP4203LLA.NC2 – Accepted – 7 CFR § 205.403(b)(2) states, “All on-site inspections must be conducted when an authorized representative of the operation who is knowledgeable about the operation is present and at a time when land, facilities, and activities that demonstrate the operation's compliance with or capability to comply with the applicable provisions of subpart C of this part can be observed, except that this requirement does not apply to unannounced onsite inspections.” *During the review of files from 10 different certified operations, the onsite inspection reports from three of these files showed that livestock operations located in New York, Montana and Pennsylvania were inspected during December or February, which are outside of the grazing season.*

Corrective Actions: STEL’s program justified inspections of a ruminant livestock operation outside the grazing period as an opportunity to assess portions of the organic system plan (OSP) that can only be adequately evaluated during the period that cattle are not out on pasture. However, beginning in 2015 STEL will implement new procedures to schedule and track inspections of ruminant livestock operations during the grazing season. Annual inspector contracts will be updated to reflect that inspections of ruminant livestock operations be completed by September 30th unless express approval for a different schedule is granted by STEL. By May 1, the certification coordinator will compile the list of ruminant livestock operations requiring inspection and will track the completion of the inspections using established calendar checkpoints in June, July, August and September. STEL has updated the internal audit system to verify that inspections of ruminant livestock operations were conducted during the grazing season per the new procedure.

NP4203LLA.NC3 – Accepted – 7 CFR §205.505(b)(2) A private or governmental entity seeking accreditation as a certifying agent must...demonstrate its ability to comply with the requirements...Administrative policies and procedures. A copy of the procedures to be used for reviewing and investigating certified operation compliance with the Act and the regulations... *A review of the STEL Policy and Quality Manuals indicated that there were no procedures for mediation, although the manual does mention the right to mediation. STEL personnel explained that the client is notified of the rights for mediation in the noncompliances/proposed suspension that would be issued.*

Corrective Actions: STEL’s Policy Manual and Procedure Manual A – Administration, have been updated to include mediation procedures. The new procedures describe when mediation will be accepted, when it will be rejected, formal mediation steps, and the process for preparing a settlement agreement.

| | |
|-----------------------------|--|
| Applicant Name: | Stellar Certification Services, Inc. |
| Est. Number: | N/A |
| Physical Address: | 39609A Luckiamute Road, Philomath, OR 97370 |
| Mailing Address: | P.O. Box 1390; Philomath, OR 97370 |
| Contact & Title: | Sally Lammers, Executive Director |
| E-mail Address: | sally@demeter-usa.org |
| Phone Number: | (541) 929-7148 |
| Auditor(s): | Lars Crail, NOP Accreditation Manager |
| Program: | USDA National Organic Program (NOP) |
| Audit Date(s): | March 21, 2013 through April 30, 2013 |
| Audit Identifier: | NP2226EEA |
| Action Required: | No |
| Audit Type: | Corrective Action |
| Audit Objective: | To verify review and approve corrective actions addressing the non-compliances identified during the Renewal Assessment. |
| Audit Criteria: | 7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; revised March 15, 2012. |
| Audit Scope: | STEL's April 24, 2013 response letter to the renewal non-compliance report |
| Location(s) Audited: | Desk |

GENERAL INFORMATION

Stellar Certification Services (STEL) is a for profit company that was accredited as a certifying agent on April 29, 2002, to the USDA National Organic Program (NOP) for crops, wild crops, livestock, and handling operations. The STEL client list as of August 12, 2012, had 223 certified operations with 119 crop, 0 wild crop, 27 livestock and 75 handling (processing) operations including 2 traders and 2 distributors certified to the NOP. The Stellar Policy Manual currently lists US, Mexico, Taiwan, and Central America as possible locations for certification activities; however, the only activities at this time are in the US and Costa Rica for NOP.

A USDA ISO Guide 65 Program Surveillance Assessment was conducted concurrently with the NOP Renewal Assessment.

STEL offers verification of EU and Canadian Organic Equivalency for products entering the European Union and Canada, EC 834/2007 and EC 889/2008 for products entering Switzerland, and verification to export agreement requirements for products entering Japan and Taiwan. The SCS procedures are in place to issue Export Certification Certificates (TM-11) for Japan and Taiwan. A review of the procedures and files verified SCS is operating in compliance to the USDA procedures for issuing export certificates.

AUDIT INFORMATION

During the renewal assessment, the corrective actions for the non-compliances identified during the previous 2009 Mid-term assessment were found to be implemented and effective. Those non-compliances were cleared. There were two new non-compliances (NP2226EEA.NC1 and NC2) identified during this audit. The NOP notified STEL of these findings in writing on February 25,

2013. STEL submitted responses to the NOP on March 20, April 11, and April 24, 2013.

FINDINGS

NP2226EEA.NC1 - Accepted – NOP §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. There shall be no charge to the inspector for the samples taken.” *A sample was collected from one operation as part of an investigation and the inspector did not provide a receipt to the operation for the sample collected. It should be noted that Stellar has written procedure for the collection of samples; however, the procedure is not routinely provided to contract inspectors, nor are the materials used for the collection of samples as described in those procedures.* **Corrective Actions:** The following measures are implemented by Stellar and effective May 25, 2013:

- A Receipt for Samples has been created. It will be produced in triple-copy format and a supply will be given to all inspectors. The top copy will be attached to the Sample Report, one copy will be given to the operator, and one copy will be for the inspector's file. The receipt has a place for the operator and the inspector to initial.
- The Sample Collection Report has been updated to include check boxes to indicate that the top copy of the Sample Receipt is attached to the Sample Report, and that a copy was given to the operator.
- The instructions for the Sample Collection Report is updated to include specific guidance to inspectors requiring the Sample Receipt to be filled out, initialed, and given to the representative of the operation who is present during the sampling. It further guides inspectors to attach the top copy to the report, give one copy to the operator, and to keep one copy for their files. The Sample Collection Report instructions are part of SCS/P-120B: Certification Procedures, Section VII: Assessing Residues in Certified Products.

All inspector instructions and forms will be issued to inspectors and affected certification staff by April 25, 2013 as part of the annual inspector informational packet. Inspectors and applicable certification staff must return a signed form acknowledging receipt of the packet. Certification management will monitor the effectiveness of the new procedures as outlined in SCS/P-120B, Section VII. The Certification Director will assign further training or refine additional corrective measures as appropriate if monitoring of these new procedures reveals any shortcomings.

NP2226EEA.NC2- Accepted – NOP § 205.501(a)(15)(i) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Submit to the Administrator a copy of: Any notice of denial of certification issued pursuant to § 205.405, notification of noncompliance, notification of noncompliance correction, notification of proposed suspension or revocation, and notification of suspension or revocation sent pursuant to § 205.662 simultaneously with its issuance.” *Records indicated that since July 28, 2011, there have been 129 Notices of Non-compliance, 78 Notices of Non-compliance resolution, 4 denials, and one suspension processed through the Stellar certification system. Documented distribution of those notices indicated that only 62 of them were filed with the Administrator on August 8, 2012. This is contrary to the notification requirements.*

Corrective Actions: Stellar identified all notices that were not filed with the NOP and CDFA. On April 25, 2013, these notices were sent to the respective government entities. In addition, Stellar has conducted the following actions and provided sufficient objective evidence:

- Stellar staff members received a training notice on July 31, 2012 outlining the new procedures.

Training included consistent maintenance of the Adverse Action Chart that tracks the issuing of notices. Stellar implemented a prompt on the certified mail slip attached to each hard copy Notice to remind the Certification Director to check if a resolution notice was issued by the Stellar staff member.

- The Adverse Action spreadsheet was reviewed to ensure that it is current and that it reflects all notices issued. A staff training notice specified that all Notices of Resolution must be emailed to the Certification Director when issued allowing the Certification Director to submit the notice to NOP/CDFA. All other notices (denial, noncompliance, proposed suspension, etc.) are issued by the Certification Director.
- All notices are sent by certified mail and email (when applicable). The Certification Director implemented a practice of emailing the notices immediately copies to NOP/CDFA after emailing them to the operators. The practice of noting the date of NOP/CDFA filing on the certified mail slip was implemented and logging the date in the Adverse Action Spreadsheet.
- The Stellar certification procedure manual, Section V, was updated to include the process of submitting notices to NOP/CDFA simultaneously with issued notice to the operation.
- The Certification Director will monitor the process for effective implementation at least twice per month.

AUDIT INFORMATION

Stellar Certification Services (SCS) submitted corrective actions to the NOP on February 17, 2010, which were

| | |
|-----------------------------|--|
| Applicant Name: | Stellar Certification Services, Inc. |
| Est. Number: | N/A |
| Physical Address: | 39609A Luckiamute Road, Philomath, OR 97370 |
| Mailing Address: | P.O. Box 1390; Philomath, OR 97370 |
| Contact & Title: | Jim Fullmer, Executive Director |
| E-mail Address: | jfullmer@peak.org |
| Phone Number: | (541) 929-7148 |
| Auditor(s): | Corey D. Gilbert |
| Program: | USDA National Organic Program (NOP) |
| Audit Date(s): | March 4-18, April 7-12, May 27, June 11-18, and July 8, 2010 |
| Audit Identifier: | NP9287ZZA |
| Action Required: | Yes |
| Audit Type: | Corrective Action Audit |
| Audit Objective: | To verify that corrective actions adequately address 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: | Submitted corrective actions |
| Location(s) Audited: | Desk |

received by the auditor on February 22, 2010, addressing the non-compliances identified in the Mid-Term Audit. Additional corrective actions were requested by the auditor on March 18, 2010 and submitted by SCS on April 8, 2010. Additional corrective actions were again requested by the auditor on June 6, 2010 and submitted by SCS on June 11, 17, and 18, 2010.

FINDINGS

The corrective actions submitted by SCS adequately addressed three of the four non-compliances identified during the Mid-Term Audit. The corrective actions submitted by SCS did not adequately address all three parts of one non-compliance (NP9287ZZA.NC1, part 3); therefore, the non-compliance remains outstanding.

NP9287ZZA.NC2 – Adequately Addressed – NOP §205.402(a) states, “Upon acceptance of an application for certification, a certifying agent must: (2) Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the application



Livestock and Seed Program Audit, Review, and Compliance Branch Quality System Audit Report

requirements of subpart C of this part.” NOP §205.601(j)(6)(i) states, “As plant or soil amendments. Micronutrients...Soil deficiency must be documented by testing. Soluble boron products.” *The handling (processing) witness inspection operation listed boron as an input on the organic system plan; however, SCS did not have a current test result documenting boron deficiency in the file. The SCS Reviewer Checklist in 2008 and 2009 both noted that a documented soil test was needed and noted to provide it to the inspector instead of having it submitted to SCS. The inspector reviewed the test results documenting boron deficiency during the inspection and noted that boron had not been applied; however, the only lab report in the file was from 2001. Corrective Action:* SCS revised their review procedures to specify that the Initial Review Letter will inform applicant or certified operations that soil or tissue tests documenting the need for restricted micronutrients must be submitted if they are not already on file from the previous year. SCS submitted a training and instruction record for reviewers and office staff dated March 20, 2010.

NP9287ZZA.NC3 – Adequately Addressed – NOP §205.402(a) states, “Upon acceptance of an application for certification, a certifying agent must: (2) Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the application requirements of subpart C of this part.” NOP §205.203(c)(2) states, “Composted plant and animal materials produced through a process that: (i) Established an initial C:N ratio of between 25:1 and 40:1 and; (ii) Maintained a temperature of between 131°F and 170°F for 3 days using an in-vessel or static aerated pile system; or (iii) Maintained a temperature of between 131°F and 170°F for 15 days using a windrow composting system, during which period, the materials must be turned a minimum of five times.” *The crop witness inspection operation’s organic system plan (OSP) section on compost had inadequate information to determine compliance, but the SCS reviewer did not request additional information or identify the compost as non-compliant. The OSP stated the windrow compost temperature was between 122 – 164°F, a temperature 140°F was maintained for eight weeks, and that it was turned 35 times. The temperature information and turning information was insufficient to determine compliance. The reviewer instructed the inspector to verify post-harvest intervals for raw manure application and it was verified by the inspector. The reviewer should have notified the client of the compost concern prior to the inspection and required them to submit sufficient information to verify compliance or remove the information from the compost section and include it under the raw manure section with applicable post harvest intervals. Corrective Action:* SCS revised their review procedures to specify that the Initial Review Letter will inform applicant or certified operations when information regarding compost is incomplete or insufficient and require them to update the OSP with sufficient information to verify compliance or include it under the raw manure section with applicable post harvest intervals. SCS submitted a training and instruction record for reviewers and office staff dated March 20, 2010.

NP9287ZZA.NC4 – Adequately Addressed – NOP §205.201(a) states, “An organic production or handling system plan must include: (2) A list of each substance to be used as a production or handling input, indicating its composition, source, locations(s) where it will be used...” *The handler (processing) witness operator had used multiple inputs that were not listed on their organic handling plan (OHP). SCS stated they were aware of the inputs being used by the client based on submission of labels, MSDS, Non-GMO statements, etc. that were in the client file; however, this does not comply with the requirement of listing the inputs in the OHP. Corrective Action:* SCS submitted the revised Organic Handling Plan (OHP), Individual Product Profile (IPP) forms, and created a new form titled Disclosure of Processing



Livestock and Seed Program Audit, Review, and Compliance Branch Quality System Audit Report

Inputs (DPI) to ensure all inputs are listed. SCS revised their renewal documentation request letter sent to clients to emphasize that all materials intended for use must be disclosed on the OHP or supplemental documents.

NP9287ZZA.NC1 – Not Adequately Addressed – NOP §205.403(c) states, “The on-site inspection of an operation must verify: (1) the operation’s compliance or capability to comply with the Act and regulations in this part; (2) That the information, including the organic production or handling system plan... accurately reflects the practices used or to be used by the applicant for certification or by the certified operation.” *The SCS inspector did not adequately address several areas during the on-site witness inspections.*

1. *During the crop witness inspection, the client had used three new inputs since the last inspection. The inputs were not listed on the organic system plan and the client had not submitted them to SCS for review and approval prior to use; however, the inspector did not identify this as an issue of concern in the Exit Interview. The inspector did include a general reminder in the inspection report cover sheet that all inputs had to be submitted and approved by SCS prior to use.*

Corrective Action (Adequately Addressed): SCS created a new Materials Approval Request document which must be submitted by certified operations for all new materials (items not listed on the OSP on file) for review and approval prior to use. This document is for those materials the certified operation decides to use after their annual update OSP has already been submitted. Stellar reviews and approves or denies the request. The client must maintain the Materials Approval Request with SCS approval as part of their OSP and then update the applicable OSP sections in future OSP renewals. SCS revised their renewal documentation request letter sent to clients to emphasize that all materials must be approved prior to use. SCS submitted an inspector training and guidance document sent to all inspectors in April 2010, which informed them to closely review all inputs and to identify an issue of concern for the use of inputs not listed on the OSP or in an SCS approved Materials Approval Request.

2. *During the handler (processing) witness inspection, the inspector did not have copies of the organic integrity plan attachment, sanitation SOP attachments, and various production records/forms (bottling, lab report, etc.) referenced in the organic system plan; therefore, the inspector was not verifying that all of the information in the organic production or handling system plan accurately reflected in the practices used by the certified operation. The inspector did not ask the client to see their organic integrity plan and it was the primary document that outlined the organic traceability procedures from receiving to processing to bottling. The inspector had copies of the base organic system plan and stated he was familiar with their operation. The inspector had also conducted the previous inspection in 2008. No specific areas of concern or non-compliances were observed by the ARC auditor.*

Corrective Action (Adequately Addressed): SCS provided training to reviewers and office staff on March 20, 2010 to emphasize the requirement to provide all applicable documentation to the inspectors. SCS existing forms are used to document that all documentation has been sent to the inspector. SCS submitted an inspector training and guidance document sent to all inspectors in April 2010, which informed them that if they notice during their preparation that necessary documents are missing the inspector should notify SCS immediately so the applicable documents can be provided prior to the inspection.

3. *During the handler (processing) witness inspection, the inspector did not complete the audit traceback during the on-site inspection so that potential issues of concern could be identified to*



Livestock and Seed Program Audit, Review, and Compliance Branch Quality System Audit Report

the certified operation during the exit interview. The inspector conducted a very thorough audit traceback in the SCS office and received additional information from the certified operation to complete this audit. No issues arose as a result of the audit traceback; nevertheless, it should have been completed on-site. The inspector was not thorough in reviewing all areas of the facility in detail and appeared to allow the operator to guide the direction of the inspection. The inspector stated he was familiar with the facility and asked the operation representative to guide him through the facility following the grape processing flow. The fermentation tanks, input storage, barrel warehouse, and bottling/packaging lines could have all been more closely evaluated.

Corrective Action (Not Adequately Addressed): SCS requested clarification from the NOP on “an indication of the area in the NOP regulations that would prohibit an audit trail from being conducted post-inspection if it is identified during the on-site exit interview that there may be additional findings” and “an indication of the area in the NOP regulations that would prohibit the inspector from obtaining clarifications from the operator post-inspection and conducting an additional exit interview post-inspection if additional areas of concern are identified by the inspector post-inspection.” SCS submitted an inspector training and guidance document sent to all inspectors in April 2010, which informed them that **at this time** they are requested to complete all audit trails on-site instead of collecting the information and completing the audit trail post-inspection. SCS did **not** revise their inspection procedures to address completion of the audit traceback during the on-site inspection and stated they were waiting for clarification on the requirement from the USDA National Organic Program before implementing additional corrective actions.