



# 2017 Audit Priorities

USDA Agricultural Marketing Service  
National Organic Program





## Topics:

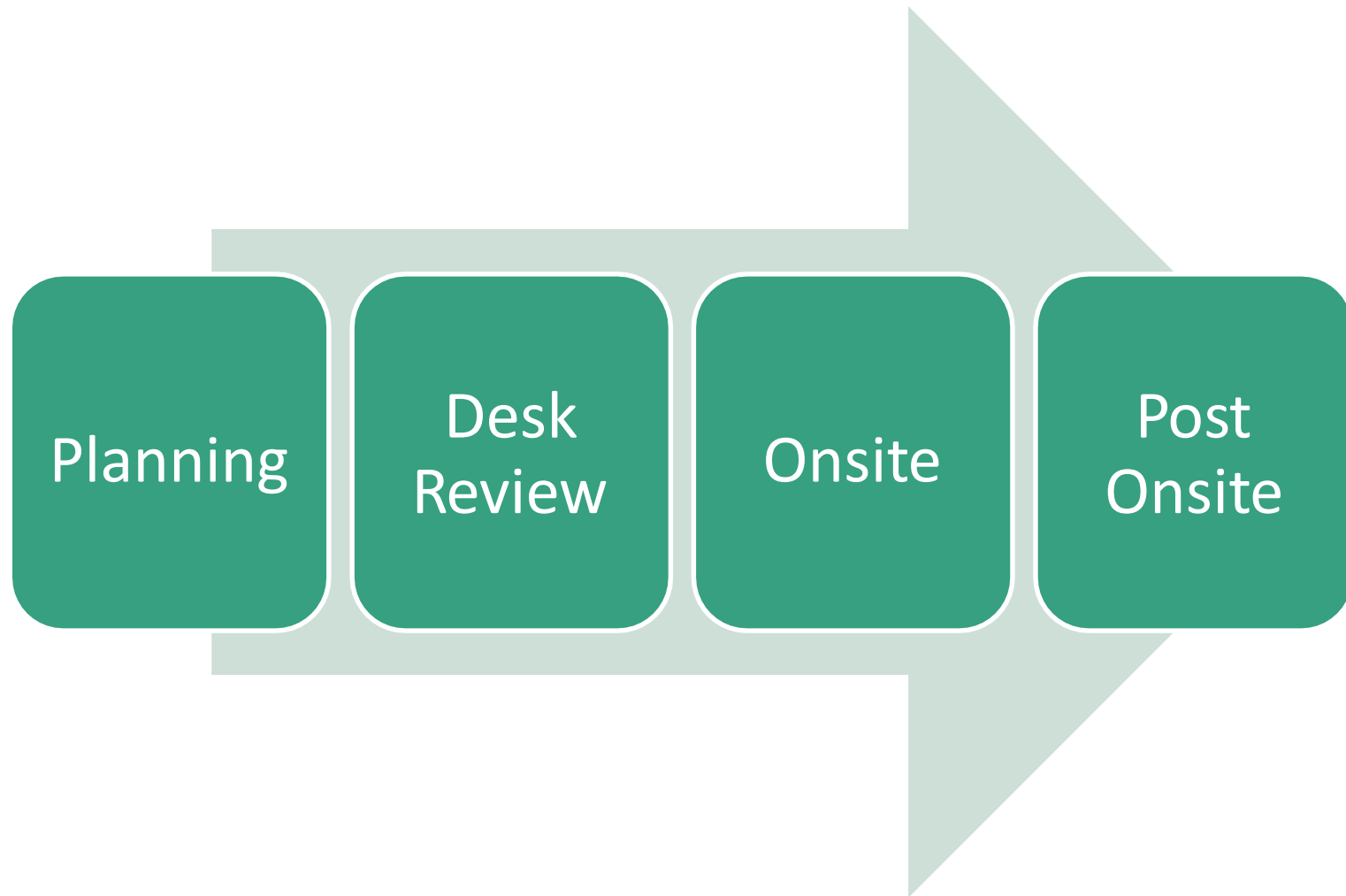
- Overview - 2017 Audit Schedule and Process
- Audit Priorities

# Audit Comparison – 2017 vs. 2016



	2017	2016
Total Accreditation Audit Events	53	44
Renewals	42	10
Midterm	1	9
Initial	1	1
Adequacy Review/Pre-decisional	2	2
Compliance	6	2
Witness/Review Audits	1	10
Domestic	36	22
Foreign	17	22

# Onsite Audit Process



# Onsite Audit Process



- Onsite audits should be efficient and provide value.
- Standard onsite audits (e.g. mid-term and renewal) average about two weeks with one week onsite activities. Variables such as certifier size, location, and accreditation scopes will influence audit length and activities.
- The “Planning” stage: Lead Auditor will contact the certifier and discuss an audit plan. Onsite audit dates are established will include the office, witness and/or review audits. Other logistical issues will be coordinated.
- Auditors are encouraged to contact certifiers by telephone when considering an audit plan activities.

# Onsite Audit Process



- Auditors will attempt to plan witness audits from your inspection schedule; therefore, be prepared to provide schedule details to the auditors. For global certifiers, the witness and/or review audits may not occur at the same time as the office audit.
- A minimum of one witness and/or review audit of a grower group during the five year accreditation period. Satellite or regional offices will be discussed by the auditor when applicable.
- Once an audit plan is created, the auditor will send you an official audit engagement letter (audit instructions), the proposed audit schedule, an audit cost estimate, and several attachments that will need to be completed and submitted to the NOP.

# Onsite Audit Process



- The audit engagement letter requests certifiers to provide the auditor operation and/or applicant records for the “Desk Review.” Certifiers will also provide a Quality and Certification manuals, SOPs, forms, etc.... for auditors to understand certifier procedures and processes.
- When the auditors are onsite, they will ask for clarification of the records and documents submitted and reviewed, request specific records for onsite review, interview certification staff, and continue to understand your accreditation and certification activities.
- Brief meetings should be held at the beginning each day and at the end of the day to discuss daily audit activities and outcomes.

# Onsite Audit Process



- The auditors primary goal is to assess certifier compliance to the USDA organic regulations and NOP policies. If auditors find non-alignment with the standards and policy, it will be considered a “Finding.” Their job is to find areas of potential improvement in the certification program. This is an opportunity for certifiers to clarify and understand NOP expectations.
- The “Post Onsite” consists of completing the Auditor Checklists, billing, and then submitting those documents to the NOP for review and decision making.
- Within 60 days of the Onsite audit closing meeting, certifiers should receive an assessment report from the NOP.



# What are Audit Priorities?



Audit Priorities are...

- ✓ Significant issues
- ✓ Issues identified by the NOP requiring certifier improvement
- ✓ A review of the certifier implementation of NOP newly issued regulations or policies
- ✓ Established for one year, but could be a longer duration

# What are Audit Priorities?



Audit Priorities are not...

- ✓ The only verification or reporting that must be accomplished during audits
- ✓ The focus of some audits or might not be applicable (e.g. compliance audit)

# Why Audit Priorities?



- ✓ Many compliance requirements to verify
- ✓ Limited resources
- ✓ Time constraints

# What are the 2017 Audit Priorities?



- Organic Certificates
- Onsite Verification
- International Trade Arrangements



## Why Organic Certificates?

- ✓ Organic Certificates provide all viewers a summary (and important understanding) of the certified operation



## Why Organic Certificates?

- ✓ If the certificates are not consistent, not using similar terminology, and do not include key elements, doubts exist about the operation's certification status and those products produced and/or handled

# Organic Certificates



What are the issues with certificates?

- ✓ Incorrect terminology (e.g. “effect date” listed as “date of first certification”)
- ✓ Absence of terminology (e.g. Effective Date, Anniversary Date, Issue Date)
- ✓ Missing required statements (e.g. “Certified to the USDA organic regulations, 7 CFR Part 205....”)



What are the issues with certificates?

- ✓ Missing label categories: 100% Organic, Organic, Made With Organic...
- ✓ Incorrect categories of operations: Crops, Livestock, Handling/Processing, Wild Crops
- ✓ Expiration dates listed





What are the basic references for a compliant organic certificate?

- USDA organic regulations, §205.404
- NOP 2603, Organic Certificates

# Onsite Verification



Auditors will be assessing during the inspection process...

- ✓ Are inspection instructions provided to the inspector?
- ✓ Are current and complete OSPs provided to inspectors?
- ✓ Are inspectors verifying the OSP?
- ✓ Are Inspectors using or referencing the USDA organic regulations when identifying “Issues of Concern” and conducting verification activities?

# Onsite Verification



- ✓ Are inspectors issuing noncompliances and receiving corrective actions?
- ✓ Do the inspectors have sufficient knowledge of the regulations and NOP policies (NOP Handbook)?
- ✓ Do inspectors make an effort to clarify the certification process and the regulations for the operators?

# Onsite Verification



- ✓ Do inspectors verify compliance by only interviewing the operator?
- ✓ Are the Trace-back and Mass Balance inspection activities required and conducted during all inspections?
- ✓ Are the Trace-back and Mass Balance inspection activities appropriate for the inspected operation, completed correctly, and recorded?
- ✓ Are Inspectors verifying corrective actions of prior noncompliances or minor issues?



Is the inspector hampered by the materials the certifier provided?

- ✓ Inspectors provided Annual Updates that lack complete OSP information?
- ✓ Inspector checklists or inspection reports provide an area to record Mass-balance and Trace-back activities?
- ✓ Exit interview form require the inspector to cite the regulations?

# Onsite Verification



Auditors will conduct witness audits that...

- ✓ Consist of a variety of inspections (annual, unannounced, re-instatement, initial)
- ✓ May request to observe collection of samples for residue testing
- ✓ May not occur during the same period as the onsite office audit

# Onsite Verification



Auditors will conduct witness audits that...

- ✓ Critically review and evaluate the materials given by the certifier to the inspector. Are these documents adequate to verify compliance?
- ✓ Are the Trace-Back and Mass-Balance activities appropriate and reasonable for the type of operation?

## Auditor checklists...

- NOP 2005-4, Witness Audit Checklist
- NOP 2005-5, Witness Audit Checklist  
Grower Groups



Note: The Witness Audit Checklist is for recording auditor observations and findings of the inspection process. It is not a record of the operation's compliance.



# International Trade Arrangements



Auditor areas of interest:

- ✓ Assessing and verifying certifier oversight to ensure that trade arrangement terms are complied with by operations.
- ✓ Are OSPs and annual update templates identifying whether operations are exporting or importing organic products?
- ✓ Do inspection checklists and/or reports require inspectors to verify trade arrangement terms?

# International Trade Arrangements



Are records retained?

- ✓ Import certificates and organic certificates
- ✓ Export certificates for those products shipped to equivalency partner operations
- ✓ Organic certificates from the equivalent country
- ✓ Attestation statements correct and recorded on shipping documents



## References:

- ✓ On the NOP webpage: *International organic import and export policies*
- ✓ 2016 and 2017 Certifier Training Presentations

# International Trade Arrangements



## Auditor checklists...

- ✓ NOP 2005, § 205.500(c)(2) International Agreements section
- ✓ NOP 2005-4, Witness Audits
- ✓ NOP 2005-6, Review Audits – *No specific section*

# Future Onsite Audits



- ✓ Risk based
- ✓ Topic/Issue specific
- ✓ Geographical area, certification scope, and/or commodity based witness and review audits conducted on multiple certifiers
- ✓ Satellite or region of certifier offices

# 2017 Audit Priorities

