



2018 Audit Priorities

February 6, 2018
USDA Agricultural Marketing Service
National Organic Program





2018 Audit Schedule

2018 Audit Priorities



Audit Schedule

2018 Audit Schedule



	2018 (Projected)	2017
Total Accreditation Audit Events	47	62
Renewals	21	39
Midterm	0	1
Initial	3	1
Document Adequacy Review and Pre-decisional	4	2
Compliance	3	9
Satellite Office	16	4
Domestic (USA - Primary Office)	21	40
Foreign (Non-USA – Primary Office)	26	22



Audit Priorities



Audit Priorities are...

- ✓ Guidance to NOP Auditors
- ✓ Issues identified by the NOP requiring certifier improvement
- ✓ Investigation of certifier implementation of and compliance to USDA organic regulations and policies



Audit Priorities are not...

- ✓ The only verification or reporting that must be accomplished during an audit



- On-site Inspections
- Ruminant Livestock Certification
- Satellite Offices



On-Site Inspections



§ 205.403

- (a) On-site Inspections
- (b) Scheduling
- (c) Verification of information
- (d) Exit interview
- (e) Documents to the inspected operation

On-site Inspections



- Inspector Instructions
- Risk Assessment Analysis
- Roles and Responsibilities
- Verification of the Organic System Plan
- Traceability and Quantitative Analysis (i.e. Trace-Back and Mass Balance inspection tests).
- Recordkeeping
- Use of the Regulations and NOP Policies

On-site Inspections



Inspector Instructions

- Are certifiers providing general and specific guidance to inspectors for each inspection? Such as specific items to verify, sampling instructions, collection of records, specific issues, etc...
- Are inspectors required to report back to certifiers about specific points or tasks? Are those points or tasks noted in the inspection report or another document?



Risk Assessment Analysis

- Have inspectors reviewed the materials given to them?
- Have inspectors assessed what are the potential risks to organic integrity?



Roles and Responsibilities

- Who is responsible for maintaining compliance?
- Are inspectors providing operators a description or clarification of the roles and responsibilities of operators, inspectors, and certifiers?



Verification of Organic System Plan

205.403(c)(2) states *“That the information, including the organic production or handling system plan....accurately reflects the practices used or to be used.....by the applicant or certified operation”*

- *Are certifier inspector training, inspector instructions, OSP templates, inspection checklists, and inspection reports designed to facilitate verification reporting?*



Would you expect to see this statement on an OSP or Inspection Report?

Buffer hay harvest equipment is cleaned and documented in the field activity journal. Buffer hay is given to brother for conventional livestock.



Buffer hay harvest equipment is cleaned and documented in the field activity journal. Buffer hay is given to brother for conventional livestock.

OSP updated at inspection, see attached.



Recordkeeping

- Identification of Operation
Records Used and maintained in an OSP
- An example document showing a combination of Title (Ownership), Production/Handling Flow, and identification of Records in an OSP

NOP Rule requires that records disclose all activities and transactions of the operation, be maintained for 5 years, and demonstrate compliance with the NOP Rule. Organic products must be tracked back to the field/location where they were produced/harvested. All records must be accessible to the inspector for review and copying during normal business hours.

A. RECORDS: Please have these records available for the inspector.

Which of the following records do you keep for organic production?

- ☐ field maps
- ☐ field activity log(s)
- ☐ field history sheets (previous three years)
- ☐ documentation of previous land use for rented and/or newly purchased land
- ☐ input records for soil amendments, seeds, manure, foliar sprays, and pest control products (keep all labels)
- ☐ documentation of attempts to source organic seeds and/or planting stock
- ☐ documentation of organic seedlings
- ☐ residue analyses of inputs (i.e., manure sourced off-farm)
- ☐ compost production records
- ☐ monitoring records (soil tests, tissue tests, water tests, quality tests, observations)
- ☐ equipment cleaning records
- ☐ harvest records that show field numbers, date of harvest, and harvest amounts (including custom harvest records)
- ☐ label records
- ☐ storage records that show storage location and identification, field numbers, amounts, and cleaning activities
- ☐ clean transport records
- ☐ sales records (purchase order, contract, invoice, cash receipts, cash receipt journal, sales journal, etc.)
- ☐ shipping records (scale ticket, dump station ticket, bill of lading)
- ☐ Transaction Certificates
- ☐ audit control summary
- ☐ complaint log
- ☐ other (please specify)

For how long (years) do you keep your records on site available for review?

Which of the following records do you keep for conventional production?

☐ Not applicable, no conventional production

- ☐ field maps
- ☐ field history sheets
- ☐ input records
- ☐ harvest records
- ☐ other (specify)
- ☐ labor records
- ☐ storage records
- ☐ sales records
- ☐ shipping records

Document Flow Diagram

Ownership Transfer

Farm Gate to
Beef LLC

Process Step

Livestock Sources
Staging/Shipping

Livestock
Transportation

Livestock
Receiving/
Staging

Livestock
Euthanized/
Breaking

Package/
Refrigerated
Storage

Refrigerated
Shipping/
Delivery

Customer/Buyer

Beef LLC to
Customer

Documentation

-Organic Supplier Certificates (Last Third Slaughter Eligible Livestock)
-Cattle Shipping/Receiving (Lot Tracing form listing Animal ID)
-Sales Invoice (Animal Supplier to Boulder Organic Beef)

-Clean Truck/Trailer Affidavits (Load Identified as Organic)
-Truck/Trailer Weight Tags (Scale Tickets)

-Animal ID Verification
-Livestock Evaluations

-Carcass Report (Lot Tracing form listing Animal ID, Live/Hot/Cold Weights)

-Production Order Created (Inventory and Lot tracing of packaged meats)

-Shipping Manifest (Lot Tracing form listing packaged meats with weights)
-Organic Trader Certificate (Beef, LLC)

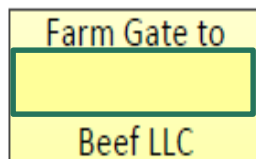
-Customer Invoice from (Beef, LLC (Lot Tracing form listing packaged meats with weights)

Physical Chain of Custody Key

- Farm (Organic Beef Source)
- Third Party Meat Processor
- Customer

Document Flow Diagram

Ownership Transfer



Process Step

Livestock Sources
Staging/Shipping

Livestock
Transportation

Livestock
Receiving/
Staging

Livestock
Euthanized/
Breaking

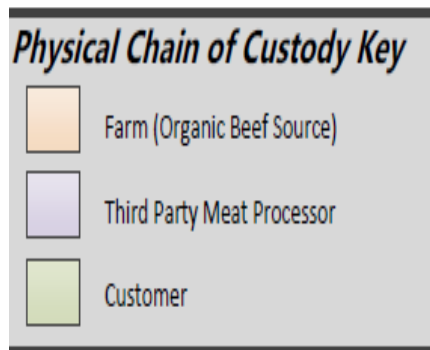
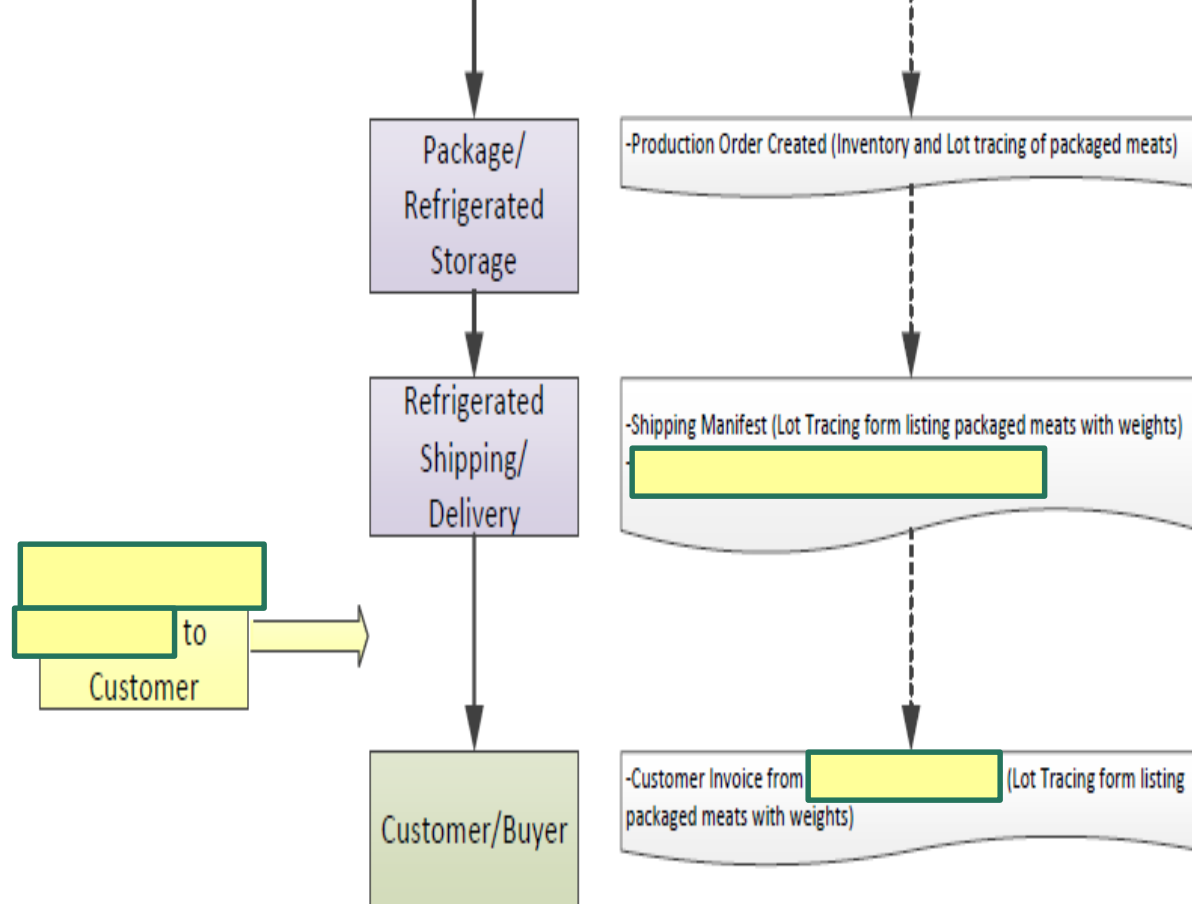
Documentation

-Organic Supplier Certificates (Last Third Slaughter Eligible Livestock)
-Cattle Shipping/Receiving (Lot Tracing form listing Animal ID)
-Sales Invoice (Animal Supplier to)

-Clean Truck/Trailer Affidavits (Load Identified as Organic)
-Truck/Trailer Weight Tags (Scale Tickets)

-Animal ID Verification
-Livestock Evaluations

-Carcass Report (Lot Tracing form listing Animal ID, Live/Hot/Cold Weights)





Use of the Regulations and NOP policies

- Do inspectors have access to the regulations and policies during the inspection?
- Are inspectors discussing the regulations with operators when issues are identified?
- If an issue of concern is identified, are inspectors confident that operators understand and can find a regulation?



Traceability and Quantitative Analysis

- Should occur at all inspections.
- There should be a section or annex in the inspectors report to record the activities in adequate detail for reviewers to understand.
- Traceability testing verifies records maintained and flow of ingredients and products through the system.
- Mass Balance testing. Are outputs reflective of the inputs used? Inspectors should justify why they selected a certain time frame and specific ingredients or products.

SAMPLE AUDIT WORKSHEET FOR Producer

I. Trace-back Audit Worksheet: Please choose a title transfer document (Invoice, BOL, or Shipping Document) for a finished organic product and trace it, or some of its ingredients back to the supplier(s) and date(s) of delivery of raw materials. List all documents necessary, and the connecting data elements between the documents that allow the finished product to be traced back to the incoming raw materials and their compliance documentation.

1. State product chosen	Organic Garbanzo Beans
2. Lot #, Date Code, or product tracking system code for the above product	2011
3. Describe the trail of documents	<p>Product tracking could not be initially verified because garbanzo delivery records were not maintained. However, during the inspection some shipping records for the 2011 organic garbanzo beans were faxed to the office. A summary of a weight certificate follows:</p> <p>Weight Certificate 6-30-2011, Organic Garbanzo Beans, Fields 6,8,9</p>

<p>4. Does the trace-back audit confirm that the facility has a complete audit trail, and is product being accurately tracked through the system?</p>	<p>Product tracking from outgoing shipment back to the certified organic field is satisfactory.</p> <p>However, note that the shipping documents for last year's organic garbanzo bean crop were not maintained in the office so the buyer furnished a weight certificate representing one of the shipments. Note also that the weight certificate misidentified one of the fields. Field 9 is actually fallow, so the harvested yield was miss-attributed from another organic field on the ranch.</p>
<p>5. Does the trace-back audit verify the accuracy of the for the product chosen?</p>	<p>The trace-back audit is consistent with the </p>

INSPECTOR SIGNATURE

DATE

Mass Balance Worksheet p.1

1. State Product/Ingredient Chosen	
2. If ingredient, state list of products containing this ingredient.	
3. State Time Period Chosen (Month, Quarter, Year)	
4. From Worksheet p.2 – Compare the Raw Material <u>Usage</u> to the Finished Goods <u>Production</u> .	
4. <u>From Sales Records</u> - Total Sales Volume of product or ingredient found in all products containing this ingredient.	
5. <u>Calculated Sales from the Worksheet p2.</u> – Total volume of Product or ingredient found in the Calculated Sales of all products containing this ingredient.	
6. Comments	

Ingredient Selected _____

Period Selected _____

1 Beginning Inventory _____
(as of _____)

2 Purchases _____
(_____)

3 Ending Inventory _____
(as of _____)

1+2-3 = Usage

~~Sales per Sales Records~~

[illegible]

1 Beginning Inventory
(as of _____)

2 Production
()

3 Ending Inventory
(as of _____)

1+2-3 = Calculated Sales

Sales per Sales Records



Other Areas of Interest for NOP Auditors:

- Unannounced inspections
- Residue sampling
- Broker/Trader inspections



Ruminant Livestock Certification

Ruminant Livestock Certification



Auditor focus:

- Do Reviewers and Inspectors have the skills, knowledge, and experience to conduct livestock certification review and inspection?
- Are inspections conducted at appropriate times?
- Frequency of inspections is appropriate for the type of operation?
- Length of inspections is adequate to cover the complexities and scope of the operation?



Satellite Office Audits



What is a Satellite Office?

Global certifiers frequently establish regional offices in countries acting as a hub to conduct certification activities. These offices may conduct one or more key activities (e.g. certification decisions, inspections, etc...).

Satellite Office Audits



Key Activities

- Policy formulation;
- Process and/or procedural development;
- Contract review;
- Application review;
- Inspection planning;
- Review, approval, and decision-making on the results of inspections;
- Adverse action decisions;
- Material, ingredient, and input review, approval and decision-making; and
- Label review, approval, and decision-making.



What we know:

- Certifiers that operate outside the US typically have satellite offices
- In April 2016 NOP identified:
 - 28 of 79 certifiers had more than one location conducting NOP key activities
 - Of those 28 certifiers, there were a total of 41 other key locations



NOP 2000, 6.3, Onsite Review

“If the certifier operates satellite offices in addition to its main office, then all of its offices are assessed to ensure that sufficient objective information is collected to verify that the certifier’s program quality manual system and NOP certification requirements are effectively implemented and requirements are met.”

In Section 7,

“For certifiers with satellite offices, a witness inspection or a review audit will ultimately be conducted at each office.”

Satellite Office Audits



Considerations:

- Satellite Offices are to be audited within the five year accreditation period.
- Audit preparation and execution are typically as rigorous for Satellite Office Audits as for renewal and midterm audits depending upon the functions and activities of the satellite office.
- For planning purposes: 2 – 3 days on-site to include at least one witness or review audit.



- On-site Inspections
- Ruminant Livestock Certification
- Satellite Offices