



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

**AUDIT INFORMATION**

<b>Applicant Name:</b>	Ecocert International
<b>Est. Number:</b>	N/A
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<b>Auditor(s):</b>	Rick Skinner, Lead Auditor; Vickie Robertson, Auditor for Germany Audit; and Miguel A. Caceres and Corey D. Gilbert, Auditors for China Audit
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	China: August 20 and 27, 2007; Germany: September 3 -8, 2007; Serbia: September 5, 2007 (Wild Crops); and Canada: November 5, 2007 (Livestock)
<b>Audit Identifier:</b>	NP7246EEA
<b>Action Required:</b>	Yes
<b>Audit Type:</b>	Surveillance -Accreditation Renewal Audit
<b>Audit Objective:</b>	To verify compliance to the audit criteria, and to verify the implementation and effectiveness of corrective actions in addressing the previous non-compliances.
<b>Audit Criteria:</b>	• 7 CFR Part 205, <i>National Organic Program; Final Rule</i> , dated December 21, 2000, updated September 11, 2006
<b>Audit Scope:</b>	The Ecocert's Quality Manual including personnel, processes, procedures, facilities, and related records.
<b>Location(s) Audited:</b>	Ecocert International Office in Northeim, Germany; processing operation in Kroppenstedt, Germany; wild crop operation in Belgrade, Serbia; livestock operation in Ontario, Canada; Ecocert China office in Beijing, China and producer in Zhuanghe City, China

Ecocert International is an accredited NOP certifying agent, applying the National Organic Program (NOP) standards for crops, wild crops, livestock, and processor/handlers. Records show that NOP certification has been issued by Ecocert to 977 operations. There are 23 companies that are considered Ecocert satellite companies that are performing certification work. The only other work done outside of the company is work related to inspections that is contracted. When inspections are contracted, all preliminary reviews are done in advance of the inspection, and all certification decisions are made at Ecocert or by a satellite certification office of Ecocert. Certifications include:

Crops - 418  
Wild crops- 48  
Livestock -14  
Processors/handlers - 497



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Other: Grower groups – records indicate there are at least 150 grower groups certified. There is no total number of farmers represented by the grower groups and the number of hectares included in the certifications has not been calculated.

Ecocert International and Ecocert satellite offices send out the initial information upon request by the client. The inspection assignments may be combined between the Ecocert office and the satellite office. Forms that are sent to the client are all returned back to the main office of Ecocert. When everything is received in the office in Germany there is an initial review of the application. Inspections may be scheduled by a satellite office at the recommendation of Ecocert. The inspection contract is new and additional responsibilities are being given to the satellite offices because they can more closely evaluate the qualifications of the inspector. Verification of activities at satellite locations is being evaluated based on risk, such as in China. In Turkey all inspectors are employees of the company.

Witness inspections were conducted to evaluate all areas of certification that are currently managed by Ecocert International. Crops were evaluated in China, processing in Germany, livestock in Ontario, Canada, and wild crops in Serbia. All inspections indicate that the certification procedures are adequate except in those areas identified in the findings section of the report.

### **Overview of some key Chinese Government Offices associated with organic certification in China**

The General Administration of Quality Supervision, Inspection and Quarantine (*AQSIQ*) and the State Environmental Protection Administration (*SEPA*) are just two of the administrations that fall directly under the China State Council. *AQSIQ* manages the China National Accreditation Association (*CNCA*) which was established in 2001 and charged with the responsibility to develop, promulgate, and implement the state laws, regulations and rules concerning certification and accreditation. One of the many regulations that give's the *CNCA* its authority is the *Regulation's of the People's Republic of China on Certification and Accreditation* which became effective on November 1, 2003.

Under the approval of the *CNCA* the China National Accreditation Service for Conformity Assessment (*CNAS*) was established March 31, 2006 by merging two former National Accreditation Boards (certifiers and laboratories). *CNAS* is responsible for the **accreditation** of all certification bodies and laboratories. There are currently thirty domestic certifiers accredited for domestic organic certification. Fifteen of these certifiers conduct organic certification only, and fifteen were system certifiers that added organic certification to their scope. Accreditation is valid for one year.

Accreditation is not required for foreign certification bodies; however, they must be **registered** and approved by *CNCA*. All certification bodies foreign and domestic must be registered with the *CNCA*. This includes but is not limited to ISO 9000, ISO 14000, HACCP, and organic certification bodies. In order to register with the *CNCA* the foreign certification body must: be established with a Chinese company; be accredited in their home country or region; and be engaged in certification activities for not less than three years. Foreign certifiers can register as an equity joint venture (EJV) company or as sub-contracted company.

The China Certification and Accreditation Association (*CCAA*) is one of ten trade associations affiliated with *AQSIQ*. The *CCAA* is responsible for the **accreditation** of auditors, inspectors, and trainers. Inspectors must meet established minimum qualifications and their accreditation is valid for three years.



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National accreditation of inspectors began in 2006. Inspectors conducting only international inspections do not have to be accredited.

### **Land Stewardship**

All land in China is owned by the government; however, it can be used for organic production in four different ways.

1. State Farm where government invests money in the land for agricultural production and pays farmers to manage the land.
2. Private Company rents the land from the State Farm and pays the farmers.
3. Private Company rents land that is not a State Farm (undeveloped) and pays the farmers.
4. Farmers rent land from the government and operate privately.

### **Ecocert China On-site Audit Specific Information**

As part of the 5 year re-accreditation audit of Ecocert S.A., one witness inspection audit was conducted in China to verify inspection procedures were in compliance with the National Organic Program Standards. The Ecocert office in Beijing, China was also reviewed. Beijing Ecocert Certification Centre Co., Ltd (Ecocert China) is an Equity Joint Venture (EJV) established in March 2005 between Ecocert SA and Mr. Wu Wenliang and is registered with the China Certification and Accreditation Administration (CNCA). However, the Ecocert China office started in 1998 assisting with inspections and translations. The China office staff consists of: a vice president; a general manager which is also a project manager; two other project managers; three client managers; nine part-time inspectors from Agricultural University; one market/sales manager; one assistant market/sales manager; and six staff inspectors. Only two of the inspectors are used for livestock operations which are certified to EU 2092/91 standards only. According to Ecocert of the nine part-time inspectors; four of them are from China Agricultural University; one is from Shandong Agricultural University; one from zhejiang Agricultural University; one from South China Agricultural University; one from Yunnan environment supervise office; and one from Heilongjiang environment supervise office.

A review of the contracts and signed documents between Ecocert S.A. and the Ecocert China office revealed the following:

- **February 2004** – Contract signed between Ecocert SA, Northeim Germany and the *Department of Ecology and Environment Science, Agro-Ecology Research Institute (ARI)*, Beijing, 100094, China which was represented by Professor Wu Wenliang, Professor Li Ji, and Dr. Meng Fanqiao.
- **February 2005** – Contract signed between Ecocert SA, Northeim Germany and *Beijing Greenfield Ecological Center*, No. 2 Yuanmingyuan Xilu, Haidian District, China Agricultural University P.O. Box 600#, Beijing, 100094, China which was represented by Professor Wu Wenliang and Dr. Meng Fanqiao
- **March 21, 2005** – Joint venture contract signed between Ecocert SA and Mr. Wu Wenliang (Chinese Party). The company was identified as “*Beijing Luyuan Taindi Environment Technology Centre*” which the project manager indicated was one and the same as *Beijing Greenfield Ecological Center*” except that one was in English and the other in Chinese. The Ecocert project manager stated that the application process for the joint venture company started in March of 2005



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but that it took two years to receive approval and the formal joint venture was not started until April 2007. As noted below the approval was not granted until December 2006.

- **January 2006** – contract signed between Ecocert SA, L’Isle Jourdain, Toulouse, France and *Beijing Greenfield Ecological Center Co., Ltd.*, No. 2 Yuanmingyuan Xilu, Haidian District, China Agricultural University P.O. Box 600#, Beijing, 100094, China which was represented by Professor Wu Wenliang and Dr. Meng Fanqiao
- **December 2006** – Business contract issued for the Equity Joint Venture (EJV) company: the name of the company on the contract was “*Beijing Ecocert Certification Centre Co., Ltd*” with a date of approval of November 28, 2006 and a date of issue of December 1, 2006. The General Manager was identified as Dr. Meng Fanqiao. Information received from Ecocert S.A. indicated the Board of Directors for the company were: William Vidal, Board Chairman; Michel Reynaud, Director; and Wu Wenliang, Vice Board Chairman.

**Certification Process:** Applications are submitted directly to the Ecocert China office. The client manager conducts a review for compliance and completeness and makes remarks in the appropriate column on the checklist. The inspector is assigned by the client manager and the inspection is completed by a staff inspector or a part time inspector. All staff inspectors know English and Chinese and will complete the inspection report in both languages. After the inspection the packet will once again be reviewed by the client manager to ensure all areas are completed and any required information is gathered from the inspector or the client prior to sending the packet to a project manager. The project manager is required to make the certification decision within ten days of receipt of the packet. Labels are reviewed by the inspector during the on-site inspections and then they are reviewed again by the project manager. If labels are not ready by inspection time they are required to be submitted and approved by the project manager prior to use.

The Ecocert China office had more than one hundred clients in the categories of crops, wild crops, and processors. Producers were identified into one of two categories; 1) Company owned farms with hired farmers to manage the farm; and 2) small holder group – multiple individual farms owned and operated by individual farmers. In this case owned means the land is managed. As previously stated all land is owned by the government of China. The office operates under the Chinese government issued organic standards *Regulations of the People’s Republic of China on Certification and Accreditation* which became effective on November 1, 2003. The China office pulled and submitted twenty-nine samples in the past year with one operation denied certification in 2006 for applying a prohibited substance. All samples collected are submitted to the laboratory *Eurofins Analytik GmbH*, Hamburg, Germany.

**Grower Group Certification:** The number of fields to be inspected by Ecocert is based on the square root of the total number of fields. The square root is then multiplied by a risk factor applied to the internal control system as assessed by the inspector. For grower groups, farmers sign a contract with the local government and the local government (village) signs a contract with the processor to manage farms under organic management. Grower groups must have an internal control system (ICS) which inspects all of the farms within the group every year.



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### FINDINGS

Observations made, interviews conducted, procedures and records reviewed verified that Ecocert is operating in compliance to the audit criteria, except as noted in the non-compliances. A review of previously submitted corrective actions to the non-compliances identified during two previous annual updates was completed. Seven of the non-compliances were verified for implementation and effectiveness and cleared. Two of the non-compliances were found to be not addressed or not adequately addressed and therefore remain outstanding. Seven non-compliances were identified during the site visit at Ecocert International, and seven non-compliances were identified during the witness inspection in China.

**NP5192BBA.NC1 - Cleared**  
**NP5192BBA.NC2 - Cleared**  
**NP5192BBA.NC3 - Cleared**  
**NP5192BBA.NC4 - Cleared**  
**NP5192BBA.NC5 - Cleared**  
**NP5192BBA.NC6 - Cleared**  
**NP5192BBA.NC7 - Cleared**

**NP6249BBA.NC1 – Outstanding** - Clause 205.510(a)(3) requires “A description of the measures implemented in the previous year and any measures to be implemented in the coming year to satisfy any terms and conditions.....” *The corrective actions from the non-compliance (NP5189BBA.NC1 listed above) of the 2005 NOP Update had not been submitted. No response at the time of the audit.*

**NP6249BBA.NC2 – Outstanding** - Clause 205.510(a)(1) requires “A complete and accurate update of information submitted pursuant to §§ 205.503 and 205.504”, and 205.510(a)(4) requires “The results of the most recent performance evaluations and annual program review...”

*a) 205.504(c)(2) – No annual conflict of interest disclosure reports were submitted for persons who review applications, conduct on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations or certification decisions, and for responsibly connected parties.*

*b) 205.504(d)(1) – The list of production and handling operations currently certified by the applicant were not submitted.*

*d) 205.504(d)(2) – The copies of at least three inspection reports and certification evaluation documents from production and handling operations for each area of accreditation (minimum of one from each area of accreditation) were not submitted.*

*e) 205.510(a)(4) – The most recent performance evaluations and the annual program review were not submitted. The audit report from the previous year dated March 31, 2005 was submitted (in French). No response at the time of the audit*

**(China)**

**NP7246EEA.NC1** – NOP §205.307(a)(4) states, “Nonretail containers used only to ship or store raw or processed agricultural product labeled as containing organic ingredients may display the following terms or marks: (4) The USDA seal.” *The document “Deviations from the National Organic Program NOP Requirements Observed during the Inspection” for the 2006 producer (#1325) inspection identified the lack of using the USDA seal on the label as a non-compliance (deviation). The use of the USDA seal is not mandatory or required for certification.”*



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**NP7246EEA.NC2** – NOP §205.403 (c)(2) states “The on-site inspection of an operation must verify: (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.” *During the witness inspection the buffer zones on the northern border of the fields were not verified.*

**NP7246EEA.NC3** – NOP §205.404(b)(2) states, “The certifying agent must issue a certificate of organic operation which specifies the: Effective date of certification,” *The certificates issued by Ecocert have a “Date of Last Inspection” and an “Issued in Northeim” date. None of the certificates reviewed had an “Effective date of certification” which is the date the operation was first certified to the NOP standards by Ecocert.*

**NP7246EEA.NC4** – 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...or make certification decisions and implement measures to correct any deficiencies in certification services.” *No records of performance evaluations for the three client managers.*

**NP7246EEA.NC5** – NOP §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.” *The NOP standards are not provided to all clients that apply for certification. The translated standards are only provided to those clients that request the standards or that participate in training sessions. Those that request the standards are provided only those portions they inquire about (i.e. national list, labeling, etc...).*

**NP7246EEA.NC6** – NOP §205.504 states, “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information...” *The Ecocert Quality Manual submitted for the desk audit was Version 204.01.2006. However, the quality manual being used by the Ecocert China office was a 2005 version.*

**NP7246EEA.NC7** – NOP §205.504(b)(1) states, “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information...Administrative policies and procedures. (1) A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.” *There were no documented procedures for inspecting production bases (grower groups). The procedures would have to be very detailed and describe exactly what types of production bases there are; determining the number of fields to be inspected; include verification of what fields are inspected from one year to the next; and what type of internal control system is required.*

**(Germany)**

**NP7246EEA.NC8** – NOP §205.642 Fees and other charges for certification 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.” Additionally, the clause states “...the fee schedule must explain what fee amounts are



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nonrefundable and at what stage during the certification process fees become nonrefundable, and the certifying agent shall provide all persons inquiring about the application process with a copy of its fee schedule.”. *ECOCERT adopted a new series of fee schedules on January 1, 2007, and is currently using this international fee matrix for charging clients during the 2007 certification year. The company has not filed the updated fee schedule with the Administrator. Additionally, there is no reference to nonrefundable portions of the certification fees in the structure of the fee schedule, and policy dictates that only those requesting a fee schedule are actually provided with one.*

**NP7246EEA.NC9 – NOP §205.501(a)(9)** states, “Maintain all records applicable to the organic operation for not less than 5 years beyond their creation and allow authorized representatives of the Secretary...access to such records during normal business hours for review and copying to determine compliance with the Act and the regulations of this part.” *Not all records were available for review. In some cases after two inspection days, the company was unable to retrieve the records requested for review from the satellite locations managing the certification.*

**NP7246EEA.NC10 – ECOCERT V-Rep Procedure and the Ecocert SA Sanction Levels for NOP Certification** describes any number value above 3 requires (4) corrective action to be implemented and verified prior to certification, (5) an additional inspection required prior to certification, (6) an analysis required before certification; (7) decertification of product; (8) declassification of a field and decertification of its product; (9) suspension of certificate for a determined period; (10) withdrawal of certificate. *Three of seven files reviewed contained several sanctions ranging from 4-7. Verification that the non-compliances identified during the inspection process were implemented and verified prior to certification could not be realized with the records available. Certificates were issued to each of the companies even though the conditions of the sanctions precluded certification.*

**NP7246EEA.NC11 – NOP §205.201 (a)(5)(6)** states, “An organic production or handling system plan must include: (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 regulation.” *The organic system plan currently provided to clients by Ecocert does not provide the certifier with adequate information to evaluate compliance with sections NOP §205.271 (a) – (f) and NOP §205.272(a).*

**NP7246EEA.NC12 - NOP §205.501(a)** requires a private or governmental entity accredited as a certifying agent under this subpart to (15) Submit to the Administrator a copy of: (i) – Any notice of denial of certification issued pursuant to NOP §205.405, notification of noncompliance, notification of noncompliance correction, notification of proposed suspension or revocation, and notification of suspension or revocation sent pursuant to NOP §205.662 simultaneously with its issuance. *Per interview with the NOP Certification Manager and client file reviews it was concluded that the required notices are not sent to the Administrator.*

**NP7246EEA.NC13 - 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.” *A review of*



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*selected personnel files concluded that 8 of 31 did not have a performance evaluation document in their files or could not be provided by the company, 4 of 31 were not current and 5 of 23 were performed in 2006, but were not dated or signed.*

**NP7246EEA.NC14 - NOP §205.405(c)** Denial of Certification states, “After issuance of a notification of non-compliance, the certifying agent must, (1) evaluate the applicant’s corrective actions taken and supporting documentation submitted or the written rebuttal, conduct an onsite inspection if necessary. Additionally, (ii) when the corrective action or rebuttal is not sufficient for the applicant to qualify for certification, issue the applicant a written notice of denial of certification.” *Records indicate that in one of seven files reviewed, the submitted corrective actions to the findings in the official certification letter did not actually adequately answer the non-compliances listed. A certificate was issued in spite of the inadequate response.*