



International Organic Inspectors Association
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Sept. 29, 2022

Ms. Michelle Arsenault, Advisory Committee Specialist
National Organic Standards Board
USDA-AMS-NOP 1400 Independence Ave. SW
Room 2642-S, Mail Stop 0268
Washington, DC 20250-0268

Re: Docket #: AMS-NOP-22-0042

Re: Compliance, Accreditation & Certification Subcommittee (CACS) Discussion Document *“Oversight improvements to deter fraud: Minimum Reporting Requirements”*

Dear Ms. Arsenault:

IOIA appreciates the efforts the NOSB has made in bringing this topic forward for discussion.

IOIA would like to thank the NOSB and NOP for recognizing the challenges of onsite inspections, especially the complex math and process that are part of the audit exercises. Exploring ways to ease the burden and efficiency for inspectors and organic operations is a worthy goal and collaboration on solutions is indeed needed.

IOIA is the leading worldwide training and networking organization for organic inspectors. Though a United-States based nonprofit 501(c)(3), IOIA operates globally with nearly 250 inspector members in over a dozen countries. Our members are the “boots on the ground” at the annual inspections of certified operators. The inspector is often the first representative in-person at the operation and sometimes the only one. We see first-hand successes and failures of the many administrative and technical innovations which are implemented in the name of ensuring organic integrity.

Thank you for acknowledging in the discussion document the critical role that inspectors and certifiers play and the good work that they are doing.

We respond to the questions below.

Questions from CACS:

1. How could the NOP engage, facilitate, and help inform certifier exploration of universal documents like mass-balance and traceback worksheets?

To address this question, one must first ask if the industry should have universal audit worksheets. Please note that the answer to this question refers specifically to audit worksheets and not to other documents within organic



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certification. In our comment for the *Oversight Improvements to Deter Fraud: Modernization of Supply Chain Traceability Spring 2022 Discussion Document* we suggested “*Provide templates and forms that make the process easier. Spreadsheets can do some of the more complex math and traceability forms can prompt for the needed information. Some standardization of Traceability and Mass balance exercise formats will develop a clearer expectation across the community/industry for what is expected and acceptable.*” IOIA feels strongly that mandating use of universal standardized worksheets is not the answer to supporting better reporting results for audit exercises. Again, we absolutely support some standardization of Traceability and Mass balance exercise formats. The key difference is providing templates that MAY be used in many contexts, while also teaching inspectors and reviewers the principles of these exercises so that they understand when and what deviations are acceptable and necessary.

The primary concern with standardization is that it will not be possible to create a universal document that addresses the diversity of operations and bookkeeping systems among certified entities subject to the USDA Organic regulation. For example, a traceback template designed for a coffee roaster who blends beans that are imported from five different countries and incorporates rework over a full year is overly complex for a producer who sells produce direct to consumer at a roadside stand. Mass balance for a soup made from seven ingredients will require a different template than what is needed to calculate the various meat cuts produced from the live weight of a steer. Rather than mandating universal, standardized worksheets, the certification community should focus on a more comprehensive approach. In addition to creating form templates and resources, provide improved and ongoing training that equips inspectors to adequately choose and perform the type and scope of audit exercises suited to each operation. Instruct reviewers to understand and evaluate the exercises so they can identify and communicate deficiencies and areas of improvement. Assign files to inspectors and reviewers that are trained and qualified for the scope, size, and complexity of the operation.

The NOP has a critical role in supporting the industry’s effort to improve audit exercises. **Capacity building among inspectors and reviewers seems a far better application of resources than spending energy, time, and money on creating and enforcing use a mandated universal audit form.** Access to training, mentoring, and resource toolkits would deliver a greater benefit.

Clear definition and clarification of traceback and mass balance audits. NOP 2602 offers lists of common records across all scopes of organic production that are likely to be found. It states, “...records that can be used to demonstrate compliance with the recordkeeping requirements in the NOP regulations”, yet does not identify Traceability or Mass Balance as the methods and exercises applied to these document sets to



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determine compliance. The NOP has advanced some much-needed changes to include mass balance and audit exercises within the regulations. Clarity on the definitions and key elements of what creates successful traceability and mass balance exercises would be a phenomenal reference and guide. Inspectors and reviewers need a solid foundation of the objectives and methods of successful audits.

Involve inspectors. Experienced inspectors most fully understand the expectations, systems, shortfalls, and nuance of the plethora of production systems in farming and processing. Yet, inspectors are not always involved in the creation of policy and other documents, including reporting and audit forms. Although reviewers and certifiers understand the exercises in principle, their job function does not generally provide the many hours of experience engaging in the nuance of different systems and if those systems provide auditable records that demonstrate compliance. Deciphering SAP reports that provide information needed for a mass balance and not a mock recall, learning how brix value affects the weight of a gallon, or verifying that a settlement statement is reasonable based on yield of production are just a very few examples of circumstances that develop real world experience. Inspectors can offer significant insight into both the bottlenecks and solutions in performing these exercises. This expertise can create the foundation for a toolbox of workbook templates, formulas, and other resources that would provide the critical support to increase report quality, along with inspection and review efficiency across operational diversity.

Provide Funding for a joint working group between IOIA and ACA to develop best practices and a toolkit of useful forms, templates and resources that could be downloaded and used by inspectors. A centralized location that provides general template forms and resources such as links to yield information from the National Agricultural Statistical Service (NASS), common conversion calculators, and standardized weights of common measurements would be an incredible and much-needed support.

Create additional training opportunities. OILC is an excellent resource for all stakeholders in the industry. The current full and micro learning courses are excellent training tools. Building on that foundation by creating focused audit training modules would help develop the knowledge base required to conduct a traceback or mass balance audit. For example, a course that teaches how to create and change formulas in excel mass balance forms would simplify the math required to complete a complex processor inspection and allow for necessary edits to templates.



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Another area of focus could be specific to types of operations or specific areas where inspectors and reviewers struggle. For example, grain traceability can vary dramatically. Due to equipment use and filling of storage units, cases where one is able to trace a kernel of corn to an exact field are exceptional. However, the product identification systems and recordkeeping practices in use, such as lot numbers or storage locations, allow for compliant traceability. Even within this one production type, operators may elect to identify a farm with one harvest lot code, or a field with a harvest lot code. This variability is elective and represents massive volumetric difference, but both are compliant.

More in-depth courses on acceptable variances and common production types would also provide some much needed guidance within the industry. Even experienced inspectors can have difficulty making sense of differences caused by spillage, evaporation and absorption of moisture, cleaning losses, and other explanations for differences between harvest, storage, and sales. Inspectors and certifiers would be helped with guidance and estimates of “reasonable” discrepancies and those which raise issues of concern or flag possible fraud.

In addition to OILC, IOIA has open-enrollment webinar training on in/out balance and traceback, geared for working inspectors and reviewers. IOIA is also available to conduct in house training and is frequently asked by certifiers to deliver this same training for their staff.

Accurate data is imperative to the success of mass balance exercises. An audit cannot be considered successful if there is not statistically accurate information to compare it to. Yields range from counties within a state and soils within a county. The corn harvest in the most fertile soils of Lancaster County, Pennsylvania will be exponentially greater than that of the less fertile soil of the coal country of western Pennsylvania. Accurate data will empower inspectors and reviewers with the confidence that is crucial to success. Though some statistics are available for conventional production, organic yields vary dramatically.

IOIA thanks the NOP for addressing the need for well-trained, experienced, skilled, and supported inspectors and reviewers. The foundation of consumer confidence in the USDA Organic rule is an evidence-based inspection and review process that verifies practices to validate compliance. To a great extent, this is a unique aspect of organic certification that embraces outstanding diversity.

Fear of fraud must not constrain the growth of this community and industry. There will always be opportunists trying to game the system simply to profit. Reaction to these bad actors must not compound an already complex and self-selected participation process for NOP-compliant production. A tiered system of



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verification through the certification processes from the producer throughout to the USDA audit of certifiers when practiced with full support and rigor is better for all involved.

2. Is there any unforeseen downside to inspectors, reviewers, and certifiers all working with the same traceback and mass-balance templates?

While many validated and common forms will improve the industry, the primary downside to mandated universal audit workbooks is no single form will fit all systems. Though templates may serve as a model, it is essential to ensure that the forms are adaptable to specific situations, as long as they provide the necessary information. Mandating universal audit worksheets will create an environment where organic operations must create record keeping systems that cater to regulatory forms instead of production methods. Our goal must be prioritizing the success, growth, integrity, and diversity of organic practitioners. It is critical that we accommodate the diverse systems of farmers and processors, while ensuring that compliance can be verified. The universe of possible operations that comply under NOP 205 should not be constrained or strained through a standardized audit worksheet that forces unrealistic workarounds and data contortions simply to fit a prescribed, standardized form. One concern is that use of rigid audit worksheets could be interpreted as requiring operations to change their record keeping systems which may disenfranchise an entire subset of organic operations and push small farms and operations away from seeking certification.

Standardized forms also can lead to tunnel vision for both inspectors and certified operations. Though audit exercises alone rarely identify fraud, they provide crucial evidence, and are an excellent and critical way to verify that systems and practices are compliant. USDA Organic is an evidence-based claim. Failure of an audit is not necessarily evidence of fraud, but it can be evidence that the system is insufficient to meet the standard to be certified. Inspectors often use these audits as an in-depth record review to understand the operation to a finer degree and in a greater context than just the completion of a required task. It is very probable that in an effort to rectify poor quality inspection and review work, a ceiling is inadvertently created by streamlining documentation into something curated rather than understood. The objective of these exercises is not simply to enter information into a form, but rather to gain greater insight into the operation.

When fraud is in question, a standard template would not provide inspectors the autonomy to keep the fraudsters uncertain about what an inspector might ask. In such situations, a standard template would increase the opportunity to commit fraud. A more effective deterrent to fraud is to maintain the element of surprise as a tool that inspectors can use. It is clear from the organic



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feed fraud in the Black Sea region and the Plains States that traceability and mass balance can be thwarted by operations falsely claiming exclusion from certification. If anything, a standard template gives such fraudsters the answers to the test.

IOIA emphasizes the value of thorough, rigorous training of inspectors and reviewers. The organic community and marketplace will benefit more from having well informed, skilled, experienced individuals with developed expertise who can 'look inside' an operation and see if and how it meets the standards. IOIA's inspector accreditation process is one resource available to the community to support effective inspection results. It includes both certifier evaluation and peer review by experienced inspectors.

3. Are there other forms (i.e., Dry Matter Intake (DMI) worksheet, Bills-of-Lading (BOLs), inspection report forms, etc.) that we can make universal to promote consistency for certifiers, inspectors, and operations?

The use of validated or common OSP documents and standardized certificates, accessible from the OID as applicable, would allow inspectors to more easily, accurately, and efficiently perform their work, especially across multiple certifiers. Access to these standardized forms would also reduce the burden on operators and operators' compliance managers. IOIA recognizes that several validated documents would be extremely beneficial to maintaining organic integrity including:

- Organic certificates
- OSP documents including, but not limited to:
 - DMI work-sheets with multiple ration options (expandable)
 - Transaction certificates
 - Uncertified handler/warehouse forms
 - Non-organic ingredient compliance forms

Though encouraging the industry to adapt more universal forms is welcomed, mandating specific forms is not advisable. Some ability to adapt quickly is crucial for the organic industry to evolve sustainably and allow for the entrepreneurialism in which success thrives.

Many other documents are already regulated. For example: Bills of Lading; CFR Title 49 - Transportation. Subtitle B - Other Regulations Relating to Transportation (<https://www.govinfo.gov/content/pkg/CFR-2019-title49-vol8/xml/CFR-2019-title49-vol8-part1035.xml>) states "(a) All common carriers, except express companies, engaged in the transportation of property other than livestock and wild animals, by rail or by water subject to the Interstate Commerce



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Act are required to use straight bills of lading...” and so on. Perhaps simply pointing to this as a guide for what is already required for interstate use will suffice.

Another way to evaluate recordkeeping compliance is through the OSP. Most OSP forms currently in use do not gather adequate and useful information for the reviewers and inspectors to understand the system in place at the operation. Instead of simply checking boxes regarding records, the certification agency may require that an operation submit sample records and a document process flow diagram. This would allow for all parties - inspectors, reviewers, operators, other administrative staff, and the NOP - to better understand recordkeeping and evaluate compliance. Decisions would not need to be made in a split second and could be properly assessed. For example, it is often difficult to obtain a snapshot in time of the raw material in inventory on the start date of a mass balance. SAP reports with this information are often difficult to create, requiring a very specific knowledge of the inventory software. Submitting an example of this report, where it fits into the document flow, and information regarding how the report was created as part of the OSP, would provide clarification to all parties on the purpose of the exercise as well as a better understanding of the database system.

In Summary, IOIA acknowledges and supports the efforts to improve on site inspections through better audits. Validated and common OSP documents and certificates would certainly make great strides in creating efficiency and consistency throughout the organic certification process, and IOIA fully supports that exploration. However, it is critical that recordkeeping systems, and the audits that verify those systems, allow for the autonomy that creates and allows for diversity. IOIA supports templates coupled with the additional investment of training and a toolbox of much needed resources.

Thank you again for your vision and your work on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Scoles".

Margaret Scoles, on behalf of the IOIA Board of Directors
Executive Director