Organic System Plan – Fraud Prevention Plan

Please review the instructions below and complete the form to describe your monitoring practices and procedures performed to meet the requirements of section 205.201(a)(3) including procedures to monitor your supply chain for fraud.

Instructions:

NOP regulations section 205.201(a)(3) require operations to include in their OSP: *"A description of the monitoring practices and procedures to be performed and maintained, including the frequency with which they will be performed, to verify that the plan is effectively implemented. This must include a description of the monitoring practices and procedures to verify suppliers in the supply chain and organic status of agricultural products received, and to prevent organic fraud, as appropriate to the certified operation's activities, scope, and complexity;"*

No two fraud prevention plans will look the same. Based on the operations complexity which includes risk level of activities conducted, location where materials are sourced and type of commodities it will determine the vulnerability of the operation's supply and the steps needed to complete a fraud prevention plan. As an operation you are responsible for using appropriate and effective means to prevent organic in your supply chain.

This form and any supporting documents can be used as your Organic Fraud Prevention Plan. Like your OSP an Organic Fraud Prevention Plan is not a one-time process, rather it must be monitored and updated to reflect any changes including but not limited to your operation, products, practices and/or supply chain that can affect your fraud prevention plan.

In the preamble of the rule the NOP lists the following items that a fraud prevention plan should include at a minimum which will be outlined below in detail:

- A map or inventory of the operation's supply chain that identifies suppliers;
- Identification of critical control points in the supply chain where organic fraud or loss of organic status are most likely to occur;
- A vulnerability assessment to identify weaknesses in the operation's practices and supply chain;
- Practices for verifying the organic status of any product they acquire and/or use;
- A process to verify suppliers and minimize supplier risk to organic integrity;
- Mitigation measures to correct vulnerabilities and minimize risks;
- Monitoring practices and verification tools to assess the effectiveness of mitigation measures; and
- A process for reporting suspected organic fraud to certifying agents and the NOP.

A. Supply Chain Map

The first step in creating a fraud prevention plan is to map out your supply chain of the organic materials/products sourced by your operation. The supply chain map should start with the last certified operation and continue the chain until your operation receives the materials/products. In the supply chain map, it should list all entities involved in the supply including off site transportation and storage, identify if they are certified and list the critical control point in each step. If your supply chain is complex and differs from commodity to commodity and supplier to supplier consider making different maps for each type of supply chain.

Please refer to the NFC supply chain map sample for visual example.

B. Verifying status of organic suppliers and products received and minimize risk.

Certified operations must maintain organic certificates for all suppliers and/or any other certified organic operation they work with. Operations must ensure that certificates are current (issued within 18 months) and accurate (including listing correct supplier name and materials/products supplied).

In addition, if the operation is exporting organic product the supplier certificate must verify the materials/products meet the agreement with the exporting country (if applicable).

Certification status of an operation can be verified at the USDA Organic Integrity Database. For verification of a specific product an addendum that was issued by the certifier may be needed.

Your monitoring system must verify that all suppliers and other organic operations you work with are currently certified for the ingredients/products you source, and/or products they produce for you, and/or products you produce for them.

A supplier approval program is an important tool as part of an organic fraud prevention plan. A supplier approval program allows operations to minimize risk and verify that operations are working with suppliers that meet the requirements and have high integrity.

C. Vulnerability assessment.

As part of an organic fraud prevention plan an operation must conduct a vulnerability assessment to identify weaknesses in their practices and supply chain. Vulnerabilities can be due to the product/commodity type, location product/commodity is sourced, complexity of supply chain among other reasons. The following are some key areas to consider when conducting a vulnerability assessment:

1. Are you sourcing commodities/products that have a history of fraud?
2. Are you sourcing commodities/products with high demand and low supply or have significant price difference between organic or nonorganic?
3. Do the commodities/products you source have major price fluctuation (whether to one time challenge or ongoing issues)?
4. Are you importing materials/products from international markets? If yes:
    a. Does the country you are sourcing the commodities/products have a history of fraud?
    b. Is the country/region you are sourcing from locations that are economically and/or politically volatile or unstable?
    c. Is the commodity/product imported known to be fumigated by customs and border protection?
5. Are you receiving commodities/products in unpackaged form (i.e. shipped in tankers or other unpackaged means)?
6. Do you have low visibility in your supply chain?
7. Does your supply chain include uncertified warehouses or other third parties?
8. Is your supply chain limited to one source?
9. Are your suppliers selling commodities/products at unreasonably low prices?
10. Is your supplier relationship short term?

If you answered yes to any of the above questions it is important to consider the higher risk associated with the activity when assessing your vulnerabilities and weaknesses.

In addition to the above items, consider your own internal risk assessment. For example:

1. Have you had previous incidents of internal fraud?
2. Do you have an employee training program?
3. Do you have checks and balances between activities and activities conducted by employees?
4. Are there sufficient staff in your company familiar with the organic system plan?
5. Do you have a robust supplier approval program?
6. Do you test your traceability system to conduct audit trails and mass balances?
7. Do you have internal or external audits?

D. Critical Control Points and Mitigation Measures

Following a risk assessment, you should identify and highlight areas that are critical control points (CCP) for maintaining organic integrity (CCP is a step at which control can be applied and is essential to prevent or eliminate a hazard or reduce it to an acceptable level.)

Using the questions listed above in section C or other items you have internally assessed, consider what your vulnerabilities are and what CCP and mitigation measures should be implemented. The following are examples of risks and critical control points to consider:

Vulnerability/Risk	CCP/Mitigation example
Commodities/products we receive are imported and are potentially fumigated.	As part of receiving procedures when operation receives the specific imported commodity/product import documentation must accompany the shipment that verifies product was not fumigated.
Our operation does not have sufficient training for personnel to verify incoming commodities/products are coming from approved suppliers and know to report potential issues.	Training program set up for receiving commodities/products includes verifying the commodities/products are sourced from approved suppliers and being able to validate receiving records with incoming product.
We handle commodities/products that are highly volatile in supply, and we only have one supplier.	Identify additional back-up suppliers. Verify with existing suppliers' level of guaranteed inventory. Implement internal plan if commodity/product is no longer available.
We have had a history of fraud within our company.	Consider implementing measures which include having a manager sign off on transactions prior to purchases/sales.
We source from suppliers in regions that have a history of fraud.	Consider testing samples of incoming lots. Consider implementing a more robust supplier approval program that assesses the risk of suppliers and minimum requirement of oversight needed for the supplier based on risk.

E. Monitoring practices to assess effectiveness of fraud prevention plan.

Once you have assessed your vulnerability and implemented measures to address the risk the next step in implementing a fraud prevention plan is to implement procedures in place to monitor the effectiveness of the fraud prevention plan. Procedures can include but not limited to:

- Conducting annual review of the supplier verification program.
- Conducting internal traceability audit of your supply chain (not including what the certifier conducts).
- Reviewing the overall fraud prevention plan annually.
- Periodic quality control check of records.

F. Reporting Fraud

Once a fraud prevention plan is in place the next step is determining the steps to be taken if suspected fraud is detected. The NOP regulations require that an operation have procedures to report any suspected fraud to the operations certifier, the NOP or any other authority body (e.g. the organic program of your state agency)

Applicant/Company Name: _____ **Date:** _____

Please complete all sections below as instructed (for any questions please reference the instructions listed above):

1. **Supply Chain Map:** Please attach a supply chain map to this form as described above in section A of the instructions. ☐ Supply chain map attached
2. **Supplier Approval Program:** Do you have a supplier approval program in place to identify and evaluate new organic supplier or other certified operations?

☐ **Yes** ☐ **No. Please explain why not:** _____

2.1. Please select items that are included in your supplier approval program:

☐	Verification that the supplier's current organic certificate including list of products was issued within the last 18 months.
☐	Verify the certification of the operation on the Organic Integrity Database
☐	Verification that the supplier participates in 3rd party food safety audits (GFSI or other) and has a passing score that will be provided annually.
☐	Verification supplier can meet my quality and quantity requirements
☐	Verification supplier will have organic certification available upon request
☐	Verification supplier will provide samples for residue testing or provide results of sampling as agreed upon.
☐	Supplier will allow an onsite audit by my operation
☐	Verification that NFC has approved the supplier prior to receiving new product from supplier
☐	Verification that supplier has an internal fraud prevention and/or food defense program.
☐	Verification supplier meets FSMA requirements
☐	Verification supplier has an internal training program
☐	Verification supplier only uses certified organic third-party warehouses
☐	Other. Please describe:

2.2. How often does your operation change or add a supplier? (this includes any one-time purchases from suppliers)

☐ Daily ☐ Weekly ☐ Monthly ☐ Quarterly ☐ Annually ☐ Rarely or Never

3. **Verifying supplier certification status:**
   Please select how often your operation reviews and verifies organic supplier status?

☐ With each shipment ☐ Monthly ☐ Quarterly ☐ Annually ☐ Other. Please describe:

_____

3.1. What actions do you take to verify and monitor supplier's organic status?

☐ Request current organic certificates ☐ Verify and document organic status of operation on the organic integrity database (OID)
☐ Signed up to "myOID" and receive notification of supplier status change supplier on my OID ☐ Other. Please describe:

_____

3.2. When receiving organic materials/product how do you verify that materials/product are certified and coming from an approved supplier and organic integrity has been kept?

- ☐ Verify BOL and/or packaging label for shipment received matches organic certificates and approved supplier list on file.
- ☐ Verify organic claims on packaging of incoming materials/product ☐ Verify quantities received with transaction or import certificates
- ☐ Require organic certificate to accompany the shipment ☐ Verify quantities received with transaction or import certificates
- ☐ Conduct training for personnel to detect inconsistencies in incoming materials ☐ Visual inspection of incoming raw materials
- ☐ Other. Please describe:

4. Vulnerability assessment. Please describe how your vulnerability assessment is documented and available for review. Please select all that apply.

- ☐ I conducted and documented a vulnerability assessment and attached it to the fraud prevention plan.
- ☐ I conducted and documented a vulnerability assessment and have it available for review upon request and during onsite audits.
- ☐ I conducted a vulnerability assessment. However, it is not formally documented but I can explain during inspection the method of my assessment.

5. Critical Control Points and Mitigation Measures: Based on your vulnerability assessment have you identified CCPs and implemented mitigation measures to address the CCPs? Please select all that apply

- ☐ I have identified and documented my CCPs and documented my mitigation measures to address the CCPs
- ☐ I have identified and documented my CCPs. However, I did not document my mitigation measures to address the CCPs but can explain the measures during onsite inspections.
- ☐ I have identified my CCPs and implemented mitigation measures, but they are not documented. However, I can explain the measures during onsite inspections.
- ☐ My vulnerability assessment has resulted in no CCPs and thus no mitigation measures were implemented. The vulnerability assessment will be verified onsite during inspections.

6. Monitoring Procedures. Please select all actions taken to verify that your mitigation and overall fraud prevention plan is effectively implemented

- ☐ Annual review of fraud prevention plan (onsite auditor will verify the steps taken to review the fraud prevention plan).
- ☐ Periodic review of records by management to verify for compliance and quality control.
- ☐ Internal audits (not including annual audit by certifier)
- ☐ Other. Please describe:

7. Reporting Fraud.

As part of your fraud prevention plan which organizations will you report suspected fraud to? Please select all that apply:

☐ USDA NOP ☐ NFC ☐ Other. Please describe: