

## European workshop for prevention of fraud

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### What certifiers can do

#### Introduction

Representatives of the trade, certification bodies operating in the international sector and a few authorities met in May 2007 in Bonn to discuss fraud in organic products. That meeting aimed to address the challenges by identifying the most common risks to organic integrity and by initiating a process to develop and implement suitable measures to deter frauds in the organic quality assurance chain. Following that meeting, the IFOAM ACB meeting also discussed actions that Certifiers could do to improve controls on fraud. Following is a summary of the key ideas from those discussions.

#### Actions.

##### 1. Communication.

Information exchange between CBs is essential. This must include immediate exchange of intelligence on de-certifications, residue detections, and cross checks. Reaction to requests for information and investigations of concerns must be rapid. Certifiers should hold regular discussions including exchange of intelligence and of information on latest methods for prevention and detection of fraud.

#### **Points for discussion:**

Should a reaction time been agreed (e.g. response within five working days?)?

##### 2. Testing.

Residue testing does not confirm or disprove organic certification, as it is understood that much conventional product contains no detectable residues so this will not spot all frauds. However, it can be a useful indicator of suspicion and may give indication of areas for investigation. Certifiers should increase levels of testing where other certifiers have found suspicious residue levels. In these cases certifiers should maintain and exchange lists of affected sources.

Operators on the lists should be subject to additional risk based inspections or analysis.

Routine and unannounced spot tests will increase the detection (and therefore prevention) of fraud. Risk based targeted testing programmes can be the best way of detecting fraud.

**Points for discussion:**

- Should CBs exchange statistics on their residue testing?
- Should CB's have a red list of affected sources?
- Should CB's incorporate the cost of testing in the pricing of CBs and this requirement be translated in an accreditation criteria which is equally implemented across Europe?

3. Inspection.

Risk assessment and risk based inspection programmes will improve quality of certification and provide additional barriers to fraud.

Detailed reconciliation of quantities bought or produced against product sold will identify fraud providing all transactions are included in the inspection.

Reconciliation of expected with real output using inspectors and certifiers experience of expected yields, will identify high yields that may be due to fraud.

Certifiers must improve awareness of fraud and intensify inspector training.

**Points for discussion:**

- Would harvest reporting be useful to enable assessment of harvest and provide data to ensure that no more is sold?
- Should an increased number of unannounced inspections be defined?. Up to 30% has been suggested, including a proportion of annual inspections in the case of risk products, sources, traders.
- What can be done insure effective risk based inspection programmes? What are the incentives for a CB to install an effective system?

4. Grower groups etc.

This area provides scope for fraud, by reducing the direct control of certifiers on growers. Problems can be minimised by spot and random inspection of individual growers and increasing proportion of inspected operations. Certifiers operating group certification systems must make detailed requirements of the certification

system available for all growers in the group and must check that all growers are fully aware of those requirements.

**Points for discussion:**

- Are further requirements necessary to ensure effective internal grower group systems?

5. Quality of certification. Transaction certificates, electronic certification, tamper resistant certificates. Certifiers should investigate and implement the best of these options to make fraud more difficult.

Certification decisions concerning products, sources, traders that are under suspicion must be double checked.

**Points for discussion:**

- Should certificates be specific for product, and in many cases for specific variety of crops? The more detailed certificates are the less risk of fraud?

6. Publication

Publication of names of certified and suspended licensees will help customers and potential customers identify whether suppliers are certified, or suspended. All certifiers must allow for this in the contracts with licensees.

Publication of lists of products certified. This will help operators check, in real time whether a particular product is certified.

7. Multiple Certification.

An operator being certified by more than one certifier is an opportunity for fraud by claiming that a product is certified by the other certifier. Certifiers should refuse multiple certification for a single operator unless joint reconciliations of sales quantities are done to reduce risk.

Where an operator changes certifier there must be exchange of information between the certifiers on major issues. This must include previous inspection reports, and details of non compliances. This happens with producers due to continuation of land certification, but does not happen when processors or traders change certifiers. This allows traders under suspicion to change certifier before being decertified.

**Points for discussion:**

Should certifiers refuse to certify operators already certified by another certifier or just insist that they always certify the whole company (even if it is double certified)?

Are there additional ways of controlling multiple certified operators to ensure that they are not committing fraud?

8. Complaints

An international complaints mechanism operated by for example, IOAS could help by providing an independent investigation service.

9. External contacts.

Certifiers should improve links with regulatory and enforcement authorities, including co-operation with their investigations, joint investigations and exchange of intelligence.

10. Liaison with regulatory and accreditation bodies.

A number of the above issues can be translated into regulation or certification criteria and accreditation bodies are to review compliance of the CB with these criteria.

An annual meeting of (and later exchange of information among) accreditation bodies that are involved in the accreditation of organic certifiers is to be organised so that they compare notes on these issues.