Project Overview

Fraud Protection Field Study IOAS/ NCGO

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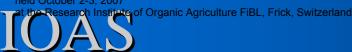
Sponsors

- National Cooperative Grocers Association (NCGA)
- International Organic Accreditation Services (IOAS)

- The National Cooperative Grocers
 Association (NCGA), represents 110
 consumer owned food co-ops nationwide
- Products largely organic and natural
- Members operate over 130 storefronts with annual sales of over \$920 million.
- Members sizes range from <1Million to 100 million in sales

FOR MORE INFO...

http://ncga.coop/



- International Organic Accreditation Service accredits 36 CBs with 5 additional applicants. CBs active in over 89 countries
- Offers both ISO/IEC Guide 65 and IFOAM accreditation
- Conducts educational courses in accreditation and certification of organic

FOR MORE INFO...

www.ioas.org

The project

- Motivation is concern over consequences of imbalance of supply and demand
- Protection of consumer (and producer) from fraud
- Place protective envelop over the supply chain
- Develop program to deliver system to prevent and detect fraud on ongoing basis

Some points

- This is not a certification or accreditation program
- Once developed it will be open for other retailers and perhaps also larger traders / brand owners
- Still in early stages

Types of fraud

- Recognize two types of fraudster
- Systematic fraudster
- Circumstantial fraudster
- Different measures

Procedural Steps

- Identify auditing and other measures to prevent or detect fraud
- Field test some of these
- Develop a program for ongoing implementation of selected methods
- Implement the program

Identification of measures

- Presently have first draft of measures identified as being potentially effective against fraud
- Feedback from number of sources
- Considered 9 measures against specific criteria

The measures

Unannounced visits

Trace-back with cross-check

Spot check uncertified entities

CB cooperation

Centralized complaints system

Input/output reconciliation

Residue testing

Upgrading inspector quality

Fraud proof certificates

Perspectives

Description

Inclusion in field trails

Conclusions

Cost and challenges

Familiarity

Implementing body

Effectiveness re detection

Effectiveness re prevention

Some points that emerged

- Unannounced visits effective but costly as add-ons
- Input-output reconciliation a crucial tool but needs to be done better
- Trace-back audits need crosscheck follow-up
- Inspector 3rd party accreditation

- In some cases risk based, in others across board or on percentage basis
- 1st draft drops certificate issue but contrary comments –include sales versus yield estimate

The program

- Use existing resources
 - Quality control system
 - Certification bodies
 - Oversight body
- Easy and flexible system for identification of the supply chain
- Low cost- low burden
- Registration of CB in the system would commit them to cooperate

Schedule

Preliminary schedule

Docs finalized	Plan FS	-	Results collated &	Final Report
			Preliminary report	& decision

Oct Nov Dec Jan Feb Mar April May June July Aug Sept Oct Nov Dec