

Presentation at the European workshop for prevention of fraud  
'Dealing with Frauds in Organic Production',  
held October 2-3, 2007  
at the Research Institute of Organic Agriculture FIBL, Frick, Switzerland

# Project Overview

## Fraud Protection Field Study

### IOAS/ NCGO

Ken Commins



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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 <1 Million 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](http://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**

**Familiarity**

**Implementing body**

**Conclusions**

**Cost and challenges**

**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 3<sup>rd</sup> party accreditation

- **In some cases risk based, in others across board or on percentage basis**
- **1<sup>st</sup> 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**

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# Schedule

## Preliminary schedule

**Docs finalized**

**Plan FS**

**FS performed**

**Results collated &  
Preliminary report**

**Final Report  
& decision**

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