



## SGS Verification of USDA-Natural Resources Conservation Service Audits of U.S. Soy Sustainability Assurance Protocol

**Date issued:** December 18<sup>th</sup>, 2015

**Issued to:** U.S Soybean Export Council  
16305 Swingley Ridge Road, Suite 200  
Chesterfield, Missouri 63017

### ISO 17021 Equivalency Report

In accordance with instructions received from U.S. Soybean Export Council (USSEC), SGS conducted a review of the USDA-Natural Resource Conservation Service (NRCS) audit process, as described in U.S. Soy Sustainability Assurance Protocol Audit Procedures, for the purpose of assessing compliance to ISO 17021-1:2015 specifically in regard to inspectors, their training and the overview of the program.

There are eight specific areas of compliance that SGS reviewed for equivalency. The process SGS utilized was to take each criteria, review the requirement of ISO 17021-1:2015, and compare with what the NRCS has documented and is currently performing. All information reviewed was provided by the NRCS at SGS's request.

This assessment was performed using ISO 17021-1:2015 requirements and was completed without undue bias based on the information provided by the auditing party. Based upon document reviews including, manuals, organizational charts, maps, and compliance processes during the audit, it is the opinion of this auditor that based on the information provided, NRCS has met the requirements of ISO 17021:2015 in regards to the eight standards listed below.

#### 1. The verification body is independent and has no interest in the outcome of the audit:

a. **ISO 17021-1:2015 Requirement:** *(5.2.2) the certification body shall have top management commitment to impartiality in management system certification activities. The certification body shall have a policy that it understands the importance of impartiality in carrying out its management system certification activities manages conflict of interest and ensures the objectivity of its management system certification activities.*

b. **Objective Evidence:**

i. National Food Security Act Manual – 5.18.2 Section D: Review to Determine Conflict of Interest.

1. There is a process in place where the district conservationist reviews the completed compliance review to determine if there might be a potential conflict between the NRCS employee and the assignment they were given. Stated conflicts could consist of tracts owned by the employee, family members, friends, conservation officials or any other individual that could conflict.
2. Where a potential or actual conflict is to be found, contact is made to the next level line officer to arrange for assistance in completing those reviews.

ii. HEL WC Compliance Guidance Document

1. This states that status reviews may not be completed by personnel within the field office but will be completed by assignment from the Area Conservationist.

iii. National Food Security Act Manual – 5.18.0 Section A: Preparation for Conduction Compliance Reviews

1. The above stated that tracts for reviewing will be selected randomly by criteria that are listed in section 5.18.1.
2. When staffing the review the State Conservationist will utilize either of the following approaches:
  - a. The state or area assigned compliance review teams

- b. Employee's from adjacent counties
- c. A combo of (a) and (b)

**2. The verification body has the financial and material resources to adequately monitor a representative sample of farmers:**

a. **ISO 17021-1:2015 Requirement:** *(5.3.2) the certification body shall evaluate its finances and sources of income and demonstrate that initially and on an ongoing basis, commercial, financial or other pressures do not compromise its impartiality.*

**b. Objective Evidence:**

- i. The NRCS is a large organization that is organized by state and by counties. The following are examples of their operations in Iowa and Missouri.
  - 1. Iowa NRCS organizational Map: The state is divided into 5 areas with 90 field offices. The NRCS leadership team for Iowa contains 29 listed personnel on the document NRCS Leadership Team and Key State Office Contacts.
  - 2. NRCS Missouri State Conservation Organizational Chart has 52 listed contacts. Field operations in Missouri are divided into 4 areas with the following employees available in each:
    - a. Area 1 - 86
    - b. Area 2 – 88
    - c. Area 3 – 50
    - d. Area 4 – 51
- ii. The NRCS is a government body bound and financially held by numerous legislative authorities and policy's including:
  - 1. The Food Security Act of 1985
  - 2. The Food, Agriculture, Conservation and Trade Act of 1990
  - 3. The Federal Agriculture Improvement and Reform Act of 1996
  - 4. The Farm Security and Rural Investment Act of 2002
  - 5. The Food Conservation and Energy Act of 2008

**3. The verification body follows well documented procedures and has implemented a quality system making sure all audits are executed in a standardized manner:**

a. **ISO 17021-1:2015 Requirement:** *(10.2.1) the certification body shall establish, document, implement and maintain a management system that is capable of supporting and demonstrating the consistent achievement of the requirements of this part of ISO/IEC 17021.*

**b. Objective Evidence:**

- i. NRCS has FSA Compliance Status Review Policy that is currently under version control (2.3)
  - 1. The above covers the process on how to conduct and complete a review. It also provides the direction on how to report findings.
- ii. The NRCS uses an IAS application online where they complete the Compliance Tract Reviews. All employees completing the reviews use the same database. Access and control requirements and instructions are listed in the FSA Compliance Status Review Policy.
- iii. The NRCS utilizes dated memos to provide further information and work instructions prior to the review season. The following are examples of what was sent in 2015.
  - 1. May 11, 2015 – Provided guidance for completion of the FSA status review including instruction for managing the compliance database, sending notification letters, and assembling information for the assigned reviewer. Specific dates were provided in the memo for when activities should be completed.
  - 2. May 11, 2015 (Attachment 2) – Gives detailed instructions for the letters being sent to landowners along with how to assemble the case file.
  - 3. May 20, 2015 – Letter provided guidance on completing preliminary FSA compliance status review determinations and information on where the reviewers can find their work lists.

4. May 20, 2015 (Attachment 1) – Provides instruction and detail on finalizing reviews and sending out the determination letters. Included were specific dates for when all should be completed.

iv. The National Food Security Act Manual also details the procedures for conducting reviews.

4. **There is a clear distinction between auditing and advising:**

a. **ISO 17021-1:2015 Requirement:** *(4.2.3) to obtain and maintain confidence, it is essential that a certification body's decisions be based on objective evidence of conformity (or nonconformity) obtained by the certification body, and that its decisions are not influenced by other interests or by other parties.*

b. **Objective Evidence:**

i. In the National Food Security Act Manual, Fifth Edition Part 519 – Quality Assurance the following is addressed on how to conduct the reviews:

1. Conduct complete and comprehensive reviews
2. Coordinate the review with all parties
3. Randomly select the field offices and tracts for review
4. Conduct entrance and exit conferences
5. Outline all findings and recommendations needed for corrective action
6. Ensure all corrective actions are implemented to address the deficiencies found
7. Provide copies of all quality reviews completed to the appropriate division directors

ii. The NRCS also has a Quality Control Review process in place as stated in Part 519 of the above manual. It covers 13 specific items that will be covered during the Quality Control Review.

iii. In the National Food Security Act Manual – Subpart B – Compliance Reviews 5.18.10 there is the following statement:

1. Assumptions of past or future year plantings used to determine compliance with the HELC provisions are not appropriate. The actual conservation system, including the cropping rotation, cultural practices, and conservation practices installed and maintained, shall be the basis for the compliance review determination to be made. Where the evidence of compliance, including a USDA participant's records, is inconclusive, do not assume compliance or non-compliance.

iv. The FSA Compliance Status Review System is a web-based database that strictly controls the information that is allowed into the review. The information below is just a sampling of what is input into the database:

1. Tract Information
2. Local Customer Information
3. Tract Validity
4. Wetlands Review
5. Non-compliant Tract Report
6. Compliance Determination Detail Report

5. **The verification body is transparent about the procedures, roles and responsibilities as defined in the quality system:**

a. **ISO 17021-1:2015 Requirement:** *(4.5.1) a certification body needs to provide public access to, or disclosure of, appropriate and timely information about its audit process and certification process, and about the certification status of any organization, in order to gain confidence in the integrity and credibility of certification. Openness is a principle of access to, or disclosure of appropriate information.*

b. **Objective Evidence:**

- i. There were numerous outreach efforts conducted in Missouri to inform producers about the compliance process. A total of 75 events were held between October 16th, 2014 and May 14<sup>th</sup>, 2015. A total of over 1900 people attended these events. Listed below are just a few examples:
    1. St. Peters, Mo – 110 Attendees - November 20<sup>th</sup>, 2014
    2. Popular Bluff, MO – 250 Attendees – December 4<sup>th</sup>, 2014
    3. Springfield, MO – 500 Attendees – February 5<sup>th</sup>, 2015
    4. Hillsboro, MO – 250 Attendees – April 9<sup>th</sup>, 2015
  - ii. Title 180 – National Food Security Act Manual which is available online has the following sections related to the audit process and quality system including:
    1. Part 510 – Responsibilities
    2. Subpart A – Appeals Process
    3. Part 518 – Audit Process
    4. Subpart B – Compliance Review Codes
    5. Part 519 – Quality Assurance
  - iii. The NRCS has a public National Head Quarters Directory that clearly identifies their mission, vision, priorities, and process. Also included is their organizational structure and links to various guidance documents.
  - iv. In the National Food Security Act Manual - Part 518 – Subpart A – Section C the following is stated:
    1. Notification to the USDA Participant
      - a. The NRCS employee shall notify, in writing, the USDA participant when a tract under his or her control has been selected for a compliance review. Notification shall not be more than 30 days prior to the review, or less than 15 days prior to the compliance review.
6. **The verification body makes sure the auditors do not monitor the same farmer more than three times in a row and make sure the auditors have no personnel relations with the farmers they visit:**
- a. **ISO 17021-1:2015 Requirement:** *(4.2.1) being impartial, and being perceived to be impartial, is necessary for a certification body to deliver certification that provides confidence. It is important that all internal and external personnel are aware of the need for impartiality.*
  - b. **Objective Evidence:**
    - i. Memo dated May 20<sup>th</sup>, 2015 on Attachment One States: That the person conducting the audit is selected by the state or area conservationist. They cannot conduct any reviews in the county of their duty station and they must be an employee of NRCS.
    - ii. National Food Security Act Manual – 5.18.0
      1. Section A: The tract will be selected randomly
      2. The State Conservationist will utilize either of the following approaches for staffing compliance reviews
        - a. The state or area assigned compliance review teams

- b. Employees from adjacent counties
  - c. A combination of (a) and (b).
- iii. Compliance reviews are based on a national sample of tracts with a combination of random selection within full producer group and specific sub-group deemed at greater risk or higher participation in conservation programs. A minimum of 5% tracts will be reviewed annually. In 2014, 22,127 reviews were conducted totaling 3,179,686 acres.

**7. The verification body makes sure auditors are trained in a proper manner, allowing them to execute their jobs properly:**

a. **ISO 17021-1:2015 Requirement:** *(7.2.5) the certification body shall have a process to achieve and demonstrate effective auditing, including the use of auditors and audit team leaders possessing generic auditing skills and knowledge, as well as skills and knowledge appropriate for auditing in specific technical areas.*

b. **Objective Evidence:**

- i. National Food Security Act Manual – Part 518 Audit Process
- ii. Compliance Review Assignments

1. The State Conservationist shall determine who will conduct compliance reviews within each State, as set forth in the following paragraphs:

- a. (i) All employees responsible for conducting Compliance Reviews shall have the required knowledge, skills, and abilities to assess the status of both HELC and WC compliance. If there are currently no employees in a county with the requisite training and knowledge, skills, and abilities to perform Compliance Reviews, the Area Conservationist or STC shall assign another employee the responsibility for that specific county.
- b. (ii) The State Conservationist and the Directors of the Caribbean Areas and Pacific Islands are responsible for assigning staff to conduct Status Reviews within each State using methods that comply with this policy, Part 518, and the regulatory provisions of 7 CFR Section 12. The State Conservationist may utilize either of the following approaches for staffing compliance reviews:
  - i. (iii) State or Area-Assigned Compliance Review Teams.
  - ii. (iv) Employees from adjacent counties.
  - iii. (v) A combination of (i) and (ii).
- c. (vi) The State Conservationist or designee shall ensure Compliance Review procedures are consistent with Parts 518 and 519, and the Quality Control Manual.

iii. The NRCS utilizes a detailed process available in the document – FSA Compliance Status Reviews (version 2.3)

iv. Detailed memos are sent to the NRCS reviewers prior to the season reminding them of the process and the requirements that need to be met during the review period.

**8. The verification body reports back the results to the farmer have implemented a complaint mechanism and is accessible for explanation of the audit results.**

a. **ISO 17021-1:2015 Requirement:** *(9.7.1) the certification body shall have a documented process to receive, evaluate and make decisions on appeals.*

**b. Objective Evidence:**

- i. Memo dated September 18<sup>th</sup>, 2015 – Provides step by step guidance and instructions on the appeals process of a report.
- ii. National Food Security Act Manual – Subpart A – NRCS Administration of Appeals states the following:
  - a. The employees designated or appointed as the NRCS representatives for an appeal are responsible for:
    - Ensuring NRCS's interests in the appeal are properly and adequately represented.
    - Protecting the integrity of NRCS's programs in all administrative appeal proceedings.
    - Preparing and assembling NRCS's agency record by making sure that all relevant and pertinent documents, program operating guidelines, and applicable regulations are included.
    - Ensuring all appeal administrative actions and deadlines are met as provided in Federal regulations and policy or as directed by NAD.
    - Submitting documents as requested to a USDA agency (for example, the Farm Service Agency), mediator or NAD hearing officer; reviewing and providing copies to the agency representative, appellant, and third parties, as applicable.
    - Preparing for the informal or formal hearing including the evaluation of the adverse decision being appealed. Representatives should be prepared to competently defend any adverse decision appealed by a program participant or applicant and cite the statutory and regulatory authority.
    - Communicating the basis (factual basis and policy and regulation basis) for each adverse decision.
    - Communicating the procedure by which a program applicant or participant can obtain their USDA administrative appeal rights.
    - Understanding the uses of mediation as a tool for potentially resolving an adverse decision (limits and benefits).
    - Knowing when and how to use the waivers, exemptions, variances, and equitable relief provisions of the various programs.
    - Appearing at the NAD in-person hearing as agency's authorized representative or participating in a teleconference hearing.
    - Reviewing the agency or NAD determinations for appropriate action.
    - Coordinating appeal activities with SAC.
    - Working with SAC in consulting with NHQ on program issues relating to a specific case, including guidance on national policy and procedure, and, as appropriate, authority to resolve a case.
    - Ensuring NAD determinations are properly and timely implemented.
- iii. National Food Security Act Manual – Subpart B – General Information – 5.10.10: The information provided here details out what the appeals process is, who can appeal and then steps that need to be taken to appeal.

**Documents reviewed as part of this verification:**

National Food Security Act Manual  
NRCS Organizational Chart and Directory  
Iowa Organizational Chart  
Iowa NRCS Leadership Team and Key Contacts Chart  
FSA Compliance Status Reviews (Version 2.3)  
Missouri NRCS Organizational Chart  
Bulletin 180-15-2 (Memo Dated May 11<sup>th</sup>) (3 attachments)

Bulletin 180-15-3 (Memo Dated May 20<sup>th</sup>) (two attachments)  
Bulletin 180-15-4 (Memo Dated June 21<sup>st</sup>) (one attachment)  
Bulletin 180-15-7 (Memo Dated Sept 2<sup>nd</sup>) (one attachment)  
Compliance Review Separation of Duties  
HEL Determination Separation of Duties

Verified By: \_\_\_\_\_

*Billie Riles*

Billie Riles  
USAGRI Quality Assurance Lead

Reviewed By: \_\_\_\_\_

*Theresa Almonte*

Theresa Almonte  
USAGRI Audit & Certification Manager