

# Fraud Prevention Plan

## FRAUD PREVENTION PLAN §205.201

### Directions and Background:

In addition to information provided in the current Organic System Plans, the National Organic Standards now require all operations to implement a plan to help reduce supply chain risks and minimize fraud. A compliant fraud prevention plan will support early detection, prevention, and mitigation of fraud, and strengthen integrity across organic supply chains.

Your fraud prevention plan must be appropriately tailored to the activities, scope, and complexity of your operation, and must describe your operation's monitoring practices and procedures used to verify suppliers and products received, preventing organic fraud. Operations with less complex activities and/or a more limited scope may write and implement simpler fraud prevention plans, and those with greater complexity will require greater levels of detail.

- For example, a producer with both organic and conventional crops or livestock may develop a fraud prevention plan which includes a process to verify that nonorganic crops or livestock are not represented as organic.
- In contrast, a processor that receives many organic ingredients from numerous suppliers must develop a fraud prevention plan that includes practices to detect, prevent, minimize, and mitigate organic fraud risks in lengthy supply chains.

Fraud prevention plans must describe practices that verify the organic status of suppliers and organic products, including how an operation verifies organic status back to the last certified operation in the supply chain. This supports recordkeeping and audit trail requirements at §205.103(b)(2) and (3) and allows certifiers to verify compliance during on-site inspections and supply chain traceability audits.

### National Organic Standard:

**205.201(a)(3)** *The producer or handler of a production or handling operation, except as exempt under §205.101, intending to sell, label, or represent agricultural products as "100 percent organic," "organic," or "made with organic (specified ingredients or food group(s))" must develop an organic production or handling system plan that is agreed to by the producer or handler and an accredited certifying agent. An organic system plan must meet the requirements set forth in this section for organic production or handling. An organic production or handling system plan must include:*

*(3) 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.***

### Consider your operation's sourcing and selling of organic products and develop a plan that pertains to your activities.

Keep in mind that some information may have already been provided in your Organic System Plan. Reference your Organic System Plan(s) when writing your Fraud Prevention Plan.

**Producers** will consider purchases, transportation, and sales of organic seed, feed, and bedding. Is your feed supplier certified for custom feed? Also consider management of any split/parallel production. Farms with livestock must verify the source and eligibility of all livestock and that records enable traceability in the transfer of ownership and transportation of all animals i.e - animals may not be transported/sold without individual identification. Sales and slaughter facilities must be certified organic, ensure that only eligible animals are sold as organic, and maintain traceability of animals.

**Handlers**, including non-processing handlers, will need to consider full supply chain verification for each organic ingredient back to the last certified handler, including all transporters and exempt operations within the supply chain. **Some previously**

**exempt operations may now be required to obtain certification in order to continue handling organic products.**

Certified operations should encourage suppliers to become certified, even if they are still exempt.

**Producer/Handlers** will need to describe fraud prevention strategies for both production and handling aspects of your operations.

**Fraud Prevention Plan:** Describe practices which eliminate vulnerabilities and minimize risk. If this information is already in your Organic System Plan, describe where and how the following information is provided:

1. What types of organic products do you bring into your operation?

2. Who supplies organic products to your operation?

3. What are the critical organic control points in the supply chain where organic fraud or loss of organic status are most likely to occur?

4. How do you assess vulnerability/opportunities for fraud to identify weaknesses in your practices and in the supply chain?

5. Describe your practices for verifying the organic status of any organic product acquired and/or used.

6. Describe your process to verify suppliers and minimize supplier risk to organic integrity. This includes keeping records that show uncertified transporters or exempt operations are maintaining organic integrity in the supply chain.

7. Describe your monitoring practices and verification tools to assess the effectiveness of your Fraud Prevention Plan.

8. What is your process for reporting suspected organic fraud to MOSA and the NOP?

9. **COMPLETE:** Is your Fraud Prevention Plan complete?

**Yes**  **No**