

Organic Fraud Prevention Plans

At-A-Glance Support Manual for Organic Inspectors

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I. Questions and Answers

Q: What is Organic Fraud?

A: The USDA National Organic Program at 7 CFR 205.2 defines Organic Fraud as: “Deceptive representation, sale, or labeling of nonorganic agricultural products or ingredients as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s)).”

Q: What is an Organic Fraud Prevention Plan (OFPP)?

A: A company plan that documents the vulnerability assessment, mitigation measures and verification procedures that will be performed and maintained to verify that the plan is effectively implemented.

Q: Why is an Organic Fraud Prevention Plan important?

A: The OFPP serves as a risk-based, proactive strategy to detect and prevent intentional deception in organic supply chains. It is a **strategic safeguard** that not only helps organic operations prevent organic fraud, comply with evolving regulations, and build a **trustworthy and resilient** organic marketplace.

Q: What is a Vulnerability Assessment?

A: A systematic review and evaluation of the factors that may create opportunities for **organic fraud**—whether due to complexity, weak supplier oversight, economic pressure, or lack of transparency. It helps prioritize risks and inform appropriate mitigation strategies.

A: What is an Organic Fraud Control Point?

Q: A step or procedure at which controls can be applied to prevent the organic integrity of an organic ingredient or product being compromised Control points are essential components of an Organic System Plan and identify the places in a product process flow or in the supply chain where the organic integrity of a product could be compromised.

Q: What is an Organic Fraud Mitigation Measure?

A: An Organic Fraud Mitigation Measure is a **specific action or control** designed to reduce or eliminate a vulnerability in an organic supply chain that could lead to fraud.

II. Step-By-Step Process for Developing an Organic Fraud Prevention Plan

1. Establish a Multi-Disciplinary Team:

Bring together representatives from quality, procurement, legal, compliance, and operations (as applicable) to guide the fraud prevention strategy.

2. Conduct a Vulnerability Assessment

Evaluate:

- Product risk (e.g., fraud history, price volatility)
- Supplier risk (e.g., unknown sources, non-transparent operations)
- Supply chain complexity (e.g., cross-border handling, brokers)
- Gaps in current controls

3. Design a Mitigation Strategy

For each medium- or high-risk area identified:

- Select appropriate **mitigation measures**
- Reduce the risk to an acceptable (low) level
- Examples: supplier audits, documentation checks, import verifications, mass balance

4. Implement Mitigation Measures

- Integrate new procedures into existing business systems
- Ensure traceability, documentation, and accountability are in place
- Update the **Organic System Plan (OSP)** to reflect these measures

5. Develop Monitoring & Verification Procedures

- Conduct **internal audits**
- Schedule supplier compliance reviews
- Use **testing**, documentation reviews, traceability & mass-balance tools

6. Document the Organic Fraud Prevention Plan

Include:

- Vulnerability assessment summary & mitigation strategies
- Monitoring procedures & corrective action protocols
- Management responsibilities and training plan

7. Train Staff & Communicate the Plan

- Provide fraud awareness and compliance training
- Empower staff to report concerns and foster a culture of integrity and vigilance

8. Review and Improve the Plan Annually

- Update the OFPP based on new risks, supply chain changes, or regulatory updates
- Document all changes and revalidate effectiveness on a quarterly or annual basis

III. Organic Inspection Considerations

When evaluating an operation’s Organic Fraud Prevention Plan, inspectors should focus on whether the plan is tailored to the operation’s **scale, complexity, and specific fraud risks**. The goal is to ensure the plan reflects **real fraud vulnerabilities** and the operator is demonstrating **active prevention measures** based on the plan and on-going monitoring and continuous improvement. Key considerations for each organic certification scope include:

Crops

- Operation evaluated their full production for vulnerability, including all inputs.
- How well do they know their suppliers? Is there a supplier verification program?**
- Consideration of internal business fraud risks versus external fraud risk.
- Regional or production realities (irrigation, resource access, production connection points, infrastructure).
- Fertilizer and Input usage – remember, fraud starts at the farm.
- Whether **seed sourcing, input use, and yield records** align with the Organic System Plan (OSP).
- Scrutinize contracted or outside resources.
- Evaluate whether there are incentives that would drive a supplier, employee, or group member to commit fraud, such as financial pressures, gambling, or drugs.
- Analyze operation to determine where there are fraud opportunities, such as areas of poor internal controls or lack of supervision.

Grower Groups

- Degree of fraud risk in production region (such as *Corruption Perceptions Index*).
- Size of producer group and production area.
- Market differential of organic and nonorganic commodity.
- Social or financial incentives.
- Availability of prohibited materials.
- Lack of preventive policies to deter fraud.
- Lack of separation of duties.
- Lack of organization or membership clarity and structure.

Livestock

- Operation type (dairy, beef, poultry, fiber, etc.)
- Operation specifics (size, geographic location, business structure)
- Production system (split, businesses separated, management system)
- Financial health
- Livestock sourcing (suppliers, vertical integration?)
- Inputs (seed, feed, health care, etc.)
- How well do they know their suppliers? Is there a supplier verification program?**
- Access to resources/feed
- Recordkeeping practices (clarity, consistency, auditability)
- Activities to prevent health issues (indication of no effort but no health problems)
- Transportation/holding areas
- Subcontractors/external resource

Handling

- Does the operator understand the requirements?
- Do they understand the underpinnings of an organic fraud prevention plan?
- Is there a company-wide fraud prevention policy? External and Internal?
- Do they have an existing vulnerability assessment/fraud plan (food safety/food defense program)?
- What process and resources did they use to conduct a vulnerability assessment?
- Do they have a supply chain map with identified organic fraud control points?
- Did they perform a pre-filter assessment to identify the highest-risk areas?
- How well do they know their suppliers? Is there a supplier verification program?**
- What approach did they take to determine high-risk ingredients/suppliers?
- Can they articulate their challenges and how they plan to improve the process?
- Does the regulatory person/team have the support and resources to develop a robust fraud mitigation plan? Do they have sign-off from upper management /CEO?
- Do they have a training program and communication (internal and external) plan?



IV. Additional Resources

Examples of Medium- To High- (Fraud) Vulnerability

- No formalized supplier approval process
- New supplier/short history
- Supplier handles both conventional and organic
- Long and/or complex supply chain
- Imported from areas of known risk (history of fraud)
- Ingredient/product comes from multiple suppliers or has crossed multiple borders
- Ingredient/product is sourced from multiple sources in an open market with limited knowledge about the supplier
- Supplier will not disclose sources and/or provide certificates for those sources
- Compliance documents submitted are not verifiable
- Violations of fraud found by NOP from product type and/or region
- Sudden change in volume or market price
- Certified company or certifier is not listed on the NOP Organic Integrity Database
- Supplier company operates under multiple names
- Bulk product with a valid organic certificate but not identified as organic on paperwork
- Missing certificate from originating farm or intermediate handler
- Evidence of falsification – changed operation name on certificate to protect proprietary information
- Known production challenges and need for use of pesticides
- Lack of clarity about whether product was fumigated
- Lack of documentation verifying that the product was not fumigated

Example: Organic Fraud Mitigation Measures and Monitoring Protocols

- Supplier Verification Approval Program (new or improved)
- High-risk ingredient/supplier identification AND monitoring program
- OID (INTEGRITY) operator and certificate monitoring
- Mandatory practices for receiving & verifying organic ingredients/products
- Mandatory practices for imports or high-risk products
- Developed and Tested Traceability System (at least 1-up, 1-down)
- Internal traceability audits and mass-balance audits (monitoring)
- Supplier Audits (particularly for high-risk ingredients)
- Labeling verification
- Analytical testing and monitoring strategy
- Training and communication strategy
- Organic fraud complaint / report procedures

Example: Organic Vulnerability Assessment – Product and Supplier Factors

Product / Production Assessment

- General Factors
 - OID monitoring & certificate verification
 - Product arrives with import certificate
 - Reports of organic fraud for ingredient/material
- Geographic Factors
 - Imported / crosses multiple borders
 - Incidents of fraud in the region
 - Robust domestic market
 - Stats on total production by yield volume
 - High corruption level
- Economic Factors
 - Scarce supplies / high demand
 - In line with market trends
 - Sudden change in volumes
- Agronomic Factors
 - Production challenges
 - Fumigation treatment
 - Yield averages/trends

Supplier and Company Assessment

- Supplier Relationship
 - Supplier Approval Program
 - Long-standing relationship
 - Spot purchase
 - Audited by the company
 - Complete & accurate documentation
 - Prior fraud involvement
- Supply Chain Visibility
 - Complex
 - Multiple borders
 - Visibility & traceability of the supply chain
 - Uncertified entities
- Company Assessment
 - Past food fraud incidents
 - Other authenticity certifications (FSMA, GFSI, BRC)
 - Codes of Conduct, Employee screening
 - Ethics training
 - Whistleblowing guidelines



Example: Critical measures that can help prevent organic fraud

- A robust Supplier Verification Approval Program
 - Supply chain map with ID of organic fraud control Ppoints
 - System for ensuring current and valid organic certificates (use of the OID)
 - Supplier/Vendor approval questionnaire and checklist (get to know your suppliers)
 - Letters to suppliers clearly articulating organic requirements and expectations
 - Six-month check for new suppliers/new certificates
 - Traceability back to the raw material source (as needed, based on risk) or at least general understanding of the source of origin
- Heightened scrutiny and surveillance for high-risk ingredients, such as a robust testing program, receiving procedures, and supplier audits
- Established best practices for receiving and verifying organic status of ingredients
- SOPs for product label requirements and receiving verification including organic status, lot number and certification agent

Example: Components of a complete organic fraud prevention plan

- ✓ Names and Roles of OFP Team (including designated lead)
- ✓ Pre-filter V-Assessment
- ✓ Vulnerability Assessment
- ✓ Organic Mitigation Measures
- ✓ Monitoring & Verification Procedures
- ✓ Communication and Training Strategy
- ✓ Description of Record Keeping & Traceability System
- ✓ Incident Management and Fraud Reporting Procedures
- ✓ Management Review and Sign-Off

SOS Pro-TIP: The introduction of a fraud prevention plan within the organization is expected to become more granular and refined over time. Support a meaningful process that will in turn help the operator AND the certifier identify and prioritize organic fraud risks and appropriate prevention measures.