

COOL Remote Retailer Certification (CRRC) Compliance Audit Plans and Procedures

PURPOSE

The compliance and enforcement audit procedures outlined in this document are to establish a compliance and enforcement program for remote sales of Country of Origin Labeling (COOL) covered commodities. After submission of the firm's COOL compliance procedures, the COOL Division will conduct on-site audit visits at remote retail corporate office and facility(ies). COOL compliance by such retailers is mandatory. The on-site audit will identify the remote retailer's: a) systems and procedures in place sufficient to comply with regulatory requirements to retain and convey origin information for covered commodities sold by such retailer to consumers, and b) determine whether the remote retailer is following the firm's own procedures established to adequately retain and convey accurate COOL information to their customers. The COOL Division will accomplish the remote retailer compliance and enforcement program through extensive communication with each individual firm as well as with an on-site visit.

BACKGROUND

The 2002 and 2008 Farm Bills amended the Agricultural Marketing Act of 1946 to implement Country of Origin Labeling (COOL). The Final Rule (7 CFR Part 60 and 65) published January 15, 2009 requires remote retailers to COOL requirements. The COOL Division evaluates regulatory compliance with recordkeeping and labeling requirements of retailers and suppliers. The COOL Division will audit remote retailers' compliance systems to assess each firm's ability to retain and convey accurate origin information to the consumer. The COOL Division will select firms to participate in this pilot program based on their remote retail activities and product assortment as they pertain to COOL covered commodities.

Since 2006, the COOL Division has conducted retail surveillance reviews in more than 28,000 traditional "brick and mortar" retail store facilities across the U.S. to assess compliance. It is impractical to evaluate individual COOL declarations and labels on covered commodities sold and delivered directly to consumers through remote venues. The traditional retail review process for evaluating compliance is inappropriate given the variety of different remote sales formats. An alternative approach explained within this document involves certification audits of individual companies' remote sales information systems and procedures. From 2011 through 2015, the COOL Division found that traditional brick and mortar retail stores properly labeled with country of origin information 96% or more of all covered commodity items sold. Given the strong compliance results, The COOL Division is now shifting more of its resources to a segment of the industry where we have not yet assessed for compliance. Simultaneously, remote sales of COOL covered commodities has grown dramatically in recent years. Grocery e-

commerce sales growth increased by 183% from 2009 through 2014, and online grocery sales reached nearly \$25 billion in 2014. Since 2000, growth in e-commerce retailing of all types has exceeded growth in physical store locations by nearly ten-to-one, and several industry watchers project that online shopping for food will increase 20% to 60% over 2012 levels by 2018. Remote grocery sales growth have been accompanied by a diverse and growing set of business models and features to provide information, consumer interfaces and product orders and delivery for consumers.

Reference Documents

- Agricultural Marketing Act of 1946 (7 U.S.C. 1638 *et seq*)
- Country of Origin Labeling Regulation 7 CFR Part 60 and 65; Final Rule to Amend Labeling Provisions under Country of Origin Labeling (74 FR 2701, Jan. 15, 2009, as amended).

Regulatory Requirements

The COOL regulation in 7 CFR §65.300 Country of Origin notification, subparagraph (i) requires remotely purchased products to comply with COOL requirements:

Remotely Purchased Products. For sales of a covered commodity in which the customer purchases a covered commodity prior to having an opportunity to observe the final package (e.g., Internet sales, home delivery sales, etc.), the retailer may provide the country of origin notification and method of production (wild and/or farm-raised) designation either on the sales vehicle or at the time the product is delivered to the consumer.

The COOL regulation in 7 CFR §65.500 (a) explains the recordkeeping requirements. All records must be legible and may be maintained in either electronic or hard copy formats. Upon request by USDA representatives, suppliers and retailers subject to the COOL regulations shall make available to USDA representatives records maintained in the normal course of business that verify an origin and method of production claim within 5 business days of the request.

The COOL regulation in 7 CFR §65.500 (c) codifies responsibilities of retailers to comply with COOL. Retailers are to convey the origin information provided by their suppliers. Records and other documentary evidence relied upon at the point of sale to establish a covered commodity's country(ies) of origin must either be maintained at the retail facility or at another location for as long as the product is on hand. Retailers must maintain records that identify the covered commodity, the retail supplier, and for products that are not pre-labeled, the country of origin and method of production information. Such records may be located at the retailer's point of distribution, warehouse, central offices or other off-site location and must be maintained for a period of one year from the date the origin declaration is made at retail.

Definition of “Remote Retailer”

For purposes of outreach to and compliance and enforcement activities with remote retailers, the COOL Division relies on the definition of the term “remotely purchased products” (7 CFR §65.300 (i)) to describe a remote retailing firm. A remote retailer is any firm that relies on Internet, home delivery, catalogue or other sales techniques for COOL covered commodities “in which the customer purchases a covered commodity prior to having an opportunity to observe the final package.” The COOL Final Rule defines the term “retailer” in 7 CFR §65.240 to mean, “any person subject to be licensed as a retailer under the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(b)).” Remote retailers may be firms that exclusively rely on remote retail sales techniques, or may be divisions within traditional retail firms that employ remote sales techniques.

COOL Covered Commodities

Commodities identified in the statute that are subject to COOL requirements include, lamb, chicken, and goat meat, fish & shellfish, perishable agricultural commodities, peanuts, pecans, macadamia nuts, and ginseng.

AUDIT PROCEDURES FOR COOL COMPLIANCE

The on-site audit program procedures will use the ISO 9001-2008, International Standard for Quality Management System Requirements.

COOL auditors will contact firms to initiate the audit. The auditor will identify the documentation needed to initiate the audit. After reviewing the documentation for sufficiency to address COOL requirements, the auditor will send the retailer an email in advance of an on-site visit (see Appendix A). The email will confirm the mutually agreed date and time of the site visit and include a copy of the Audit Plan (see Appendix B). The email will also contain the following information:

Request documents which describe and govern the remote retailer’s COOL compliance practices and other documents related to their COOL compliance procedures, as may be necessary, to verify they:

- a) Have a COOL compliance strategy in place, and
- b) Are implementing procedures to follow their internal guidelines.

COOL auditors will also review a sample of documents maintained in the normal course of business to:

- a) Identify country of origin information and its conveyance received from immediate previous suppliers, and
- b) Convey origin information to final consumers either on the sales vehicle or at the time the product is delivered to the consumer.

Auditors will initially select a sample size of records and documents that is manageable for both the firm to produce and the auditors to review. For example, the auditor may select three to six samples of records from various commodity categories sold during the current 30-day period, product sold within the past three to six months, and product sold during the past nine to twelve months. If the audit reveals discrepancies, the auditor will select a broader sample size to determine the extent and degree of discrepancies.

The COOL auditor will ask for an organizational chart and a list of key contacts to determine who is responsible for COOL compliance and to determine which contacts the auditors will meet with and interview during the site visit.

During the on-site visit, COOL auditors will interview responsible authorities of the remote retailer and evaluate a sample of documents to determine how the firm manages COOL information as it is stored and conveyed through the steps observed while touring the facility.

Questions Auditors May Ask during On-Site Audit

Questions and the particular focus of each audit will depend on the remote sales format used by the retailer to generate and convey COOL information, the size and geographical reach of the firm, and the number and range of COOL covered commodities they handle. Each individual firm's audit plan and areas of inquiry will be customized depending on the category(ies) of products they offer and the method of ordering by and delivery to the consumer. In general, audit procedures will determine the integrity of the firm's COOL compliance system, and the standard operating procedures effectively implement the plan. Auditors will determine, from a review of documents, interviews with key personnel and tours of facility activities:

- Whether the firm has established an organized and effective COOL compliance system;
- How each firm manages the physical flow of covered commodity source materials and final retail products;
- How and where they maintain country of origin and method of production (MOP) (if applicable) documentation and associate that information with appropriate covered commodities as those physical products move through the facility;
- The accuracy of the COOL claims by sampling documents and records from immediate previous sources and to subsequent recipients.

During the audit, COOL auditors will ask the remote retailer a series of questions about the systems and procedures they employ to manage, document and convey COOL information. The following is a list of possible questions that may arise during an audit. This is only a list of possible questions. Based on the judgment of the auditor, the auditor will tailor the set of questions to each unique audit to explore or clarify COOL compliance areas that arise:

- Document and describe product handling procedures from the time they are received through facility storage and delivery to final consumers.
- Describe how the remote retailer receives, maintains and transmits COOL information from the time of receipt, through facility storage, and delivery to final consumers.

- Document and describe product handling procedures as received from immediate previous sources through facility storage and delivery to final consumers.
- Describe how the remote retailer manages and stores COOL documentation.
- Provide samples of documents that substantiate country of origin and MOP (if applicable) claims from immediate previous sources.
- Describe how COOL and MOP information is maintained and transmitted from acquisition through facility storage and delivery to final consumers.
- Describe how the remote retailer physically receives, stores, and ships COOL covered commodities.
- Describe the recordkeeping and documentation systems to verify compliance with COOL requirements.
- Describe how long and where the remote retailer maintains records from the immediate previous supplier.

COOL COMPLIANCE CERTIFICATION

Based on the audit results, USDA COOL will determine if the remote retailer is capable of conveying accurate COOL information to their customers and maintaining records that verify the accuracy of COOL claims for the required one-year period. Should the remote retail firm receive a favorable audit, it will qualify them for COOL Remote Retailer Certification (CRRC), indicating that their systems and procedures comply with COOL requirements. Certification of remote retailers by the COOL Division ensures that the methods (i.e., website, catalogue, pre-labeled package, etc.) used to convey COOL is accurate and complies with COOL requirements. The CRRC will be valid for 24 months from the date the COOL Division issues the certificate.

The certification does not excuse failure to comply with any of the regulatory laws enforced by the U.S. Department of Agriculture (for example, in conjunction with an investigation stemming from a consumer complaint). If the COOL Division receives a consumer complaint, the COOL Division has the authority to request additional information to resolve concerns at any given time, even if the retailer has successfully obtained a COOL Certification.

NAMING PROTOCOL FOR THE CRRC

Purpose

This section sets forth the responsibilities and requirements utilized by the Country of Origin Labeling (COOL) Division to assign audit identifiers and to name on-site audits and client documentation.

Scope

The provisions of this section apply to CRRC audits conducted by the COOL Division. The provisions also apply to audit and client documentation that the COOL Division creates itself or receives from the remote retailer.

Responsibilities

The COOL Division Director is responsible for approving the name of any new types of audit documents.

The COOL Division Director may assign the name to any types of audit documents.

The COOL Division official (auditor) who names the documents is responsible for ensuring proper identification.

Audit Identifier

Each audit receives an eleven-digit identifying number called the audit identifier. The auditor assigns the audit identifier to all audit documentation created by the COOL Division or received from the client for the audit.

The audit identifier consists of the following: (i.e., CRRC 7042 LBG)

The assigned 4-digit program identifier (i.e. CRRC = COOL Remote Retailer Certification);

The last digit of the calendar year (i.e. 2017);

The Julian date that the audit was conducted on or began (i.e. 042 = February 11);

Include the three initials of the auditor whom wrote the report.

Audit Results

Each audit has the potential to generate one of several types of audit reports. The following designations describe the possible audit results, and auditors will incorporate these designations in the file name for each report:

Approval

After conducting the audit, the COOL Division will review the evidence obtained. If there are no material weaknesses, the COOL Division approves the audit and the remote retailer will receive a COOL Remote Retailer Certification.

Non-Compliance (NC)

A designation of NC identifies non-compliance by the remote retailer that auditors observed during the audit. No CRRC is issued until Corrective Action has resolved outstanding issues identified in the audit report.

Corrective Action (CA)

A designation of CA identifies that Corrective Action has occurred to resolve all the Non-Compliance issues. Once all findings of non-compliance have been resolved, the COOL Division will issue the retailer a CRRC.

File Naming

The following applies when creating file names for the review documents in:

Review Documents

The file name consist of the following, without punctuation, as applicable.

The eleven-digit review identifier (i.e. CRRC 7042 LBG);

The remote retailer's name;

The company location (city and state abbreviation); and

The calendar date (MM DD YY) that the document was written.

Revisions of Company's COOL Compliance Procedures prior to Site Visit

The naming protocol described below pertains to the company's COOL compliance manuals, systems, procedures, and documents that the remote retailer submits to the COOL auditor prior to scheduling of the site visit portion of the audit. The auditor will change the file name to reflect the revision, using "REV 01; REV 02; REV 03, etc." The "REV 00" format will be used sequentially starting with "REV 01" and will be inserted into the file name after the type of audit document.

The following are examples of correct file names:

CRRC 7095 LBG Report ABC Store Somewhere NY 04 05 17

The file name corresponds to an audit report of a firm that the COOL Division has determined through the audit to have adequate procedures in place and has adequately implemented those procedures to comply with COOL regulatory requirements. The COOL Division will issue the CRRC (see Appendix C-1).

CRRC 7095 LBG Report NC ABC Store Somewhere NY 04 05 17

The file name corresponds to an audit report with findings of non-compliance issue(s) identified and which the retailer must address and correct prior to the COOL Division issuing the CRRC (see Appendix C-2).

CRRC 7095 LBG Report CA ABC Store Somewhere, NY 04 05 17

The file name corresponds to an audit report of a firm that has implemented corrective action to address the non-compliance issue(s) noted in a prior report. When the retailer has addressed all non-compliance issues, the COOL Division will issue the CRRC (see Appendix C-3).

CONFIDENTIALITY PROCEDURES

Purpose

This procedure provides guidelines and policies for upholding the confidentiality and disclosure provision of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d), and the Final Rule for the Mandatory Country of Origin Labeling (7 CFR Part 60 and 65). The provisions of this section apply to all on-site COOL certification audits of remote retailer's facilities and documentation covered under the Act and the Final Rule.

Reference Documents

- Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d)
- Country of Origin Labeling Regulations 7 CFR Part 60 and 65
- Title 7 U.S.C. 1636, Section B (Disclosure by Federal Government employees)

Submitted Information

Auditors are responsible for ensuring that they have the proper access to internet and USDA email as authorized by USDA, AMS, LPS and the COOL Division.

Control of Submitted COOL Information – In Office

Each auditor is responsible for maintaining the security and confidentiality of information submitted by remote retailers to the COOL Program. The information shall be used in the performance of official duties within the COOL offices.

Control of Submitted COOL Information – On Site

Each auditor is responsible for maintaining the security and confidentiality of information submitted by remote retailers to the COOL Division. The information shall be used in the performance of official duties outside the COOL offices. The auditor shall:

- a) Maintain physical control of the Government-issued laptop at all times while conducting on-site audits; and
- b) Separate information for each supplier into distinctly separate electronic files on the laptop when conducting audits of more than one supplier.

Remote Retailer Documentation

Auditors shall follow these guidelines to ensure that documentation and other records obtained from remote retailers under the COOL program is not divulged or made known with the consent of the supplier or other concerned persons.

COOL will maintain information in confidence that is collected during compliance audits, including in a manner that conforms to the standards that apply to federal agencies for the protection of the confidentiality of personally identifiable information and for data security and integrity. COOL would only disclose confidential information subject to the provisions in 7 U.S.C. 1636.

Request Remote Retailer Documentation

COOL auditors shall request from remote retailers the documentation necessary to adequately verify the completeness and accuracy of the supplier's records pertaining to the COOL Program.

Use of Remote Retailer Documentation

Documentation obtained from remote retailers shall be used to verify the completeness and accuracy of the remote retailer's records. When necessary to support an audit finding, an auditor shall attach appropriate supplier documentation in sufficient quantity to the audit report.

Retention of Remote Retailer Documentation

All documentation obtained from the supplier shall be maintained as explained in the AMS record retention policy.

Remote Retailer Proprietary Business Information

Auditors shall ensure that the confidentiality of any proprietary business information obtained from the supplier through the COOL Certification audit is preserved. Any proprietary business information with the potential to influence the COOL Division shall be included in the appropriate audit report.

COOL Audit Reports

- Auditors shall control COOL audit reports in a manner that ensures the confidentiality of the information within the reports.
- COOL audit reports shall be stored in electronic format either to the hard drive of the Government-issued laptop or to the COOL Division server.
- Any information generated in the preparation of the COOL audit report shall be stored in electronic format either to the hard drive of the Government-issued laptop or the COOL Division server.
- Upon the completion and submission, a completed electronic version of the COOL audit report shall be stored in the appropriate designated fold on the official COOL Division server site (Shared Drive).

Certification of Confidentiality Awareness

Each auditor shall familiarize himself/herself with the confidentiality provision of the Act (7 U.S.C 1636) and with the confidentiality procedures contained in this section and shall complete a Country of Origin Labeling Use Certification of Confidentiality Awareness.

General Information

If any questions arise or problems are encountered during the audit, immediately contact the COOL Audit Team Leader using designated procedures or at 202-720-4486.

APPENDICES

Appendix A – Example E-mail communication to set up visit

Appendix B – Example COOL Audit Plan

Appendix C1 – Sample CRRC Report Approval

Appendix C2 – Sample CRRC Report NC

Appendix C3 – Sample CRRC Report CA

Appendix D – Sample CRRC Master Certificate Final

APPENDIX A

Date: October 12, 2016

To: John Doe, QA Manager
ABC Remote Retailer
123 Cool Street
Somewhere, MO 12345
Ph: (123) 456-7890
Email: jdoe@abcdremoteretailer.com

From: Leonard Gossen, Agricultural Marketing Specialist
Ph: (337) 200-0008
Fax: (202) 354-4607
Email: COOLSupplierAudit@ams.usda.gov

File Number: CRRC 7157 LBG

This email is to confirm our phone conversation regarding the Country of Origin Labeling (COOL) Remote Retail Certification Audit. The 2002 and 2008 Farm Bills amended the Agricultural Marketing Act of 1946 to implement Country of Origin Labeling (COOL). The Final Rule (7 CFR Part 60 and 65) published January 15, 2009 requires remote retailers to comply with COOL requirements. Participation in the COOL Remote Retail Certification (CRRC) program is required. Once the documents are received, and found to be sufficient, I will contact you again to schedule a site visit of the facility to perform the audit. If the audit of the company's documents and facility finds that the company is operating in a manner that is compliant with COOL requirements, a COOL Remote Retail Certification will be granted. The CRRC will be valid for 24 months from the date the COOL Division issues the certificate. There will be two components regarding this audit.

Describe and Document COOL Compliance Systems and Procedures

The first part of the Audit is a review of requested documentation and explanation that describes and verifies the company's COOL compliance systems and procedures. Please provide the following items in preparation for this audit. Only provide the records and describe the systems which apply to your operation:

- A) The COOL procedures pertaining to inbound covered commodities;
- B) The COOL procedures pertaining to outbound covered commodities;
- C) The COOL procedures which describe initiating the origin claim and the records used to substantiate that claim;
- D) The COOL procedures which explain how COOL information is received from suppliers or how suppliers enter COOL information into the company's database portal and their documentation are handled;

- E) The COOL procedures which explain how COOL information is conveyed to consumers (either on the sales vehicle or at the time the product is delivered to the consumer); and
- F) Please provide a list of all of [ABC Remote Retailer's](#) facilities and locations which follow the above COOL procedures.

Information Required to be Submitted

To demonstrate compliance with COOL supplier requirements, please provide the above information and records (Items A through F) within 30 business days of receipt of this request. The date your records are due is **Month, Day, Year.**

In the process of assembling [ABC Remote Retailer's](#) CRRC Procedures manual the following questions can provide guidance.

- 1) Describe how [ABC Remote Retailer](#) informs the final purchasing customer the country of origin and the method of production (if applicable).
- 2) Does the vehicle (catalog, website, list at the point of delivery, on the receipt, on the product, etc.) change according to the covered commodity (lamb, chicken, and goat meat, fish & shellfish, perishable agricultural commodities, peanuts, pecans, macadamia nuts, and ginseng).
- 3) Will [ABC Remote Retailer's](#) COOL Procedure have a section on fresh vs. frozen product? Are they handled the same regarding COOL?
- 4) [ABC Remote Retailer](#) may want to include individual sections in the COOL Procedures manual covering the following covered commodity categories: [fresh and frozen fruits and vegetables; fresh and frozen fish and shellfish; peanuts, pecans, macadamia nuts, and ginseng; and muscle cuts and ground portions of lamb, goat, and chicken meat](#). For example, fruits and vegetables would be in one section, nuts and ginseng in another section, fish and shellfish in a third section, and lamb, goat and chicken in a final section. If COOL information is handled in the same manner for multiple commodities, than the commodities can be combined in one section. If [ABC Remote Retailer](#) does not currently carry specific covered commodity categories, enter a comment to that effect in the manual. This is only one of many ways of how to organize the manual.
- 5) Explain [ABC Remote Retailer's](#) information management system and the mechanisms for receiving inbound product. How does [ABC Remote Retailer](#) obtain, maintain, and verify the COOL information stored in the management information system?
- 6) Explain how the method of production (wild caught or farm raised) is obtained, entered and verified in the management information system for fish and shellfish products.
- 7) If the COOL information is listed on the inbound BOL and master case, are the two records (BOL and master case) compared to each other to confirm that the origin is consistently conveyed? If not consistent, how is the matter resolved?

- 8) When COOL information is entered into the management information system, what is the source of the data being entered? (Supplier-entered portal, BOL, product label, master shipping container, shipping manifest, etc.)
- 9) Is there a system in place to assure the product's country of origin and method of production (if applicable) is verified upon entry into the system? Explain the verification mechanisms.
- 10) Explain the process of physically handling, storing, moving and warehousing COOL covered commodities. Is there a segregation system? Are cases mixed? How is inventory managed (e.g., First-in First-out)? How is COOL information in the management information system connected to information contained on the physical product?
- 11) Explain the process of shipping outbound product. What are the steps, and what information accompanies the shipment?
- 12) Does [ABC Remote Retailer](#) ever commingle the same product together from two different origins into one master shipping container?
- 13) Does the system used to generate outbound documents such as Pick List, BOL, Sale Invoice, etc. include COOL information? Does the information management system pull from the entry data of the inbound product?
- 14) A separate section can be included in COOL compliance procedures to explain how records are maintained. Where are records kept? How long are records kept? In what format does the company maintain records (hard copies, electronic, etc.)?
- 15) A section could be included regarding the training of [ABC Remote Retailer's](#) personnel. Who is trained in COOL compliance procedures? How often does training occur? Who (position title) is responsible for training? Is there a record of who is trained, what topics were covered, and the dates that training occurred?

The foregoing is not a complete list of questions that may be answered to fully describe the company's COOL compliance system and procedures. Please include any additional information that results in a complete understanding of [ABC Remote Retailer's](#) COOL Procedures. Please contact me if additional information is needed.

Instructions for Submission

1. In order to expedite receipt of the documents, please fax the records to (202) 354-4607 or send via email to COOLSupplierAudit@ams.usda.gov.
2. You MUST reference the file number listed above when submitting the records. Inclusion of the file number on your submission allows for matching to the COOL Remote Retail Certification file. Please identify each draft number in the file name and continue to replace with each sequential draft (draft 1, draft 2, draft 3, etc.). If the records are submitted via email, please reference the file number in the subject line of the email.

Site Visit

The second part of the Audit is a scheduled facility visit. The COOL Division will conduct a COOL Remote Retail Certification Review at [ABC Remote Retailer](#) facility in [Somewhere, MO](#) at a mutually agreed upon date and time.

If you have any questions, you may contact the auditor at the phone number listed below. Additional COOL information and the full text of the final rule can be accessed from: www.ams.usda.gov/cool.

Thank you in advance for your cooperation.

APPENDIX B



Agricultural
Marketing
Service

Country of Origin
Labeling Division

STOP 0216 Room 2614-S
1400 Independence Avenue SW
Washington, DC 20250

COOL Audit Plan
October 12, 2016
Page 1

Country of Origin Labeling (COOL) Division Audit Plan

Program: Country of Origin Labeling (COOL) Remote Retail Certification (CRRC)			
Company: ABC Distribution Center (CRRC 7286 LBG)			
Schedule			
Date:	Time:	Activity:	Location:
10/12/16	10:30-10:45	Opening Meeting	Conf. Room
10/12/16	10:45-2:00	Review Supporting Documentation	Conf. Room
10/12/16	2:00-2:15	Interview Personnel	Conf. Room
10/12/16	2:15-4:00	Tour Facility	Warehouse Floor
10/12/16	4:00-4:30	Closing Meeting	Conf. Room
Audit Objectives			
Determine the supplier's compliance with a) the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d), as amended by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill), the Food, Conservation and Energy Act of 2008 (2008 Farm Bill), and the Consolidated Appropriations Act of 2016, and b) the Final Rule for Mandatory COOL (7 CFR Part 60 and 65) as amended through March 2, 2016.			
Audit Scope			
The audit will assess the sufficiency of the company's systems and procedures to obtain, maintain and convey COOL information on inbound, repacking, and outbound COOL covered commodities for sale to the final customer. The audit will include random sampling of the recordkeeping trail for COOL covered commodities. The COOL Division reserves the right to review additional records and supporting documentation as needed.			
Audit Criteria and Reference Documents			
1	Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d)		
2	Country of Origin Labeling Regulations (7 CFR Part 60 and 65)		
Audit Team and Responsibilities			
	Auditor – Team Member	Responsibility	
1	Leonard Gossen, Lead Auditor	To organize, coordinate, and conduct the audit; report results of the audit and communicate with representatives of the audited firm.	
2			
Primary Representative for Company (include contact information)			
1	John Doe, Procurement 123-456-7890 ext. 1111 email: jdoe@abcremoteretailer.com		
2	Jane Doe, Procurement Manager ext. 2222 email: janedoe@abcremoteretailer.com		
Confidentiality Issues			
All records made available to USDA representatives will be handled in accordance with COOL Division confidentiality procedures.			
Travel Logistics (information for hotel, flight, rental car, location of facility)			
Travel by government vehicle to the facility located at 123 COOL Street, Somewhere, MO 12345.			

I have reviewed the audit plan and agree to it. I realize that the actual audit may differ from this document.

Retailer's (Auditee) Signature: _____ Date: _____

COOL Division Signature: _____ Date: _____

Date 10/12/16

Approved by _____ JH

APPENDIX C-1



Agricultural Marketing
Service

Country of Origin
Labeling Division

STOP 0216 Room 2614-S
1400 Independence Avenue SW
Washington, DC 20250

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Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

+ **AUDIT INFORMATION**

Applicant Name:	ABC Remote Retailer
PACA Number:	1234567
Physical Address:	201 Elmwood Road, Somewhere, MO 12345
Mailing Address:	P.O. Box 832, Somewhere, MO 12345
Contact & Title:	Hannah Doe, Quality Assurance Programs Coordinator
E-mail Address:	hannah.doe@aplusfoodsusa.com
Phone Number:	123-456-7890
Auditor(s):	Auditor name
Program:	USDA COOL Remote Retail Certification
Audit Date(s):	October 12, 2016
Audit Identifier:	CRRC 7286 PBF
Action Required:	No
Audit Type:	Compliance Audit
Audit Objective:	To verify conformance to the audit criteria.
Audit Criteria:	<ul style="list-style-type: none"> • <i>Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d)</i> • <i>Country of Origin Labeling Regulations 7 CFR Part 60 and 65</i>
Audit Scope:	ABC Remote Retailer's COOL quality manual including processes, procedures, personnel, facilities, and related records
Location(s) Audited:	ABC Remote Retailer in Somewhere, MO

ABC Remote Retailer (ABC), PACA License Number 1234567, with corporate office in Somewhere, MO, operates four customer fulfillment facilities covering 48 states. ABC operates as a [privately owned / publicly traded on the NASDAQ / NYSE] company. ABC handles many name brand goods along with their private label brand "A Plus." The customer fulfillment centers are located in Atlanta, GA; Newark, NJ; Salt Lake City, UT; and Omaha, NE. The four fulfillment centers range from 750,000 to 1 million square feet, averaging 800,000 square feet per facility. Each fulfillment facility is segregated according to the required temperatures needed for the corresponding product.

Appendix C1 Sample CRRC 7286 PBF Report ABC Distribution Somewhere MO 10 12 16 Final.doc



Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

ABC is classified as a remote retailer. The COOL covered commodities handled by ABC at the time of the audit included fresh and frozen fruits and vegetables, fish and shell fish, lamb, chicken, pecans, peanuts and macadamia nuts. The majority of inbound COOL covered commodities note the country of origin and the method of production (if applicable) on the master shipping containers and the primary pre-labeled consumer package. If the country of origin and the method of production (if applicable) are not on either of these containers, ABC supplier vendors will note the COOL on the inbound receiving documents. The COOL is then entered into the Supply Chain Management (SCM) system for generating the outbound documents.

ABC's CRRC manual includes sections on records retention, self-monitoring and training employees. Records are retained for a minimum of one year in an electronic format called the Content Manager. ABC conducts periodic mock testing at all facilities to verify that COOL compliance procedures are being followed. The Quality Assurance manager oversees COOL training and maintains records of training dates and participants.

AUDIT METHODS

On October 11, 2016, the COOL audit team visited ABC's Atlanta, GA distribution facility and on October 12, 2016 the team visited the Newark, NJ facility. The COOL audit team met with ABC representatives identified in the ABC Audit Plan (see Attachments 2-A and 2-B) at each facility and reviewed COOL compliance procedures and recordkeeping systems through observations and interviews. The COOL audit team verified that identification, traceability, and segregation procedures are in place and properly functioning throughout the processes of receiving, inventorying and shipping COOL covered commodities. Records and recordkeeping systems required for COOL compliance were tested. ABC personnel were interviewed to determine their knowledge of COOL regulatory requirements and their responsibilities as retailer to convey accurate COOL information to the final customer.

The following randomly select records were collected from ABC by the auditors to verify that the retailer maintains adequate records and that the country of origin and the method of production were correctly entered and conveyed from immediate previous suppliers to the final purchasing customer. ABC's Atlanta distribution facility retrieved the following product records from various timeframes: fresh vegetable records 30-days prior; frozen fish 6-months prior (see Attachment 3) and fresh fruit 9-months prior to the facility review. The Newark distribution facility retrieved: chicken records 30-days prior; pecans 6-months prior and fresh vegetable 9-months prior (see Attachment 4) to the facility audit.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that ABC Distribution is currently operating in conformance to the requirements of the audit criteria.



**Country of Origin Labeling (COOL) Division
Remote Retail Certification Audit Report**

RECOMMENDATIONS

Based on the audit findings, the auditor recommends that ABC Distribution be approved as compliant with COOL regulatory requirements.

ATTACHMENTS

1. Notification of Audit Results – page 5.
2. Copy of the COOL Audit Plan, corresponding to the audits – pages 6 - 7.
3. Other documents.



Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

NOTIFICATION OF AUDIT RESULTS

DATE

The COOL Division has reviewed the results of the surveillance audit of **ABC Remote Retailer** according to the guidelines and procedures of the COOL Remote Retailer Certification (CRR) Program. Based on the results of this audit, the COOL Division certifies that **ABC Remote Retailer** maintains sufficient systems and procedures to comply with the requirements of 7 CFR 60.400 and 7 CFR 65.500 (a) general recordkeeping requirements and (c) responsibility of retailers.

Additionally, please note that substantial changes to the approved compliance program must be submitted in writing to the COOL Division, at COOLSupplierAudit@ams.usda.gov, and approved prior to implementation. Depending upon the nature and extent of the changes, a complete or partial on-site audit of **ABC Remote Retailer's** COOL compliance systems and procedures may be required prior to recertification.

We look forward to working with **ABC Remote Retailer** to ensure the continued success of **ABC Remote Retailer's** COOL compliance systems. If you or any other persons have questions, concerns, or comments regarding any aspect of this audit, please contact us directly at the COOL Division office in Washington, D.C.

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APPENDIX C-2



Agricultural Marketing
Service

Country of Origin
Labeling Division

STOP 0216 Room 2614-S
1400 Independence Avenue SW
Washington, DC 20250

Page 1 of 4

Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

AUDIT INFORMATION

Applicant Name:	ABC Remote Retailer
PACA Number:	1234567
Physical Address:	201 Elmwood Road, Somewhere, MO 12345
Mailing Address:	P.O. Box 832, Somewhere, MO 12345
Contact & Title:	Hannah Doe, Quality Assurance Programs Coordinator
E-mail Address:	hannah.doe@aplusfoodsusa.com
Phone Number:	123-456-7890
Auditor(s):	Auditor name
Program:	USDA COOL Remote Retail Certification
Audit Date(s):	October 12, 2016
Audit Identifier:	CRRC 7286 PBF
Action Required:	Yes
Audit Type:	Compliance Audit
Audit Objective:	To verify conformance to the audit criteria.
Audit Criteria:	<ul style="list-style-type: none"> • <i>Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d)</i> • <i>Country of Origin Labeling Regulations: 7 CFR Part 60 and 65</i>
Audit Scope:	ABC Remote Retailer COOL quality manual including systems, processes, procedures, personnel, facilities, and related records
Location(s) Audited:	ABC Remote Retailer in Somewhere, MO

ABC Remote Retailer (ABC), PACA License Number 1234567, with corporate office in Somewhere, MO, operates four customer fulfillment facilities covering 48 states. ABC operates as a [privately owned / publicly traded on the NASDAQ / NYSE] company. ABC handles many name brand goods along with their private label brand "A Plus." The customer fulfillment centers are located in Atlanta, GA; Newark, NJ; Salt Lake City, UT; and Omaha, NE. The four fulfillment centers range from 750,000 to 1 million square feet, averaging 800,000 square feet per facility. Each fulfillment facility is segregated according to the required temperatures needed for the corresponding product.

Appendix C2 Sample CRRC 7286 PBF Report NC ABC Remote Retailer Somewhere MO 10 12 16 Final.doc



Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

ABC is classified as a remote retailer. The COOL covered commodities handled by ABC at the time of the audit included fresh and frozen fruits and vegetables, fish and shell fish, lamb, chicken, pecans, peanuts and macadamia nuts. The majority of inbound COOL covered commodities note the country of origin and the method of production (if applicable) on the master shipping containers and the primary pre-labeled consumer package. If the country of origin and the method of production (if applicable) are not on either of these containers, ABC supplier vendors will note the COOL on the inbound receiving documents. The COOL is then entered into the Supply Chain Management (SCM) system for generating the outbound documents.

ABC's CRRC manual includes sections on records retention, self-monitoring and training employees. Records are retained for a minimum of one year in an electronic format called the Content Manager. ABC conducts periodic mock testing at all facilities to verify that COOL compliance procedures are being followed. The Quality Assurance manager oversees COOL training and maintains records of training dates and participants.

AUDIT METHODS

On October 11, 2016, the COOL audit team visited ABC's Atlanta, GA distribution facility and on October 12, 2016 the team visited the Newark, NJ facility. The COOL audit team met with ABC representatives identified in the ABC Audit Plan (see Attachments 2-A and 2-B) at each facility and reviewed COOL compliance procedures and recordkeeping systems through observations and interviews. The COOL audit team verified that identification, traceability, and segregation procedures are in place and properly functioning throughout the processes of receiving, inventorying and shipping COOL covered commodities. Records and recordkeeping systems required for COOL compliance were tested. ABC personnel were interviewed to determine their knowledge of COOL regulatory requirements and their responsibilities as retailer to convey accurate COOL information to the final customer.

The following randomly select records were collected from ABC by the auditors to verify that the retailer maintains adequate records and that the country of origin and the method of production were correctly entered and conveyed from immediate previous suppliers to the final purchasing customer. ABC's Atlanta distribution facility retrieved the following product records from various timeframes: fresh vegetable records 30-days prior; frozen fish 6-months prior (see Attachment 3) and fresh fruit 9-months prior to the facility review. The Newark distribution facility retrieved: chicken records 30-days prior; pecans 6-months prior and fresh vegetable 9-months prior (see Attachment 4) to the facility audit.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that ABC Distribution is currently operating in conformance to the requirements of the audit criteria, except as noted below. **There was one minor** non-conformance identified during the audit.



Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

CRRC 7286 PBF NC1 – Minor – COOL Remote Retailer #13 as listed in CFR 65.500(c)(4) states (4) “Records that identify the covered commodity, the retail supplier, and for products that are not pre-labeled, the country of origin information must be maintained for a period of 1 year from the date the origin declaration is made at retail.” *For perishable agricultural commodities delivered to the ABC Remote Retailer facility on August 28, 2016, the firm failed to obtain and maintain documents stating the origin of the perishable agricultural commodities from immediate previous supplier.*

RECOMMENDATIONS

Based on the audit findings and pending the submission of acceptable corrective action, the auditor recommends that ABC Remote Retailer be certified as compliant with COOL requirements.

ATTACHMENTS

1. Notification of Audit Results – page 5.
2. Copy of the COOL Audit Plan, corresponding to the audits – pages 6 - 7.
3. Other documents.



Country of Origin Labeling (COOL) Division Remote Retail Certification Audit Report

NOTIFICATION OF AUDIT RESULTS

DATE

The COOL Division has reviewed the results of the surveillance audit of **ABC Remote Retailer** according to the guidelines and procedures of the COOL Remote Retailer Certification (CRRC) Program. Based on the results of this audit, the COOL Division certifies that **ABC Remote Retailer** maintains sufficient systems and procedures to meet the requirements of 7 CFR 60.400 and 7 CFR 65.500 (a) general recordkeeping requirements and (b) responsibility of retailers.

The approval is conditional based on submission of corrective actions addressing the non-conformances identified during the audit. Corrective actions addressing the non-conformances must be taken.

The minor non-conformance must be addressed within **30 business days** of the date this report is received by **ABC Remote Retailer** to ensure the continued certification of **ABC Remote Retailer's** compliance program. Please submit a letter detailing the corrective actions and any corrections to non-conforming product, along with the supporting documentation, to **(auditor's name)** auditor-of-record, at COOLSupplierAudit@ams.usda.gov. If corrective actions cannot be implemented within the required timeframe, then **ABC Remote Retailer** must submit a plan detailing the corrective actions that will be taken and the timeframe for implementation.

Additionally, please note that substantial changes to the approved compliance program must be submitted in writing to the COOL Division, at COOLSupplierAudit@ams.usda.gov, and approved prior to implementation. Depending upon the nature and extent of the changes, a complete or partial on-site audit of **ABC Remote Retailer's** COOL compliance systems and procedures may be required prior to recertification.

We look forward to working with **ABC Remote Retailer** to ensure the continued success of **ABC Remote Retailer's** COOL compliance systems. If you or any other persons have questions, concerns, or comments regarding this audit, please contact us directly at the COOL Division office in Washington, D.C.

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APPENDIX C-3



Agricultural Marketing
Service

Country of Origin
Labeling Division

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Washington, DC 20250

Page 1 of 4

Country of Origin Labeling (COOL) Division Remote Retail Certification Corrective Action Report

AUDIT INFORMATION

Applicant Name:	ABC Remote Retailer
PACA Number:	1234567
Physical Address:	201 Elmwood Road, Somewhere, MO 12345
Mailing Address:	P.O. Box 832, Somewhere, MO 12345
Contact & Title:	Hannah Doe, Quality Assurance Programs Coordinator
E-mail Address:	hannah.doe@aplusfoodsusa.com
Phone Number:	123-456-7890
Auditor(s):	Auditor name
Program:	USDA COOL Remote Retail Certification
Audit Date(s):	October 12, 2016
Audit Identifier:	CRRC 7286 PBF
Action Required:	Yes
Audit Type:	Compliance Audit
Audit Objective:	To verify conformance to the audit criteria.
Audit Criteria:	Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1638d)
Audit Scope:	Country of Origin Labeling Regulations: 7 CFR Part 60 and 65
Location(s) Audited:	ABC Remote Retailer COOL quality manual including systems, processes, procedures, personnel, facilities, and related records

ABC Remote Retailer (ABC), PACA License Number 1234567, with corporate office in Somewhere, MO, operates four customer fulfillment facilities covering 48 states. ABC operates as a [privately owned / publicly traded on the NASDAQ / NYSE] company. ABC handles many name brand goods along with their private label brand "A Plus." The customer fulfillment centers are located in Atlanta, GA; Newark, NJ; Salt Lake City, UT; and Omaha, NE. The four fulfillment centers range from 750,000 to 1 million square feet, averaging 800,000 square feet per facility. Each fulfillment facility is segregated according to the required temperatures needed for the corresponding product.

Appendix C3 Sample CRRC 7286 PBF Report CA ABC Remote Retailer Somewhere MO 10 12 16 Final.doc



Country of Origin Labeling (COOL) Division Remote Retail Certification Corrective Action Report

ABC is classified as a remote retailer. The COOL covered commodities handled by ABC at the time of the audit included fresh and frozen fruits and vegetables, fish and shell fish, lamb, chicken, pecans, peanuts and macadamia nuts. The majority of inbound COOL covered commodities note the country of origin and the method of production (if applicable) on the master shipping containers and the primary pre-labeled consumer package. If the country of origin and the method of production (if applicable) are not on either of these containers, ABC supplier vendors will note the COOL on the inbound receiving documents. The COOL is then entered into the Supply Chain Management (SCM) system for generating the outbound documents.

ABC's CRRS manual includes sections on records retention, self-monitoring and training employees. Records are retained for a minimum of one year in an electronic format called the Content Manager. ABC conducts periodic mock testing at all facilities to verify that COOL compliance procedures are being followed. The Quality Assurance manager oversees COOL training and maintains records of training dates and participants.

AUDIT METHODS

On October 11, 2016, the COOL audit team visited ABC's Atlanta, GA distribution facility and on October 12, 2016 the team visited the Newark, NJ facility. The COOL audit team met with ABC representatives identified in the ABC Audit Plan (see Attachments 2-A and 2-B) at each facility and reviewed COOL compliance procedures and recordkeeping systems through observations and interviews. The COOL audit team verified that identification, traceability, and segregation procedures are in place and properly functioning throughout the processes of receiving, inventorying and shipping COOL covered commodities. Records and recordkeeping systems required for COOL compliance were tested. ABC personnel were interviewed to determine their knowledge of COOL regulatory requirements and their responsibilities as retailer to convey accurate COOL information to the final customer.

The following randomly select records were collected from ABC by the auditors to verify that the retailer maintains adequate records and that the country of origin and the method of production were correctly entered and conveyed from immediate previous suppliers to the final purchasing customer. ABC's Atlanta distribution facility retrieved the following product records from various timeframes: fresh vegetable records 30-days prior; frozen fish 6-months prior (see Attachment 3) and fresh fruit 9-months prior to the facility review. The Newark distribution facility retrieved: chicken records 30-days prior; pecans 6-months prior and fresh vegetable 9-months prior (see Attachment 4) to the facility audit.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that ABC Distribution is currently operating in conformance to the requirements of the audit criteria.

CRRS 7286 PBF NC1 – Cleared – COOL Remote Retailer #13 as listed in CFR 65.500(c)(4) states (4)
“Records that identify the covered commodity, the retail supplier, and for products that are not pre-labeled, the country of origin information must be maintained for a period of 1 year from the date the



Country of Origin Labeling (COOL) Division Remote Retail Certification Corrective Action Report

origin declaration is made at retail.” *For perishable agricultural commodities delivered to the ABC Remote Retailer facility on August 28, 2016, the firm failed to obtain and maintain documents stating the origin of the perishable agricultural commodities from immediate previous supplier.*

Corrective Action: *The Country of Origin Division received a response with corrective action on October 15, 2016 from ABC. ABC Remote Retailer provided documents that accompanied the arrival of the perishable agricultural commodities. The documents included the country of origin from the immediate previous supplier. ABC provided evidence the supplier information is now entered into the inventory management system. ABC also stated the product is logged into the system as received inventory prior to the delivery truck departing from the unloading dock.*

RECOMMENDATIONS

Based on the audit findings and receipt of the corrective action response, the auditor recommends ABC Remote Retailer be certified as compliant with COOL requirements.

ATTACHMENTS

1. Notification of Audit Results – page 5.
2. Copy of the COOL Audit Plan, corresponding to the audits – pages 6 - 7.
3. Other documents.



Country of Origin Labeling (COOL) Division Remote Retail Certification Corrective Action Report

NOTIFICATION OF AUDIT RESULTS

DATE

The COOL Division has reviewed the results of the surveillance audit of **ABC Distribution** according to the guidelines and procedures of the COOL Remote Retailer Certification (CRRC) Program. Based on the results of this audit, the COOL Division certifies that **ABC Distribution** maintains sufficient systems and procedures to meet the requirements of 7 CFR 60.400 and 7 CFR 65.500 (a) general recordkeeping requirements and (b) responsibility of retailers.

Additionally, please note that substantial changes to the approved compliance program must be submitted in writing to the COOL Division, at COOLSupplierAudit@ams.usda.gov, and approved prior to implementation. Depending upon the nature and extent of the changes, a complete or partial on-site audit of **ABC Distribution**'s COOL compliance systems and procedures may be required prior to recertification.

We look forward to working with **ABC Distribution** to ensure the continued success of **ABC Distribution**'s COOL compliance systems. If you or any other persons have questions, concerns, or comments regarding this audit, please contact us directly at the COOL Division office in Washington, D.C.

Julie Henderson, COOL Division Director
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APPENDIX D

 CERTIFICATE OF CONFORMANCE	United States Department of Agriculture Agricultural Marketing Service Livestock, Poultry, and Seed Program									
	<i>ABC Company, Inc.</i> <i>Somewhere, Missouri, USA</i> has met the requirements of the USDA COOL Remote Retailer Certification and is entitled to market products as "COOL Compliant" as Determine in the Final Rule for the Mandatory Country of Origin Labeling provision as in Title 7 CFR Part 60 and 65 and modified to Amend the Labeling Provisions Under Country of Origin Final Rule dated May 23, 2013 and March 2, 2016. As described in the ABC Company COOL Supplier Manual for Somewhere, MO.									
	<small>This certificate is receivable by all officers of all courts of the United States as prima facie evidence of the truth of the statements there in contained. This certificate does not excuse failure to comply with any of the regulatory laws enforced by the U.S. Department of Agriculture.</small>									
	<table><tr><td>Certificate No.</td><td>CRRC 7286 LBG</td><td><u>Julie Henderson, COOL Division Director</u></td></tr><tr><td>Issue Date:</td><td>October 12, 2016</td><td>Livestock, Poultry and Seed Program</td></tr><tr><td>Renewal Date:</td><td>October 11, 2018</td><td>Agricultural Marketing Service</td></tr></table>	Certificate No.	CRRC 7286 LBG	<u>Julie Henderson, COOL Division Director</u>	Issue Date:	October 12, 2016	Livestock, Poultry and Seed Program	Renewal Date:	October 11, 2018	Agricultural Marketing Service
Certificate No.	CRRC 7286 LBG	<u>Julie Henderson, COOL Division Director</u>								
Issue Date:	October 12, 2016	Livestock, Poultry and Seed Program								
Renewal Date:	October 11, 2018	Agricultural Marketing Service								
	<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program.</small>									