

# Management Accountability Review

**Eastern Regional Office**

**May 6 – June 30, 2010**



## **Areas Reviewed:**

Standard Operating Procedures  
Strategic Business Plan  
Packers & Stockyards Automated System



## Executive Summary

The Packers and Stockyards Program (P&SP) Management Assessment Review Team (MART) conducted a Management Accountability Review (MAR) on May 25 through May 26, 2010, the remaining review and assessment was conducted by Paradigm Technologies on June 1 through June 18, 2010 of the following Eastern Regional Office (ERO) operational areas:

1. Standard Operating Procedures (SOP)
2. Strategic Business Plan (SBP) objectives
3. Packers & Stockyards Automated System (PAS)

An automated scoring module for each core process was developed and used to determine compliance with specific areas of the SOP's, SBP, and PAS that were identified as part of this MAR. The SOPs were weighted the most, however, in instances where the SBP compliance was not applicable, the SOPs and PAS compliance were weighted equally.

For each area under review, the following scorecard was used to assess overall compliance.

GREEN	YELLOW	RED
Overall average per area between 90% to 100%; Minor improvements possible; No corrective action required; Less frequent audits required	Overall average per area between 70% and 89%; Findings, but no serious weaknesses; Corrective action required with follow-up from RD or more frequent audits	Overall average per area less than 70%; Material weakness discovered; Mandatory corrective action required with follow-up audit

Using this scorecard allowed the MART to identify those particular areas within the ERO that require attention or improvement. The following table depicts the ERO rating for each area reviewed. Additional details, including the overall score and findings/recommendations with supporting documents, are included in this report.

RATING	REVIEW AREA	SCORE
YELLOW	RO-1: Registration and Bonding	84%
RED	RO-2: Investigations	65%
GREEN	RO-3: Regulatory Actions	91%
YELLOW	RO-4: Enforcement	77%
RED	RO-5: Bond/Trust Claims	62%
RED	RO-6: Financial Instrument Termination / Expiration	59%
RED	RO-7: Scale Test Reports	49%

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## Introduction

The United States Department of Agriculture (USDA) Grain Inspection, Packers and Stockyards Administration (GIPSA), Management Accountability Program, requires that reviews of the Packers and Stockyards Program (P&SP) Headquarters and Regional offices be conducted. Administrative Instruction (AI-3), sets forth the components of this program to ensure compliance with P&SP policies and procedures and with OMB Circular A-123's standards for management controls.

From May 6 to May 21, 2010 data was abstracted from PAS by the PAS Administrator and provided to Paradigm Technologies for the initial validation, assessment, and selection of random sampling sizes. On May 25 and 26, 2010, the Management Assessment Review Team (MART) reviewed and evaluated the technical performance of the Eastern Regional Office (ERO). The remaining randomly selected data from PAS was assessed and evaluated by Paradigm Technologies from June 1 to 18, 2010. This MAR includes the time period of October 1, 2009 through April 30, 2010 in the following three operational areas: Standard Operating Procedures (SOPs), Strategic Business Plan (SBP) objectives, and Packers and Stockyards Automated System (PAS). The MART consisted of the following individuals:

- Dana Stewart, ODA, P&SP, Headquarters
- Regina Ware, P&SP, Headquarters PAS Administrator
- Katie Stout, P&SP, LIE, Midwestern Regional Office
- Steve Pappaducus, Marketing Specialist, Midwestern Regional Office
- Carla Thomas, P&SP, LIE, Eastern Regional Office
- Robbie Obiekwe, P&SP, Auditor, Eastern Regional Office
- Ann Webster, P&SP, CRU, Western Regional Office
- Jack VerLinden, P&SP, Auditor, Western Regional Office
- Julie Shamblin, P&SP, RA, Western Regional Office
- Alan Booco Paradigm Technologies, Inc.
- Virginia Cole, Paradigm Technologies, Inc.

The MAR evaluated the ERO's ability to effectively and uniformly apply the rules and requirements set forth in the Department and Agency objectives and standards, policies, and PAS compliance. The MAR final report includes a summary of findings, recommendations, and supporting documentation. The findings section reflects significant items that require corrective action by the ERO and formal notification by memo to the Office of Deputy Administrator (ODA) that the item(s) were resolved, unless otherwise noted. For each finding, the recommendations section reflects the MART's suggestions for improving the performance in affected areas, some of which may not require formal notification to the ODA. The ODA may conduct follow-up reviews to ensure that corrective action was taken for those instances that were deemed major.

## Methodology

The MART developed and used standardized review forms to determine and document compliance. The review forms contain the following sections: 1) Guidance, 2) Review Plan, 3) Results, and 4) Summary. An explanation of each section can be found in [Attachment 1](#).

For each specific area of the SOP, SBP, and PAS under each core process review, the number of instances examined was compared to the number of instances deemed compliant to determine an individual percentage. The number of instances was determined by selecting an appropriate sampling plan (either 100 percent inspection or random sampling). Most of the data was abstracted from PAS queries; however, the remaining data was abstracted from existing reports, spreadsheets, documents, and logs; all of which are documented on the review form. Validation and sample sizes depended on weight of question and amount of instances reviewed. For this review, 100 percent verification was not possible in all areas, but the MART assures that a representative sample was sufficient for those not inspected at the 100 percent threshold. Each individual percentage was averaged to calculate an overall compliance percentage using the following scoring system:

GREEN	YELLOW	RED
Overall average per area between 90% to 100%; Minor improvements possible; No corrective action required; Less frequent audits required	Overall average per area between 70% and 89%; Findings, but no serious weaknesses; Corrective action required with follow-up from RD or more frequent audits	Overall average per area less than 70%; Material weakness discovered; Mandatory corrective action required with follow-up audit

## Findings and Recommendations

### RO-1: Registration and Bonding

The ERO obtained a yellow rating which requires immediate attention in this area since material weaknesses were found in PAS Compliance. However, the ERO scored well in SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
YELLOW	RO1: Registration and Bonding	85%

**The lack of attention and necessary corrective action in this area could cause potential harm to the industry in which P&SP is charged to protect.**

<b>P&amp;SP Management Accountability Review Form</b>			
<b>Section 1 - Guidance</b>			
<b>SOP</b>	<b>RO-1 Registration and Bonding</b>		
<b>SBP</b>	<b>Goal 1</b> - Increase level of compliance through preventive regulatory actions <b>Objective 1</b> - Ensure those operating subject to the P&S Act are properly registered and/or bonded and meet reporting requirements		
<b>Section 2 - Review Plan</b>			
<b>Purpose of Review</b>	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
<b>Frequency</b>	Annually unless otherwise specified		
<b>Sampling Plan</b>	Random sample		
<b>Validation</b>	SOP(1): Review PAS to obtain entity listing that required corrections in the registration and bonding process SOP(2): Review listing from PAS to obtain entities registered within scope of review SOP(3): Review PAS for NOD documentation		
<b>Section 3 - Results</b>			
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>
<b>SOP Performance Objectives and Compliance</b>			
(1) Send paperwork to entity within five days of receipt for corrections	1	1	100%
(2) Send Acceptance Letter within five days from receipt of registration	10	9	90%
(3) Send NOD with approval signature within one business day of receipt	10	10	100%
(4) SOP Checklist	30	18	60%
<b>SBP Activity Performance Standard</b>			
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time	N/A	N/A	N/A
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	40	29	73%
<b>Overall RO-1 Compliance</b>			<b>85%</b>
<b>Section 4 - Summary</b>			
<b>Findings / Recommendations:</b>			
<p>General Comment - For additional details and findings, see RO1 Supporting Documentation spreadsheet and/or Tech Team Reviewer's Sheet. Overall, the notes tab is not being used to capture status of work being performed. There are instances where paperwork is being sent to the entity for correction and without notes it's difficult to understand what was corrected or should have been corrected.</p> <p>SOP (1) - The PAS query indicates only one entity where paperwork had to be sent for corrections.</p> <p>SOP (2) - PAS is not set up to handle multiple correction letter tasks. Although the ECM Workflow indicate a correction letter was sent, the MART could not validate the date on the actual scan correction letter in PAS. We recommend a work around to add an additional correction letter task until PAS can be modified.</p> <p>PAS Checklist - The naming convention is a major issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relook at instructions for naming convention to make them clear and concise where employees can understand and follow, which will help with locating files.</p>			
<b>Overall Rating:</b>	<b>YELLOW</b>		<b>85%</b>
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Katie Stout (MRO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	<b>Date:</b>	5/25/10 - 5/26/10

## **Findings**

*SOP Performance Objective (1): "Send paperwork to entity within five days of receipt for correction"*

- A total sample size of one was reviewed because there was only one entry listed for corrections. The ERO was found to be compliant with sending paperwork to entity within the allotted timeframe.

*SOP Performance Objective (2): "Send acceptance letter within five days from receipt of registration"*

- A total of ten samples were reviewed. Only one instance was found in which the ERO failed to send an acceptance letter within the allotted timeframe.
  - ECM #40062 – The last registration document date stamp is 02/12/2010 and the Acceptance Letter was sent on 03/25/2010; a 28 day difference.

*SOP Performance Objective (3): "Send NOD with approval signature within one business day of receipt"*

- A total of ten samples were reviewed. There were no instances found in which the ERO failed to send an NOD within the allotted timeframe.

*SOP Checklist #1: "If new registrant, did the PSU staff send the Standard Packet and include POC information?"*

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the ERO failed to send the Standard Packet and include POC information.
  - ECM #42324 – Voluntary application; mailed NOD for Bond.

*SOP Checklist #2: "If amended, supplemental, reactivated, or limited, did the PSU staff send appropriate paperwork to the entity within five business days of receipt to collect the necessary information?"*

- A total of ten samples were reviewed. Of the ten, seven instances were found in which the ERO failed to send the appropriate paperwork to the entity within five business days of receipt to collect necessary information.
  - ECM #43062 – Letter to Trustee not dated
  - ECM #43064 – Bond effective date not correct
  - ECM #43096 – Unable to determine; only one document in folder
  - ECM #22307 – Letters do not appear to have been mailed; no date stamp
  - ECM #25392 – Correction Letter not mailed for each incorrect document
  - ECM #33917 – Correction Letter not mailed
  - ECM #33163 – Correction Letter not mailed

*SOP Checklist #3: "If paperwork is correct, did the PSU staff input information into PAS? Is documentation available showing appropriate letter was sent?"*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to input information into PAS and/or the documentation was not available showing the appropriate letter was sent.
  - ECM #40062 – Bond missing conditions – no correction letter mailed
  - ECM #41343 – NOD mailed after due date & Bond Riders incorrect with no Correction Letter mailed
  - ECM #42584 – TFA not correct
  - ECM #24039 – Unable to determine; no notes and folder is closed

*PAS Checklist #1: "Business entity and Address tab completed in AMS"*

- A total of ten samples were reviewed. There were no instances found in which the ERO failed to complete the Business entity and Address tab in AMS.

*PAS Checklist #2: "If market agency, dealer, or packer with volume over \$500,000 is financial instrument tab complete?"*

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the financial instrument tab wasn't completed.
  - ECM #24039 – Packer Inquiry lists amount under \$500,000

*PAS Checklist #3: "Entity paperwork included in ECM documentation folder"*

- A total of ten samples were reviewed. Of the ten, two instances were found in which the ERO failed to include entity paperwork in ECM documentation folder.
  - ECM #43096 – Unable to determine; only one document in folder
  - ECM #33917 – Unable to determine; folder closed before all completed information received

*PAS Checklist #4: "Is the file naming convention correct?"*

- A total of ten samples were reviewed. Of the ten, nine instances were found in which the ERO failed to use the correct naming convention.

### **Recommendations**

- To ensure all entity folders have relevant data, a checklist might be created. This will help ensure all agreements are signed and correspondence is dated within the proper timeframes. Need more complete task options in PAS for correction letters. PAS is not set up to handle multiple correction letter tasks. Although the ECM Workflow indicates a correction letter was sent, the MART could not validate the date on the actual scan correction letter in PAS. Recommend a work around to add an additional correction letter task until PAS can be

modified. Encourage employees to complete notes tab to provide a clear documentation trail in support of completion of tasks, especially those tasks that are on hold for processing.

- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.

## **RO-2: Investigations**

The ERO obtained a red rating which requires immediate attention in this area since material weaknesses were found in SOP Performance Objectives and PAS Compliance. The ERO scored well in SBP Activity Performance.

<b>RATING</b>	<b>REVIEW AREA</b>	<b>SCORE</b>
<b>RED</b>	RO-2: Investigations	65%

**The lack of attention and necessary corrective action in this area could cause potential harm to the industry in which P&SP is charged to protect.**

P&SP Management Accountability Review Form			
<b>Section 1 - Guidance</b>			
<b>SOP</b>	<b>RO-2 Investigations</b>		
<b>SBP</b>	<b>Goal 2 - Attain compliance through investigation and enforcement</b> <b>Objective 2 - Expedite the timely completion of investigations</b>		
<b>Section 2 - Review Plan</b>			
<b>Purpose of Review</b>	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
<b>Frequency</b>	<input type="checkbox"/> Follow-up		
<b>Sampling Plan</b>	Annually unless otherwise specified		
<b>Validation</b>	100% Records inspection		
	SBP(1-2) and SOP(1-3): Verify case files in PAS		
	SOP(4): Randomly sample investigative case files in PAS		
<b>Section 3 - Checklist Results</b>			
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>
<b>SOP Performance Objectives and Compliance</b>			
(1) Close Rapid Response within 75 calendar days of receipt of complaint/event	N/A	N/A	N/A
(2) Close Level 1 Priority within 160 calendar days of receipt of complaint/event	15	11	73%
(3) Close Level 2 Priority within 100 calendar days of receipt of complaint/event	15	4	27%
(4) SOP Checklist	55	44	80%
<b>SBP Activity Performance Standard</b>			
(1) Initiate Rapid Response investigation within two business days from time of complaint/event	N/A	N/A	N/A
(2) Investigation and its related Enforcement were completed within timeframes established by the SOPs	14	6	43%
(3) SBP Checklist	19	19	100%
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	40	18	45%
<b>Overall RO-2 Compliance</b>			<b>65%</b>
<b>Section 4 - Summary</b>			
<b>Findings / Recommendations:</b>			
<p>General Comment - For additional details and findings, see RO2 Supporting Documentation and/or Tech Team Reviewer's Sheet</p> <p>SOP (1) - No Rapid Response investigation were conducted during the MAR timeframe</p> <p>SOP (3) - There are several cases where a significant amount of time was spent re-routing the investigation prior to the appropriate agent being assigned. Additionally, there are instances where the notes indicate a preliminary investigation started prior to the agent completing the task "Perform Investigation." This creates a disconnect between what is being shown in the ECM Workflow and the work actually being performed. Thus, it appears work is being performed outside of ECM and the total amount of time it takes to perform an investigation is not accurately being documented in ECM.</p> <p>SBP (2) - There are several cases where the notes do not justify the investigation taking longer than the allotted timeframe or the long delays in between task. Additionally, the document type is being used incorrectly in some of the folders.</p> <p>SOP Checklist (4) - It does not appear that the generic subprocess module is being used for investigations that do not have a standardized module. Also, there are some followup investigations that do not include supporting documentation or subprocess modules, especially for insolvencies. Resultantly, it's difficult to determine where the actual work is being performed and how much is not being actually documented in ECM.</p> <p>PAS Checklist - The Outcome, Species and/or Enforcement fields were not completed for a majority of entities reviewed</p>			
<b>Overall Rating:</b>	<b>RED</b>		<b>65%</b>
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Jack VerLinden (WRO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	<b>Date:</b>	5/25/10 - 5/26/20

## **Findings**

*SOP Performance Objective (1): "Close Rapid Response within 75 calendar days of receipt of complaint/ event"*

- No rapid responses were completed during the review period

*SOP Performance Objective (2): "Close Level 1 Priority within 160 calendar days of receipt of complaint/ event"*

- A total of fifteen samples were reviewed. Of the fifteen, four instances were found in which the ERO failed to close the L1 investigation within the allotted timeframe.
  - ECM #25088 - Received task to perform investigation on 9/17/2009 and closed folder on 3/17/2010; a difference of 180 days
  - ECM #20328 - Received task to perform investigation on 7/7/2009 and closed folder on 4/20/2010; a difference of 283 days
  - ECM #15167 - Received task to perform investigation on 5/5/2009 and closed folder on 11/30/2009; a difference of 205 days
  - ECM #16939 – Received task to perform investigation on 5/28/09 and closed folder on 3/8/10 a difference of 280 days

*SOP Performance Objective (3): "Close Level 2 Priority within 100 calendar days of receipt of complaint/ event"*

- A total of fifteen samples were reviewed. Of the fifteen, eleven instances were found in which the ERO failed to close the L2 investigation within the allotted timeframe.
  - ECM #18593 – Received task to perform investigation on 6/16/2009 and closed folder on 10/21/2009; a difference of 125 days
  - ECM #20760 – Received task to perform investigation on 7/13/2009 and closed folder on 1/27/2010; a difference of 194 days
  - ECM #18958 – Received task to perform investigation on 6/19/2009 and closed folder on 3/23/2010; a difference of 274 days
  - ECM #3460 – Received task to perform investigation on 4/2/2009 and closed folder on 1/20/2010; a difference of 288 days
  - ECM #22831 – Received task to perform investigation on 8/4/2009 and closed folder on 2/10/2010; a difference of 186 days
  - ECM #19032 – Received task to perform investigation on 6/20/2009 and closed folder on 10/15/2009; a difference of 115 days
  - ECM #20114 – Received task to perform investigation on 7/2/2009 and closed folder on 2/4/2010. A difference of 212 days.
  - ECM #40209 – Received task to perform investigation on 12/29/2009 and closed folder on 4/29/2010; a difference of 120 days

- ECM #33442 – Received task to perform investigation on 10/19/09 and closed folder on 3/22/10; a difference of 153 days
- ECM #25406 – Received task to perform investigation on 9/24/09 and closed folder on 2/11/10; a difference of 137 days
- ECM #20114 – Received task to perform investigation on 7/2/09 and closed folder on 2/4/10; a difference of days 212

*SBP Goal 2, Objective 1, Activity 1: “Initiate Rapid Response investigation within two business days from time of complaint/ event”*

- No rapid responses were initiated during the review period

*SBP Goal 2, Objective 1, Activity 1: “Investigation and its related Enforcement were completed within timeframes established by the SOPs”*

- A total of fourteen samples were reviewed. Of the fourteen, eight instances were found in which the ERO failed to complete the investigation and its related enforcement within the allotted timeframe.
  - ECM #16867 – (L1 – Formal Case) Investigation Create Date is 05/27/09 and PLD Received Date is 02/18/2010; a difference of 261 days
  - ECM #15267 – (L1 – Formal Case) Investigation Create Date is 5/6/2009 and PLD Received Date is 5/28/10; a difference of 382 days
  - ECM #16188 – (L1 – Formal Case) Investigation Create Date is 5/18/2009 and PLD Received Date is 12/1/2009; a difference of 193 days
  - ECM #34419 – (L1 – NOV) Investigation Create Date is 11/18/2009 and PLD Received Date is 6/4/2010; a difference of 196 days
  - ECM #18958 – (L2 – Formal Case) Investigation Create Date is 6/19/2009 and PLD Received Date is 4/5/2010; a difference of 286 days
  - ECM #33442 – (L2 – Formal Case) Investigation Create Date is 10/19/2009 and PLD Received Date is 4/9/2010; a difference of 170 days
  - ECM #18593 – (L2 – NOV) Investigation Create Date is 6/16/2009 and PLD Received Date is 11/16/2009; a difference of 150 days
  - ECM #25406 – (L2 – NOV) Investigation Create Date is 9/24/2009 and PLD Received Date is 2/19/2010; a difference of 145 days

*SBP Checklist Goal 1, Objective 1, Activity 1: “Investigate a select number of failure-to-file cases”*

- A total of nineteen samples were reviewed. All nineteen instances were found to be investigated failure-to-file cases.

*SOP Checklist, RO-2, Step 2: “PAS accurately reflects whether claim /investigation Priority Level (L1, L2) was properly identified”*

- A total of fifteen samples were reviewed. All fifteen instances were found have the claim/investigation priority properly identified.

*SOP Checklist, RO-2, Step 4.a: "For complaints deemed "terminated", the AMS entry is closed with an explanation in the notes file"*

- A total of ten samples were reviewed. All ten instances were found to have been closed with an explanation in the notes file.

*SOP Checklist, RO-2, Step 6: "Investigation Sub-process Module technical content is accurate and complete and investigative findings are supported with appropriate documents and evidence."*

- A total of ten samples were reviewed. Of the ten, three instances were found in which the ERO failed to create an accurate and complete Sub-process Module with supporting documents and evidence.
  - ECM #24621 – Does not include investigative report
  - ECM #19032 – Documentation confusing, includes the market review, however, entity documents include financial information covered under right of privacy (see MART reviewer's sheet)
  - ECM #40209 – Question whether module should have been used in this investigation. This is a meat locker with annual purchases of \$20-25K. Complaint is for a producer and meat lock in the same state; jurisdiction not met. (see MART reviewer's sheet)

*SOP Checklist, RO-2, Step 7.a: "If a violation was found, did the assigned Agent fill out an Investigative Synopsis, place in the PAS folder, before submitting the folder to the Unit Supervisor?"*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to fill out an Investigative Synopsis and place it in the PAS folder prior to submitting the folder to the Unit Supervisor. There was also one instance that was determined to be not applicable.
  - ECM #23762, #24885, #3237, #19032, agent did not complete the Investigation Synopsis

*SOP Checklist, RO-2, Step 7.b: "If no violation was found, did the assigned Agent complete the Closing Summary in the Investigation Module, to report findings with documentation before closing the investigation folder in PAS?"*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to complete the Closing Summary in the Investigation Module.
  - ECM #33675 – Although entity corrected AR, there is no supporting documentation to solvency
  - ECM #23762, #24885, agent did not complete the Closing Summary in the Investigation Module
  - ECM #34090 – No documentation to support an investigation was actually completed; appeared to have been resolved by phone

*PAS Checklist, RO-2 #1: "Investigation data complete for Outcome tab and complete for Violation tab, if applicable?"*

- A total of ten samples were reviewed. Of the ten, eight instances were found in which the ERO failed to complete the Outcome and/or Violation tab.
  - ECM #29255, #34439, #20328, #34455, #40284, #22831, #25249, and #20114 – outcome field not complete

*PAS Checklist, RO-2 #2: "Species and Enforcement field complete?"*

- A total of ten samples were reviewed. Of the ten, seven instances were found in which the ERO failed to complete the Species and/or Enforcement field.
  - ECM #29255, #20328, #40284, #22831, #19032, #25249, and #20114 – species and enforcement fields not complete

*PAS Checklist, RO-2 #3: "Are Notes tab clear and easy to understand?"*

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the ERO failed to create clear and easy to understand notes.
  - ECM #43112 –not unclear and not easy to understand

*PAS Checklist, RO-2 #4: "Is the file naming convention correct?"*

- A total of ten samples were reviewed. Of the ten, six instances were found in which the ERO failed to use the correct naming convention.

### **Recommendations**

- There were several instances identified where a significant amount of time was spent re-routing investigations prior to the appropriate agent being assigned. The ERO should limit the amount of time spent re-routing investigations.
- Based on the results, agents are completing L1 investigations on an average of 115 days vs. 160 and L2 investigations on an average of 150 days vs. 100 days. There is definitely a discrepancy in the completion of these investigations. For L2, there were several instances where notes do not explain the investigation taking longer than the allotted timeframe or the long delays in between task. Suggest management relook at when agents are entering investigation details in ECM to ensure all the associated work is being captured. Management may also want to relook at the criteria for completing L1 and L2 investigations to determine if the performance standard is too high or too low and adjust, if needed.
- Originally, ten entities were reviewed for L1 and L2 investigations but after initial analysis, it was determined the sample size needed to be raised to

fifteen to determine if there is a significant difference in the amount of time it takes to complete a “Business Premise” verse a “PSP Office” investigation. Analysis showed that “Business Premise” and “PSP Office” investigations appear to be taking similar amounts of time to complete and both have cases that exceed the allotted timeframes.

- Consider enhancing data validation in PAS that will require the agent to complete essential fields (e.g. Outcome, Species, Enforcement, etc.) prior to closing the folder.
- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.
- There are instances where the notes indicate a preliminary investigation started prior to the agent completing the task "Perform Investigation." This creates a disconnect between what is being shown in the ECM Workflow and the work actually being performed. Thus, it appears work is being performed outside of ECM and the total amount of time it takes to perform an investigation is not accurately being documented or captured in ECM. Once the agent is assigned to an investigation, the clocks starts, therefore, the ERO should document in ECM as such. This is instrumental in tracking investigations to determine the actual completion time.

### RO-3: Regulatory Activities

The ERO was rated green in this area; several minor findings are reported for continuous improvements. The ERO results in this area were strong in SOP compliance and SBP Activity Performance but weak in PAS compliance.

RATING	REVIEW AREA	SCORE
GREEN	RO-3: Regulatory Activities	91%

<b>P&amp;SP Management Accountability Review Form</b>			
<b>Section 1 - Guidance</b>			
<b>SOP</b>	<b>RO-3 Regulatory Activities</b>		
<b>SBP</b>	<b>Goal 1</b> - Increase level of compliance through preventive regulatory actions <b>Objective 2</b> - Protect industry's financial interest <b>Objective 3</b> - Protect Fair Business Practices (Competition/Trade)		
<b>Section 2 - Review Plan</b>			
<b>Purpose of Review</b>	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
<b>Frequency</b>	Annually unless otherwise specified		
<b>Sampling Plan</b>	SBP(1-5): 100% Records inspection; SOP: Random sample		
<b>Validation</b>	SBP(1-4): Review folders and Sub Process Modules in PAS and compare to the BEAD risk rankings and random audit list		
<b>Section 3 - Results</b>			
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>
<b>SOP Performance Objectives and Compliance</b>			
SOP Checklist	30	27	90%
<b>Average SOP Compliance</b>		90%	2
<b>SBP Activity Performance Standard</b>			
(1) Completed 100% of insolvency audits of identified high risk packers, auction markets, and dealers (10 per region by 10/10)	N/A	N/A	N/A
(2) Completed 100% of random sample of custodial/prompt pay audits to a 90% confidence level (by 10/10)	9	9	100%
(3) Completed 100% of scale/weighing trolleys and weighing practices of every packing plant that purchase in excess of 1,000 head of livestock annually on a carcass-weight basis and determine the rate of compliance (by 10/10)	10	10	100%
(4) Completed randomly stratified sample of scales and weighing inspection (dealers/auction markets/poultry plants/poultry feed mills) to a 90% level of confidence and determine the rate of compliance (by 10/10)	10	10	100%
(5) Completed 100% monitoring of the fed cattle each week	N/A	N/A	N/A
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	30	20	67%
<b>Overall RO-3 Compliance</b>		<b>91%</b>	
<b>Section 4 - Summary</b>			
<b>Findings / Recommendations:</b>			
<p>General Comment - For additional details and findings, see RO3 Supporting Documentation and Tech Team Reviewer's Sheet. There are no major findings with completion of Regulator Activities.</p> <p>PAS Checklist - There are some instances where the agent did not complete the violation tab, or exit interview. The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relook at instructions for naming convention to make them clear and concise where employees can understand and follow, which will help with locating files.</p>			
<b>Overall Rating:</b>	<b>GREEN</b>		91%
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Julie Shamblin (WRO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)		<b>Date:</b> 5/25/10 - 5/26/20

## **Findings**

*SBP Goal 1, Objective 2, Activity 1: “Completed 100% of insolvency audits of identified high risk packers, auction markets, and dealers (10 per region by 10/10)”*

- No high risk packers, auction markets, or dealers were found during the review period.

*SBP Goal 1, Objective 2, Activity 2 and 3: “Completed 100% of random sample of custodial/prompt pay audits to a 90% confidence level (by 10/10)”*

- A total of nine samples were reviewed. All nine instances were found to be compliant.

*SBP Goal 1, Objective 3, Activity 1: “Completed 100% of scale/weighing trolleys and weighing practices of every packing plant that purchase in excess of 1,000 head of livestock annually on a carcass-weight basis and determine the rate of compliance (by 10/10)”*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*SBP Goal 1, Objective 3, Activity 3: “Completed randomly stratified sample of scales and weighing inspection (dealers/auction markets/poultry plants/poultry feed mills) to a 90% level of confidence and determine the rate of compliance (by 10/10)”*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*SOP Checklist RO-3 Step 2: “Regulatory Activity Sub-process Module technical content is accurate and complete”*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*SOP Checklist RO-3 Step 4: “Did the assigned Agent complete the Exit Conference and Findings tab and denote any recommendations in the Regulatory Sub-process Module before submitting the folder to the Unit Supervisor?”*

- A total of ten samples were reviewed. Of the ten, three instances were found in which the ERO failed to complete Exit Conference and Findings tab and/or did not denote recommendation in the Regulatory sub-process module before submitting the folder to the Unit Supervisor.
  - ECM #41143, #33933 , #40280 – Findings and recommendations completed but no exit interview

*SOP Checklist RO-3 Step 4.b: “If no violation is found, did the assigned Agent denote the findings in PAS and close the Regulatory Activity folder?”*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*PAS Checklist RO-3 #1: “Completed Species tabs and Sub-process module included in documents”*

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the ERO failed to complete the Species tabs and Sub-process Module.
  - ECM #21931, AR attached but did not include analysis or supporting documentation for solvency check.

*PAS Checklist RO-3 #2: “Completed Close Reason and Outcome and if applicable, the Violation tab”*

- A total of ten samples were reviewed. Of the ten, three instances were found in which the ERO failed to complete the Close Reason and/or Outcome and when applicable, the Violation tab.
  - ECM #42765, #42602, #33681 – Violation type not completed

*PAS Checklist RO-3 #2: “Is the file naming convention correct?”*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to use the correct naming convention.

### **Recommendations**

- Prior to finalizing a Sub-processes Module, the Excel Workbook should check to see if the Exit Interview has been completed. This could be a simple routine that checks to see if the agent has entered any information in the Exit Interview section. If the field is blank, Excel should prompt the user to complete before finalizing.
- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.

## RO-4: Enforcement

The ERO obtained a yellow rating; minor improvements are suggested. The ERO results in this area were strong in PAS Compliance but weak in SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
YELLOW	RO-4: Enforcement	77%

P&SP Management Accountability Review Form			
<b>Section 1 - Guidance</b>			
SOP	RO-4 Enforcement		
SBP	N/A		
<b>Section 2 - Review Plan</b>			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
	<input type="checkbox"/> Follow-up		
Frequency	Annually unless otherwise specified		
Sampling Plan	Random sampling and records review		
Validation	SOP(1): Review PAS for NOV documentation		
<b>Section 3 - Results</b>			
	Number Reviewed	Number Compliant	%
<b>SOP Performance Objectives and Compliance</b>			
(1) Send Notice of Violation with approval signature within one business day of receipt	10	9	90%
(2) SOP Checklist	20	10	50%
<b>SBP Activity Performance Standard</b>			
N/A	N/A	N/A	N/A
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	40	36	90%
<b>Overall RO-4 Compliance</b>			<b>77%</b>
<b>Section 4 - Summary</b>			
<b>Findings / Recommendations:</b>			
General Comment - For additional details and findings, see RO4 Supporting Documentation			
SOP Checklist - The Close Reason was not completed for a majority of entities reviewed.			
PAS Checklist - There was one NOV that was not in the standard formal. The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relook at instructions for naming convention to make them clear and concise where employees can understand and follow, which will help with locating files.			
<b>Overall Rating:</b>	<b>YELLOW</b>		77%
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	<b>Date:</b>	5/25/10 - 5/26/20

## **Findings**

*SOP Performance Objective (1): "Send Notice of Violation with approval signature within one business day of receipt"*

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the ERO failed to send the NOV with approval signature within one business day of receipt.
  - ECM #26712 – NOV was approved and signed by the Supervisor on 10/7/09 and sent on 10/9/09; a difference of 2 days

*SOP Checklist #1 RO-4 Step 1: "All Enforcement activities completed within 20 days of approved investigative report"*

- A total of ten samples were reviewed. Of the ten, two instances were found in which the ERO failed to complete all enforcement activities within 20 days of approved investigative report
  - ECM #19767 – NOV was approved and signed by the Supervisor on 7/13/2009 and folder was closed on 10/29/2010; a difference of 328 days.
  - ECM #42409 – NOV was approved and signed by the Supervisor on 3/8/2010 and folder was closed on 4/12/2010; a difference of 25 days

*SOP Checklist #1 RO-4 Step 1.a.5: "Did the assigned Agent complete Close reason in AMS?"*

- A total of ten samples were reviewed. Of the ten, eight instances were found in which the ERO failed to complete the Close Reason in AMS.
  - ECM #43080, #26209, #40015, #19767, #25056, #42409, #26712, and #41420 – close reason not complete

*PAS Checklist #1 RO-4: "If NOV Enforcement, does the folder contains actual NOV document?"*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*PAS Checklist #2 RO-4: "Is the document type correct?"*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*PAS Checklist #3 RO-4: "Has GIPSA (Supervisor or Regional Director) official signed the NOV document?"*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*PAS Checklist #4 RO-4: "Is the file naming convention correct?"*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to use the correct naming convention.

### **Recommendations**

- Consider enhancing data validation that would require the agent to complete the Close Reason prior to closing the folder. This could be a simple check to see if the Close Reason field has been populated. If not, PAS will prompt the user to complete prior to closing the folder.
- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.

### **RO-5: Bond/Trust Claim**

The ERO obtained a red rating; minor improvements are suggested. The ERO results in this area stronger in SBP Activity Performance and weakest in SOP Performance Objectives and PAS Compliance. Although the ERO rated yellow, this area can use improvement to avoid becoming red.

<b>RATING</b>	<b>REVIEW AREA</b>	<b>SCORE</b>
<b>RED</b>	RO-5: Bond/Trust Claims	62%

P&SP Management Accountability Review Form			
<b>Section 1 - Guidance</b>			
<b>SOP</b>	<b>RO-5 Bond/ Trust Claims</b>		
<b>SBP</b>	<b>Goal 2 - Attain compliance through investigation and enforcement</b> <b>Objective 1 - Expedite the timely completion of investigations</b>		
<b>Section 2 - Review Plan</b>			
<b>Purpose of Review</b>	<input type="checkbox"/> Initial <input type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
<b>Frequency</b>	Annually unless otherwise specified		
<b>Sampling Plan</b>	Random sampling and records review		
<b>Validation</b>	SBP(1) and SOP(1): Verify bond claim files in AMS		
<b>Section 3 - Results</b>			
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>
<b>SOP Performance Objectives and Compliance</b>			
(1) Send Certified Bond/Trust Letter with approval signature within one business day of receipt to Surety or Trustee	5	3	60%
(2) SOP Checklist	8	3	38%
<b>SBP Activity Performance Standard</b>			
(1) 100% of Bond and trust claim forms are forwarded to known unpaid sellers within 10 business days.	4	4	100%
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	12	6	50%
<b>Overall RO-5 Compliance</b>			<b>62%</b>
<b>Findings / Recommendations:</b>			
General Comment - For additional details and findings, see RO5 Supporting Documentation and/or Tech Team Reviewer's Sheet Two bond claims provided by ERO were outside the timeframe and could not be reviewed.			
SOP (1) - Reviewed 1 trust claim and 4 bond claims, one trustee letter was sent on time but not documented in the claim spreadsheet, a surety was identified but the claim spreadsheet did not indicate whether a letter was sent, also, letter was not provided to validate.			
SOP Checklist - There are instances where the date stamp differs from the fax date. The claim spreadsheet is not being updated to reflect the most current status of a bond claim (e.g., missing initial claim date, date letter sent to surety or trustee, information carried over from a previous worksheet)			
PAS Checklist - The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relook at instructions for naming convention to make them clear and concise where employees can understand and follow, which will help with locating files.			
<b>Overall Rating:</b>	<b>RED</b>		62%
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation)	<b>Date:</b>	5/25/10 - 5/26/20

## Findings

*SOP Performance Objective (1): "Send Certified Bond/Trust Letter with approval signature within one business day of receipt to Surety or Trustee"*

- A total of five samples were reviewed. Of the five, two instances were found in which the ERO failed to send the claims letter within 1 day. See RO-5 Supporting Documentation for more details
  - ECM #34796, letter was more than one day late; for #34567, the claim spreadsheet does not indicate whether the letter was sent to the surety and letter was not provided to validate

*SBP Goal 2, Objective 1, Activity 1: "100% of Bond and trust claim forms are forwarded to unpaid sellers within 10 business days"*

- A total of four samples were reviewed. All four instances were in compliance with sending bond and trust claim form to unpaid sellers within 10 business days.

*SOP Checklist, RO-5 Step 4.a: "For claims received, did the PSU stamp the claim form with date of receipt?"*

- A total of four samples were reviewed. Of the four, two instances were found in which the ERO failed date stamp the claim with date of receipt.
  - ECM #34567 and #14537, initial claim form not provided. There are instances where the date stamp differs from the fax date. Also, there are instances where PAS entries for claims are entered either by the claimant or the registrant who the claim is filed against.

*SOP Checklist, RO-5 Step 4.b: "The Claims Spreadsheet is updated to accurately reflect receipt of claims within appropriate timeframes (60, 30 or 15 days)"*

- A total of four samples were reviewed. Of the four, three instances were found in which the ERO failed to update the Claims Spreadsheet to accurately reflect receipt of claims within the appropriate timeframes.
  - ECM #34567, #42105, and #14537, claim spreadsheets are not complete. The claim spreadsheet is not being updated to reflect the most current status of a bond claim (e.g., missing initial claim date, date letter sent to surety or trustee, information carried over from a previous worksheet)

*PAS Checklist #1: "For bond claims, was claim analysis attached?"*

- A total of four samples were reviewed. Of the four, one instance was found in which the ERO failed to attach the claim analysis.
  - ECM #14537, no bond claim folder

*PAS Checklist #2: "Was starting and primary factor identified?"*

- A total of four samples were reviewed. Of the four, one instance as found in which the ERO failed to identify the starting and primary factor.
  - ECM #14537, no bond claim folder

*PAS Checklist #3: "Is the file naming convention correct?"*

- A total of four samples were reviewed. In all four instances, the ERO failed to use the correct naming convention.

### **Recommendations**

- Until this process can be included in PAS, suggest using the claim spreadsheet to establish clear traceability of claims, whether valid or not.

This will serve as supporting documentation in all bond claim files to verify all dates mailed in case a trustee needs to view the original source of compliant and for verification that claims were sent within the allotted time.

- Clarify with employees, the correct manner in which bond claims should be entered into AMS, to avoid incorrect data entry. Either claim should be entered by the registrant the claim is against or the claimants.
- Suggest adding an enhancement for automated checks on appropriate folders to see if the claim analysis was attached. This check could be done by analyzing the files in the folder. The check would look at the file names to determine if the claim analysis was included. If the check determines the claim analysis is missing, PAS would send out an automated email alerting the agent to the issue.
- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.

**RO-6: Financial Instrument Termination / Expiration**

The ERO obtained a red rating which requires immediate attention in this area since material weaknesses were found in PAS Compliance. The ERO scored well in SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
RED	RO-6: Financial Instrument Termination / Expiration	59%

**The lack of attention and necessary corrective action in this area could cause potential harm to the industry in which P&SP is charged to protect.**

P&SP Management Accountability Review Form				
<b>Section 1 - Guidance</b>				
<b>SOP</b>	RO-6 Financial Instrument Termination / Expiration			
<b>SBP</b>	N/A			
<b>Section 2 - Review Plan</b>				
<b>Purpose of Review</b>	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually	<input type="checkbox"/> Follow-up
<b>Frequency</b>	Annually unless otherwise specified			
<b>Sampling Plan</b>	100% Record inspection			
<b>Validation</b>	SOP(1): Review PAS			
<b>Section 3 - Results</b>				
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>	
<b>SOP Performance Objectives and Compliance</b>				
(1) Paperwork sent to entity within 5 business days of receipt for corrections	10	10	100%	
(2) SOP Checklist	10	5	50%	
<b>SBP Activity Performance Standard</b>				
N/A	N/A	N/A	N/A	
<b>PAS Compliance (Checklist)</b>				
PAS Checklist	40	11	28%	
	<b>Overall RO-6 Compliance</b>		<b>59%</b>	
<b>Section 4 - Summary</b>				
<b>Findings / Recommendations:</b>				
General Comment - For additional details and findings, see RO- Supporting Documentation and/or Tech Team Reviewer's Sheet SOP Checklist (2) - For a number of entities, it appears the returned Statement of Operations is not being scanned into PAS.				
PAS Checklist - Review of the folders in PAS revealed that pertinent fields are not being completed, which could potentially reduce the integrity of data in PAS, such as, the Termination Date and identifying the Financial Instrument required by the entity.				
<b>Overall Rating:</b>	<b>RED</b>			59%
<b>Persons interviewed:</b>	N/A			
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Katie Stout (MRO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)		<b>Date:</b>	5/25/10 - 5/26/20

## Findings

*SOP Performance Objective (1): "Paperwork sent to entity within 5 business days of receipt for corrections"*

- A total of ten samples were reviewed. All ten instances were found to be compliant.

*SOP Checklist RO-6 Step 1: "For Bond/TA/TFA, did the PSU enter the termination date in PAS?"*

- A total of ten samples were reviewed. Of the ten, five instances were found in which the ERO failed to enter the termination date in PAS.
  - ECM #34625, #34641, #34813, #40035, and #40064 – termination date not entered in PAS

*PAS RO-6 Checklist #1: "Financial instrument type was properly identified in ECM?"*

- A total of ten samples were reviewed. Of the ten, five instances were found in which the ERO failed to identify the financial instrument type in ECM.
  - ECM #34625, #34641, #34813, #40035, and #40064 – Financial Instrument type not identified in ECM

*PAS RO-6 Checklist #2: "Financial instrument amount entered in ECM?"*

- A total of ten samples were reviewed. For all ten instances, the ERO failed to enter the financial instrument amount in ECM.
  - ECM #40139, #25622, #31880, #33437, #42531, #34625, #34641, #34813, #40035, and #40064) - financial instrument amount not entered into ECM

*PAS RO6 Checklist #3: "Financial instrument termination date was properly entered in ECM?"*

- A total of ten samples were reviewed. Of the ten, five instances were found in which the ERO failed to properly enter the Financial Instrument termination date.
  - ECM #34625, #34641, #34813, #40035, #40064 – termination date not entered in ECM

*PAS RO6 Checklist #4: "Is the file naming convention correct?"*

- A total of ten samples were reviewed. Of the ten, four instances were found in which the ERO failed to use the correct naming convention.

### ***Recommendations***

- Consider enhancing data validation that will require the agent to complete the Termination Date field in PAS prior to closing the folder. This could be a simple check to see if the termination date has been populated. If not, PAS will prompt the user to complete prior to closing the folder.
- Consider enhancing data validation that will require the agent to complete the financial instrument type, amount, and date in PAS prior to closing the folder. This could be a simple check to see if these fields have been populated in the database. If not, PAS will prompt the user to complete prior to closing the folder.
- The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PAS and makes it difficult to determine whether the correct file is located in the correct folder. Suggest relooking at naming

convention instructions to make them clearer, more concise, and easier to understand. Additionally, if at all possible, we recommend PAS be modified to build the file names automatically. All the agent would have to provide is basic information about the file such as the entity name, type of file, etc. and PAS should do the rest. This seems like a function that could be automated and this would remove any human error from the process.

### **RO-7: Scale Test Reports**

The ERO obtained a red rating which requires immediate attention in this area since material weaknesses were found in SOP Performance Objectives. The ERO scored well in PAS Compliance.

<b>RATING</b>	<b>REVIEW AREA</b>	<b>SCORE</b>
<b>RED</b>	RO-7: Scale Test Reports	49%

**The lack of attention and necessary corrective action in this area could cause potential harm to the industry in which P&SP is charged to protect.**

<b>P&amp;SP Management Accountability Review Form</b>			
<b>Section 1 - Guidance</b>			
<b>SOP</b>	<b>RO-7 Scale Test Report</b>		
<b>SBP</b>	<b>Goal 1 - Increase level of compliance through preventive regulatory actions</b> <b>Objective 3 - Protect Fair Business Practices (Competition/Trade)</b>		
<b>Section 2 - Review Plan</b>			
<b>Purpose of Review</b>	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
<b>Frequency</b>	Annually unless otherwise specified		
<b>Sampling Plan</b>	Random sample		
<b>Validation</b>	Review and verify Scale Test records; review PAS for NOD and NOV documentation; manual check of scale test reports		
<b>Section 3 - Results</b>			
	<b>Number Reviewed</b>	<b>Number Compliant</b>	<b>%</b>
<b>SOP Performance Objectives and Compliance</b>			
(1) Send Notification of Default (SW2) with approval signature within one business day of discovering the report is late	12	0	0%
(2) Send Notification of Violation (SW3) with approval signature within one business day of determination	0		0%
(3) Enter test date in PAS within three business days of receipt	9	7	78%
(4) SOP Checklist	21	18	86%
<b>SBP Activity Performance Standard</b>			
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time	N/A	N/A	N/A
<b>PAS Compliance (Checklist)</b>			
PAS Checklist	20	16	80%
<b>Overall RO-7 Compliance</b>			<b>49%</b>
<b>Section 4 - Summary</b>			
<b>Findings / Recommendations:</b>			
<p>General Comment - For additional details and findings, see RO7 Supporting Documentation and/or Tech Team Reviewer's Sheet</p> <p>Randomly selected scale test reports for review. The scale test report for Empire Livestock Marketing, LLC (serial#119946) was not provided, therefore could not be reviewed for scoring</p> <p>SOP (1) - SW2 letters are abstracted from AMS batch files. This batch file is ran every other week from AMS. There is either a niche in running the batch files or the employees are not checking AMS before sending SW2 letters because there are several instances where letters were sent after scale tests were received in the office or the scale was inactive (see SW2 Supporting Documentation). SW2 letters are not being tracked for receipt of scale, therefore, it is difficult to track whether reports were received within 30 days. Also, based on the next test date in AMS, there are many instances where test reports were not received or not received within the 30 day timeframe and an investigation was not initiated. There are no notes in AMS to document how these scale tests are being resolved for receipt. Of the twelve batches received, none of the SW2 letters were sent within one business day of discovering the report is late, they were sent on an average of 28 days after the due date of the report. This is mostly due to the SW1 letters being sent after the scale tests are late rather than prior to the due date.</p> <p>SOP (2) - Per ERO, no SW3 letters were sent during this timeframe because accurate test were received in a timely manner. However, there was a rejected scale for Thomas Glover Farms on 2/22/2010 where a letter should have been sent. Also, there are several instances where scales were inaccurate and acceptable but, corrected scale tests were provided. Not sure how these scale tests were resolved because no notes are included in AMS to explain why corrected reports were provided. Resultantly, it is difficult to determine whether these scales should have received a SW3.</p> <p>Recommendation: There is no traceability for tracking SW2 and SW3 letters, which makes it difficult to validate whether entities subject to the P&amp;SP jurisdiction are legitimately complying with sending accurate and acceptable test reports on time. Even though, this process is currently being enhanced to enable a better tracking mechanism, a work around needs to be established as soon as possible so P&amp;SP will not loose validity with regulating entities scales. Since SW2's and SW3's are not being sent in compliance with the SOP, suggest relook at how batch files are being ran to include those tests a month ahead rather than just past due reports, check for tests received or inactive scales, to reduce sending invalid letters, begin tracking the status of these letters and make use of the notes tab in ECM.</p>			
<b>Overall Rating:</b>	<b>RED</b>		49%
<b>Persons interviewed:</b>	N/A		
<b>Reviewers:</b>	Regina Ware (Headquarters PAS Administrator for Data Validation) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	<b>Date:</b>	5/25/10 - 5/26/20

## **Findings**

*SOP Performance Objective (1): "Send Notification of Default (SW2) with approval signature within one business day of discovering the report is late"*

- A total of twelve samples were reviewed. All instances were found in which the ERO failed to send the approved SW2 within one business day of discovering the report is late.
  - Of the twelve batches received, none of the SW2 letters were sent within one business day of discovering the report is late, they were sent on an average of 28 days after the due date of the report. This is mostly due to the SW1 letters being sent after the scale tests are late rather than prior to the due date. See RO-7 Supporting Documentation and SW2 Support Documentation for details

*SOP Performance Objective (2): "Send Notification of Violation (SW3) with approval signature within one business day of determination"*

- Per ERO, no SW3 letters were sent during this timeframe.
  - However, there was a rejected scale on 2/22/2010 where a letter should have been sent. Also, there are several instances where scales were inaccurate and acceptable, but corrected scale tests were provided. Not sure how these scale tests were resolved because no notes are included in AMS to explain why corrected reports were provided. Resultantly, it is difficult to determine whether these scales should have received an SW3.

*SOP Performance Objective #3: "Enter test date in PAS within three business days of receipt"*

- A total of ten samples were reviewed. Of the ten, one report was not provided and two instances were found in which the ERO failed to enter the test date in PAS within three business days.
  - See RO-7 Supporting Documentation for details

*SOP Checklist R07 Step 1: "Scales subject to P&SP jurisdiction require test and reporting at least semi-annually - check all dates in sample for compliance"*

- A total of ten samples were reviewed. Of the ten, one report was not provided and two instances were found in which the ERO failed to receive the test report at least semi-annually.
  - See RO-7 Supporting Documentation for details.

*SOP Checklist R07 Step 5: "Did the BPU review the report to determine accuracy within 3 business days of receipt?"*

- A total of ten samples were reviewed. Of the ten, one report was not provided and all other instances ERO determined accuracy within 3 business days of receipt.

*SOP Checklist R07 Step 5.b: "If inaccurate and rejected, was an SW3 letter (NOV) sent through Enforcement folder?"*

- Per ERO, no SW3 letters were sent during this timeframe.
  - However, there was a rejected scale on 2/22/2010 where a letter should have been sent. Also, there are several instances where scales were inaccurate and acceptable but, corrected scale tests were provided.

*SOP Checklist RO7 Step 9: "If the scale owner did not respond to the NOV within 15 days, did the assigned Agent initiate the Investigation process?"*

- Per ERO, no SW3 letters were sent during this timeframe.
  - However, there was a rejected scale on 2/22/2010 where a letter should have been sent. Also, there are several instances where scales were inaccurate and acceptable but, corrected scale tests were provided.

*PAS Checklist RO7 #1: "Data accurately entered into AMS (Scale Serial Number, Type, and Status)?"*

- A total of ten samples were reviewed. Of the ten, one report was not provided and three instances were found in which ERO failed to accurately enter data into AMS (Scale Serial Number, Type, Status).
  - See RO-7 Supporting Documentation for details.

*PAS Checklist RO7 #2: "Is the scale test report on file for entity?"*

- A total of ten samples were reviewed. Of the ten, one instance was found in which ERO failed to have the scale test report on file for entity.
  - See RO-7 Supporting Documentation for details.

### **Recommendations**

- Establish traceability for tracking SW2 and SW3 letters. Currently, it is difficult to validate whether entities subject to the P&SP jurisdiction are legitimately complying with sending accurate and acceptable test reports on time. Even though, this process is in the process of being enhanced to enable a better tracking mechanism, a work around needs to be established as soon as possible so P&SP will not lose validity with regulating entities scales. Since SW2's are not being sent in compliance with the SOP, suggest relook at how batch files are being ran to include those tests a month ahead rather than just past due reports, allow checks for tests received, inaccurate but acceptable tests, and inactive scales, to reduce sending invalid letters, begin tracking the status of these letters and make use of the notes tab in ECM. Management may consider changing the SOP to a more realistic timeframe for sending SW2 letters if it's not possible to send the letter within one business day of discovering the report is late.
- There are not several instances where test reports were not received or response to the NOD was beyond the 30 day timeframe and no

investigation was initiated nor were notes included in AMS to justify (see RO-7 Supporting Documentation). Based on the query ran from PAS, no investigations were initiated during this timeframe for scale test not received. Suggest management review this matter to determine why investigations are not being conducted on these scale tests that were not responsive to the NOD.

## Attachment 1: Review Form

<b>Section 1. Guidance</b>	Strategic Business Plan (SBP) Objective Guidance and Direction (2009-2010) dated November 18, 2009	Enter the SBP number and description.
	Standard Operating Procedure (SOP)	Enter the SOP number, title, and process step number, if appropriate.
<b>Section 2. Review Plan</b>	Purpose of Review	Initial, Periodic (Annual, Quarterly, Monthly) or Follow-up
	Frequency	Recommend starting with long frequency (annual) then reduce if review results warrant.
	Sampling Plan	Either 100% inspection or draw random sample of total instances. Describe sampling method (example: selected every third case opened during the performance period)
	Validation	Describe the method or procedure used to validate answers provided during the review (examples: records review, PSAS data, or other data collection system).
<b>Section 3. Results</b>	SOP Performance Objectives	Document the number of instances reviewed and number and percent compliant.
	SOP Checklist	Apply checklist to each instance reviewed. Calculate % compliant (total "Y"s divided by total number reviewed)
	SBP Activity Performance Standard	Document the number of instances reviewed and number and percent compliant.
	PSAS Checklist	Use the same method as SOP checklist.
<b>Section 4. Summary</b>	Findings	<p>Summarize results of checklist and Performance Standard comments should include: description of any non-compliant findings; explanation of risk, if corrective action is not taken; and a firm, realistic date for completing corrective actions and re-evaluation, if necessary.</p> <p>Justify rating by relating discrepancies to SBP objective, performance standards, and any relevant verbiage from SOP.</p> <p>Discuss findings with RO for feedback.</p>
	Recommendations	Every finding should include a recommendation for corrective action.
	Rating	<b>Discovery of any Material Weakness can be grounds for Failure.</b> For purposes of this review, a material weakness is defined as "A serious reportable condition in which the design or operation of one or more of the internal control structure elements (including management controls) does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial statements or schedules, would not be prevented or detected."

## Attachment 2: Checklists

<b>P&amp;SP Management Accountability Review Form Supplemental Checklist</b>					
		Y	N	N/A	Comments
<b>Strategic Business Plan (SBP)</b>					
RO-2	Investigate a select number of failure-to-file cases	19			
		<b>19</b>	<b>0</b>	<b>0</b>	
<b>Standardized Operating Procedures (SOP)</b>					
RO-1 Step 2.a	If new registrant, did the PSU staff send the Standard Packet and include POC information?	9	1		Details are included in Comments provided by the Tech Team Review
RO-1 Step 2.b	If amended, supplemental, reactivated, or limited, did the PSU staff send appropriate paperwork to the entity within five business days of receipt to collect the necessary information?	3	7		Details are included in Comments provided by the Tech Team Review
RO-1 Step 4.a	If paperwork is correct, did the PSU staff input information into PSAS? Is documentation available showing appropriate letter was sent?	6	4		Details are included in Comments provided by the Tech Team Review
RO-1 Step 9.b	PSU staff can describe proper procedures to take if entity provides no response or late response (after 30 days), after NOD service date	0	0	0	Not Applicable since we did not conduct onsite interviews.
		<b>18</b>	<b>12</b>	<b>0</b>	
RO-2 Step 2	PSAS accurately reflects whether claim/investigation Priority Level (L1, L2) was properly identified	15			
RO-2 Step 4.a	For complaints deemed "terminated", the AMS entry is closed with an explanation in the notes file	10			
RO-2 Step 6	Investigation Subprocess Module technical content is accurate and complete and investigative findings are supported with appropriate documents and evidence.	7	3		Details are included in Comments provided by the Tech Team Review
RO-2 Step 7.a	If a violation was found, did the assigned Agent fill out an Investigative Synopsis, place in the PSAS folder, before submitting the folder to the Unit Supervisor?	5	4	1	Details are included in Comments provided by the Tech Team Review
RO-2 Step 7.b	If no violation was found, did the assigned Agent complete the Closing Summary in the Investigation Module, to report findings with documentation before closing the investigation folder in PSAS?	6	4		Details are included in Comments provided by the Tech Team Review
		<b>43</b>	<b>11</b>	<b>1</b>	
RO-3 Step 2	Regulatory Activity Subprocess Module technical content is accurate and complete	10	0		Details are included in Comments provided by the Tech Team Review
RO-3 Step 4	Did the assigned Agent complete the Exit Conference and Findings tab and denote any recommendations in the Regulatory Subprocess Module before submitting the folder to the Unit Supervisor?	7	3		Details are included in Comments provided by the Tech Team Review
RO-3 Step 4.b	If no violation is found, did the assigned Agent denote the findings in PSAS and close the Regulatory Activity folder?	10	0		Details are included in Comments provided by the Tech Team Review
		<b>27</b>	<b>3</b>	<b>0</b>	

Standardized Operating Procedures (SOP)cont'd					
RO-4 Step 1	All Enforcement activities completed within 20 days of approved investigative report	8	2		
RO-4 Step 1.a.5	Did the assigned Agent complete Close reason in AMS?	2	8		
		<b>10</b>	<b>10</b>	<b>0</b>	
RO-5 Step 4.a	For claims received, did the PSU stamp the claim form with date of receipt?	2	2		Initial claim form not provided for #34567, #14537
RO-5 step 4.b	For claims not received, did the PSU update the Claims Spreadsheet to accurately reflect receipt of claims within appropriate time frames (60, 30 or 15 days)?	1	3		Entity #34796 - updated but fax date incorrect Entity #34567- does not include claim amount and date of original claim Entity #42105 - spreadsheet appears to have carryover info from previous spreadsheet Entity #14537 - not updated
		<b>3</b>	<b>5</b>	<b>0</b>	
RO-6 Step 1	For Bond/TA/TFA, did the PSU enter the termination date in PSAS?	5	5		
RO-6 Step 2	Does certified letters for financial instrument termination/expiration include Statement of Operations with PSU AO and/or Assistant AO signature?	8	2		
		<b>13</b>	<b>7</b>	<b>0</b>	
RO-7 Step 1	Scales subject to P&SP jurisdiction require test and reporting at least semi-annually - check all dates in sample for compliance	7	2	1	Test report for Empire Livestock Marketing, LLC not provided
RO-7 Step 5	Did the BPU review the report to determine accuracy within 3 business days of receipt?	9		1	Test report for Empire Livestock Marketing, LLC not provided
RO-7 Step 5.b	If inaccurate and rejected, was an SW3 letter (NOV) sent through Enforcement folder?		1		Per ERO, no SW3 letters (NOVs) were sent during this timeframe, however, there was a rejected scale for Thomas Glover Farms on 2/22/2010 where a letter should have been sent. Also, there are several instances where scales were inaccurate and acceptable but, corrected scale tests were provided
RO-7 Step 9	If the scale owner did not respond to the NOV within 15 days, did the assigned Agent initiate the Investigation process?				Same comment applies from step 5.b
		<b>16</b>	<b>3</b>	<b>2</b>	

Packers and Stockyard Automated System (PAS)					
		Y	N	N/A	Comments
RO-1	Business entity and Address tab completed in AMS	10			See Supporting Documentation for details.
RO-1	If market agency, dealer, or packer over with volume over \$500,000 is financial instrument tab complete?	9	0	1	Details are included in Comments provided by the Tech Team Review
RO-1 Step 3.a	Entity paperwork included in ECM documentation folder	8	2		Details are included in Comments provided by the Tech Team Review
RO-1	Is the file naming convention correct?	1	9		Employees appear to have different interpretations of the naming convention requirements which results in inconsistent file names. Therefore, this results in a negative impact for all regions.
		<b>28</b>	<b>11</b>	<b>1</b>	
RO-2	Investigation data complete for Outcome tab and complete for Violation tab, if applicable?	2	8		
RO-2	Species and Enforcement field complete?	3	7		
RO-2	Are Notes tab clear and easy to understand?	9	1		
RO-2	Is the file naming convention correct?	4	6		Details are included in Comments provided by the Tech Team Review
		<b>18</b>	<b>22</b>	<b>0</b>	
RO-3	Completed Species tabs and Subprocess module included in documents	9	1		
RO-3	Completed Close Reason and Outcome and if applicable, the Violation tab	7	3		
RO-3	Is the file naming convention correct?	4	6		Details are included in Comments provided by the Tech Team Review
		<b>20</b>	<b>10</b>	<b>0</b>	
RO-4	If NOV Enforcement, does the folder contains actual NOV document?	10	0		
RO-4	Is the document type correct?	10	0		
RO-4	Has GIPSA (Supervisor or Regional Director) official signed the NOV document?	10	0		
RO-4	Is the file naming convention correct?	6	4		
		<b>36</b>	<b>4</b>	<b>0</b>	
RO-5	For bond claims, was claim analysis attached?	3	1		No bond claim folder for #14537
RO-5	Was starting and primary factor identified?	3	1		No bond claim folder for #14537
RO-5	Is the file naming convention correct?	0	4		No bond claim folder for Entity #42105, Entity #14537
		<b>6</b>	<b>6</b>	<b>0</b>	
RO-6	Financial instrument type was properly identified in ECM?	5	5		
RO-6	Financial instrument amount entered in ECM?	0	10		
RO-6	Financial instrument termination date was properly entered in ECM?	5	5		
RO-6	Is the file naming convention correct?	1	9		Details are included in Comments provided by the Tech Team Review
		<b>11</b>	<b>29</b>	<b>0</b>	
RO-7	Data accurately entered into AMS (Scale Serial Number, Type, Status)?	6	3	1	Model number for Tennessee Livestock Producers, Inc (serial# F4077057) missing in AMS, model number for Lynchburg Livestock market, Inc. (serial#11640) and Smithfield Packing Co, Inc (serial#300531) incorrect in AMS
RO-7	Is the scale test report on file for entity?	9	1		Test report for Empire Livestock Marketing, LLC not provided
		<b>15</b>	<b>4</b>	<b>1</b>	

## Attachment 3: Supporting Documents

### RO-1 Supporting Documentation

 ERO RO1 - Supporting Document	 ERO RO1 Reviewer Sheet.pdf
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### RO-2 Supporting Documentation

 ERO RO2 - Supporting Document	 ERO RO2 Reviewer Sheet #1.pdf	 ERO RO2 Reviewer Sheet #2.pdf
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### RO-3 Supporting Documentation

 ERO RO3 - Supporting Document	 ERO RO3 Reviewer Sheet.pdf
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### RO-4 Supporting Documentation

 ERO RO4 - Supporting Document
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### RO-5 Supporting Documentation

 ERO RO5 - Supporting Document	 ERO RO5 Reviewer Sheet.pdf
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### RO-6 Supporting Documentation

 ERO RO6 - Supporting Document	 ERO RO6 Reviewer Sheet.pdf
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### RO-7 Supporting Documentation

 ERO RO7 - Supporting Document	 ERO RO7 Reviewer Sheet #1.pdf	 ERO RO7 Reviewer Sheet #2.pdf
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