

Management Accountability Review

Western 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 Western Regional Office (WRO) 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 WRO that require attention or improvement. The following table depicts the WRO 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%
YELLOW	RO-2: Investigations	83%
GREEN	RO-3: Regulatory Actions	96%
YELLOW	RO-4: Enforcement	70%
RED	RO-5: Bond/Trust Claims	56%
YELLOW	RO-6: Financial Instrument Termination / Expiration	73%
RED	RO-7: Scale Test Reports	33%
YELLOW	CRU-1 Annual Reports	88%

Table of Contents

Executive Summary.....	i
Table of Contents.....	ii
Introduction	3
Methodology.....	4
Findings and Recommendations	4
RO-1: Registration and Bonding	4
RO-2: Investigations.....	8
RO-3: Regulatory Activities	14
RO-4: Enforcement.....	17
RO-5: Bond/Trust Claim	20
RO-6: Financial Instrument Termination / Expiration.....	22
RO-7: Scale Test Reports	25
CRU-1: Annual Report	29
Attachment 1: Review Form.....	33
Attachment 2: Checklists	34
Attachment 3: Supporting Documents	37
RO-1 Supporting Documentation	37
RO-2 Supporting Documentation	37
RO-3 Supporting Documentation	37
RO-4 Supporting Documentation	37
RO-5 Supporting Documentation	37
RO-6 Supporting Documentation	37
RO-7 Supporting Documentation	37
CRU-1 Supporting Documentation	38

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 Western Regional Office (WRO). 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 WRO'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 WRO 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, logs, and emails; 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 WRO was rated yellow in this area; several minor findings are reported for continuous improvements. The WRO scored well in the SOP Performance and Objectives but weakest in the PAS Compliance.

RATING	REVIEW AREA	SCORE
Yellow	RO1: Registration and Bonding	84%

P&SP Management Accountability Review Form			
Section 1 - Guidance			
SOP	RO-1 Registration and Bonding		
SBP	Goal 1 - Increase level of compliance through preventive regulatory actions Objective 1 - Ensure those operating subject to the P&S Act are properly registered and/or bonded and meet reporting requirements		
Section 2 - Review Plan			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	Annually <input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified		
Sampling Plan	Random sample		
Validation	SOP(1): Review PSAS to obtain entity listing that required corrections in the registration and bonding process SOP(2): Review listing from PSAS to obtain entities registered within scope of review SOP(3): Review PSAS for NOD documentation		
Section 3 - Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
(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	7	70%
(3) Send NOD with approval signature within one business day of receipt	9	9	100%
(4) SOP Checklist	25	20	80%
SBP Activity Performance Standard			
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time	N/A	N/A	N/A
PSAS Compliance (Checklist)			
PSAS Checklist	40	28	70%
Overall RO-1 Compliance			84%
Section 4 - Summary			
Findings / Recommendations:			
<p>General Comment - For additional details and findings, see RO1 Supporting Documentation/Tech Team Reviewer's Sheet</p> <p>SOP (1) - PSAS 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 PSAS. We recommend a work around to add an additional correction letter task until PSAS can be modified.</p> <p>SOP (2) - ECM #43014, the Acceptance Letter went out prior to receiving the Bond Rider as part of the Registration Process being complete. For ECM #41804 and #42426, both Acceptance Letters were sent even though, the ECM Workflow status indicates the Registration Package was incorrect (on hold in ECM for processing).</p> <p>SOP Checklist - Instances exists were the Acceptance Letter was sent even though the Registration Package was incorrect or not all registration documents had been received.</p> <p>PSAS Checklist - The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PSAS 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>			
Overall Rating:	YELLOW		84%
Persons interviewed:	N/A		
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Carla Thomas (ERO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	05/25/10 - 05/26/10

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 identified in ECM for corrections. The WRO was found to be compliant with sending paperwork to the 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. Three instances were found in which the WRO failed to send an acceptance letter within the allotted timeframe.
 - ECM #41804 and #42426 - letters were sent even though the ECM Workflow status indicates Registration was incorrect
 - ECM #43014 – letter was sent prior to the registration process being completed.

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 WRO 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. There were no instances found in which the WRO failed to send the Standard Packet and include POC information.

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 five samples were reviewed. Of the five, two instances were found in which the WRO failed to send the appropriate paperwork to the entity within five business days of receipt to collect necessary information.
 - ECM #24794 - folder did not include application to amend for name change
 - ECM #35106 - folder indicates name change and increase rider, however, documents for rider are not in folder

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, three instances were found in which the WRO failed to input information into PAS and/or the documentation was not available showing the appropriate letter was sent.
 - ECM #42426 –folder documents indicate a discrepancy between the name on the bond application, which implies there should be a d.b.a. however, entry in AMS, does not identify a d.b.a. AR states inactive but no notes to verify

- ECM #24794 - does not contain application to amend registration
- ECM #24249 - shows bond rider change, could not determine why bond has changes and there is no signature on the bond

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 WRO failed to complete entry 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. There were no instances found in which the WRO failed to complete the financial instrument tab.

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 WRO failed to include entity paperwork in ECM documentation folder.
 - ECM #44460 - deleting clause 3 from bond, see folder #15900; need new application to show not clearing service
 - ECM #24794 - is for name change, does not include amended application

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

- A total of ten samples were reviewed. All ten instances were found in which the WRO 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 WRO was rated yellow in this area; several minor findings are reported for continuous improvements. The WRO scored well in SBP Activity Performance and SOP Performance Objectives but weakest in PAS Compliance.

RATING	REVIEW AREA	SCORE
Yellow	RO-2: Investigations	83%

P&SP Management Accountability Review Form			
Section 1 - Guidance			
SOP	RO-2 Investigations		
SBP	Goal 2 - Attain compliance through investigation and enforcement Objective 2 - Expedite the timely completion of investigations		
Section 2 - Review Plan			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input type="checkbox"/> Annually
Frequency	Annually unless otherwise specified		
Sampling Plan	100% Records inspection		
Validation	SBP(1-2) and SOP(1-3): Verify case files in PSAS SOP(4): Randomly sample investigative case files in PSAS		
Section 3 - Checklist Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
(1) Close Rapid Response within 75 calendar days of receipt of complaint/event	3	3	100%
(2) Close Level 1 Priority within 160 calendar days of receipt of complaint/event	15	13	87%
(3) Close Level 2 Priority within 100 calendar days of receipt of complaint/event	15	7	47%
(4) SOP Checklist	55	50	91%
SBP Activity Performance Standard			
(1) Initiate Rapid Response investigation within two business days from time of complaint/event	3	3	100%
(2) Investigation and its related Enforcement were completed within timeframes established by the SOPs	23	16	70%
(3) SBP Checklist	12	12	100%
PSAS Compliance (Checklist)			
PSAS Checklist	32	23	72%
Overall RO-2 Compliance			83%
Section 4 - Summary			
Findings / Recommendations:			
<p>General Comment - For additional details and findings, see RO2 Supporting Documentation/Tech Team Reviewer's Sheet</p> <p>SOP (2) - Document type is not correct for the following: ECM #15881, #41445, #20481. For Level 1 investigations reviewed during this timeframe, agents are completing the investigation on an average of 98 days (not including Enforcement), either the agents are actually completing investigations in a shorter timeframe or all the associated work being performed is not being entered in ECM.</p> <p>SOP (3) - ECM #35039, appears to have been worked outside of PSAS because there is no supporting documentation included in the folder (subprocess module, investigation case file). However, there was a one page abbreviated report that indicates the investigation started 11/23/09, which differs from the entry in ECM of 12/10/09; concluding that the investigation was completed in one day vs 17 days. The majority of Level 2 investigations reviewed during this timeframe was not completed within the established timeframe (100 calendar days). On an average, Level 2 investigation were completed within 127 calendar days (not including Enforcement); there are no notes in ECM to explain the delay in completion. Thus, it is taking longer to complete L2 investigations than L1, which has a greater impact and higher priority level. Suggest 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 number of days agents are allowed to complete a L1 or L2 and determine if the criteria is too high or low and needs to be adjusted.</p> <p>SBP (2) - ECM #42035, it took eight days to complete the investigation and 47 days to complete the enforcement (NOV); ECM #40112, it took one day to complete the investigation and 45 days to complete the enforcement (NOV); neither of these folders include notes to justify why it took longer to complete the NOV than the investigation. ECM #33565, documentation was complete, but the subprocess module was not signed by the Agent or Supervisor.</p> <p>PSAS Checklist - The Outcome tab, Enforcement, and/or Species fields were not completed for a number of the entities reviewed (ECM #3232, #16452, #20759, #22253, #3232, #16452, #18584, #20759, #17542)</p>			
Overall Rating:	YELLOW		83%
Persons interviewed:	N/A		
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Steve Pappaducus (MRO - Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	05/25/10 - 05/26/10

Findings

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

- A total of three samples were reviewed. There were no instances found in which the WRO failed to complete the Rapid Response within the allotted timeframe.

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, there were two instances found in which the WRO failed to close the L1 investigation within the allotted timeframe.
 - ECM # 24324 - L1 investigation was completed in 206 days, no notes were included to justify slip in schedule.
 - ECM # 21633 – L1 investigation was completed in 183 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, eight instances were found in which the WRO failed to close the L2 investigation within the allotted timeframe.
 - The agents completed these investigations on an average of 127 days (27 days beyond the required timeframe); notes, if any, did not justify slip in schedule. Based on this review, agents are completing L1 investigations in less time than L2's on an average (98 days vs. 127 days).

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

- A total of three samples were reviewed. There were no instances found in which the WRO failed to initiate the Rapid Response within the allotted timeframe.

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

- A total of 23 samples were reviewed. Of the 23, seven instances were found in which the WRO failed to complete the investigation and its related enforcement within the allotted timeframe.
 - ECM #42035 - it took eight days to complete the investigation and 47 days to complete the enforcement (NOV); folder does not include notes to justify why it took longer to complete the NOV than the investigation
 - ECM #40112 - it took one day to complete the investigation and 45 days to complete the enforcement (NOV); folder does not include

notes to justify why it took longer to complete the NOV than the investigation.

- See RO-2 Support Documentation for further details

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, the WRO was found to be compliant with investigating 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 twelve samples were reviewed. All twelve instances were found in which the WRO properly identified the claim/investigation priority.

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 in which the WRO closed the AMS entry 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 nine samples were reviewed. Of the nine, one instance was found in which the WRO failed to create an accurate and complete sub-process module with supporting documents and evidence.
 - ECM #35039 - no Sub-process Module or investigation write-up included in folder
 - ECM #42476 - no module exists for the trade practice violation, therefore, was not applicable

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, one instance was found in which the WRO failed to fill out an investigative synopsis and place it in the PAS folder prior to submitting the folder to the Unit Supervisor.
 - ECM #35039, investigative synopsis not included in folder

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, three instances were found in which the WRO failed to complete the closing summary in the Investigation Module.
 - ECM #25881, #34423, #24060 - no module was attached to the folder

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, four instances were found in which the WRO failed to complete the Outcome and/or Violation tab.
 - ECM #3232, #16452, #20759, and #22253 - outcome and/or violation tabs were not completed in AMS.

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

- A total of ten samples were reviewed. Of the ten, five instances were found in which the WRO failed to complete the species and/or enforcement fields.
 - ECM #3232, #16452, #18584, #20759 and #17542 - species and enforcement fields were not completed in ECM.

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

- A total of ten samples were reviewed. All ten instances were found in which the WRO have clear and easy to understand notes.

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

- A total of two samples were reviewed. All instances were found in which the WRO used the correct naming convention.

Recommendations

- Based on the results, agents are completing L1 investigations on an average of 98 days vs. 160 and L2 investigations on an average of 127 days vs. 100 days. There is definitely a discrepancy in the completion of these investigations. 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 prior to closing the folder.

- Suggest including data validation in PAS that will require the agent to attach the associated Sub-process Module.
- 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-3: Regulatory Activities

The WRO was rated green in this area; a few minor findings are reported for continuous improvements. The WRO results in this area were strongest in SBP Activity Performance and SOP Performance Compliance.

RATING	REVIEW AREA	SCORE
GREEN	RO-3: Regulatory Activities	96%

P&SP Management Accountability Review Form			
Section 1 - Guidance			
SOP	RO-3 Regulatory Activities		
SBP	Goal 1 - Increase level of compliance through preventive regulatory actions Objective 2 - Protect industry's financial interest Objective 3 - Protect Fair Business Practices (Competition/Trade)		
Section 2 - Review Plan			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
Frequency	Annually unless otherwise specified		
Sampling Plan	SBP(1-5): 100% Records inspection; SOP: Random sample		
Validation	SBP(1-4): Review folders and Sub Process Modules in PSAS and compare to the BEAD risk rankings and random audit list		
Section 3 - Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
SOP Checklist	30	27	90%
SBP Activity Performance Standard			
(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)	37	37	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)	13	13	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)	5	5	100%
(5) Completed 100% monitoring of the fed cattle each week	30	30	100%
PSAS Compliance (Checklist)			
PSAS Checklist	30	26	87%
Overall RO-3 Compliance			96%
Section 4 - Summary			
Findings / Recommendations:			
General Comment - For additional details and findings, see supporting documentation/Tech Team Reviewer's Sheet No findings Regulatory Activities.			
Overall Rating:	GREEN		96%
Persons interviewed:	N/A		
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Robbie Obiekwe (ERO - Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	05/25/10 - 05/26/10

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 dealer audits 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 37 were reviewed. All 37 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 thirteen were reviewed. All thirteen 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.

SBP Goal 1, Objective 2, Activity 4: “Completed 100% monitoring of the fed cattle each week”

- A total of five were reviewed. All five 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. Of the ten, two instances were found in which the WRO failed to complete the Sub-process Module for technical content.
 - ECM #34166 - failed to test static scale before testing dynamic
 - ECM #25505 - on-site interview section not completed

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 nine samples were reviewed. Of the nine, one instance was found in which the WRO 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 #34166 - CR-6 tab was not completed
- ECM #25454 - special report; no sub-process module; thus, was not reviewed

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 nine samples were reviewed. There was one instance that was not included in the review.
 - ECM #25454 - special report; no sub-process module; thus, was not reviewed

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, two instances were found in which the WRO failed to complete the species tabs and include Sub-process Module.
 - ECM # 34040 and # 25454 - Sub-process Modules were not included in documents.

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

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

PAS Checklist RO-3 #2: "Is the file naming convention correct?"

- A total of ten samples were reviewed. Of the ten, two instances were found in which the WRO 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 was completed. This could be a simple routine to see if the agent entered any information in the Exit Interview section. If the field is blank, Excel will prompt the agent 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 WRO obtained a yellow rating which requires immediate attention in this area since material weaknesses were found in both SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
YELLOW	RO-4: Enforcement	70%

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			
Section 1- Guidance			
SOP	RO-4 Enforcement		
SBP	N/A		
Section 2 - Review Plan			
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 PSAS for NOV documentation		
Section 3 - Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
(1) Send Notice of Violation with approval signature within one business day of receipt	10	9	90%
(2) SOP Checklist	20	7	35%
SBP Activity Performance Standard			
N/A	N/A	N/A	N/A
PSAS Compliance (Checklist)			
PSAS Checklist	40	34	85%
Overall RO-4 Compliance			70%
Section 4 - Summary			
Findings / Recommendations:			
General Comment - For additional details and findings, see RO4 Supporting Documentation/Tech Team Reviewer's Sheet			
SOP Checklist - Several of the enforcement activities were not completed within 20 days of approved investigative report. The Close Reason was not complete for the majority of entities reviewed.			
PSAS Checklist - The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PSAS 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.			
Overall Rating:	YELLOW		70%
Persons interviewed:	N/A		
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	05/25/10 - 05/26/10

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, one instance was found in which the WRO failed to send the NOV with approval signature within one business day of receipt.
 - ECM #33249 – the approved NOV was sent one day late.

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, four instances were found in which the WRO failed to complete all enforcement activities within 20 days of approved investigative report.
 - ECM #35111, #39983, #33249, #25427 – enforcement activities were not completed within 20 days of approved investigation report

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, nine instances were found in which the WRO failed to complete the Close Reason in AMS.
 - ECM #35037, #26255, #25109, #35111, #39983, #33249, #33605, #25427, #23402 – close reason was not complete in AMS

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. Of the ten, one instance was found in which the WRO failed to obtain the official signature of the NOV.
 - ECM #33249 – no official signature was obtained on the NOV

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

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

Recommendations

- Consider enhancing data validation that will require the agent to complete essential fields prior to closing the folder. This could be a simple check to validate if the Close Reason field in the database was populated. If so, PAS would prompt the user to complete the field 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 WRO was rated red in this area; several findings are reported for continuous improvements to avoid becoming red. The WRO results in this area were strong in SBP Activity Performance but weakest in both SOP Performance and PAS Compliance.

RATING	REVIEW AREA	SCORE
RED	RO-5: Bond/Trust Claims	56%

P&SP Management Accountability Review Form				
Section 1 - Guidance				
SOP	RO-5 Bond/ Trust Claims			
SBP	Goal 2 - Attain compliance through investigation and enforcement Objective 1 - Expedite the timely completion of investigations			
Section 2 - Review Plan				
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input type="checkbox"/> Annually	<input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified			
Sampling Plan	Random sampling and records review			
Validation	SBP(1) and SOP(1): Verify bond claim files in AMS			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	
SOP Performance Objectives and Compliance				
(1) Send Certified Bond/Trust Letter with approval signature within one business day of receipt to Surety or Trustee	6	1	17%	
(2) SOP Checklist	10	6	60%	
SBP Activity Performance Standard				
(1) 100% of Bond and trust claim forms are forwarded to known unpaid sellers within 10 business days.	5	5	100%	
PSAS Compliance (Checklist)				
PSAS Checklist	15	7	47%	
Overall RO-5 Compliance			56%	
Findings / Recommendations:				
General Comment - For additional details and findings, see RO5 Supporting Documentation and/or Tech Team Reviewer's Sheet				
One bond claims provided by WRO was outside the timeframe and could not be reviewed.				
SOP (1) - Reviewed 5 bond claims, however, only one claim spreadsheet was provided for ECM #12604. Therefore, for ECM #16801 the claim was paid within five days after the initial claim, but there is no documentation in ECM to support the closure. No claim spreadsheet provided for ECM #15743, #16801, #11322.				
SBP (1) - Claim spreadsheet were not provided for ECM #16801 (3/9/10 claim), ECM #15743 (2/14/10 claim), #11322 (1/6/10 claim) and not prepared for ECM #1809 (12/2/09 claim). Letter provided for ECM #16801 (May 2010) were outside timeframe, however, there was one claim filed 11/12/09 that was paid five days letter but no supporting documentation.				
SOP Checklist - As indicated above, of the five claims, only one claim spreadsheet was provided or prepared. There is no audit trail or supporting documentation included in AMS to justify the status of these claims. Suggest using the claim spreadsheet to establish clear traceability of claims, whether valid or not.				
Overall Rating:	RED		56%	
Persons interviewed:	N/A			
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	5/25/2010 - 2/26/2009	

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 six were reviewed. Of the six, five instances were found in which WRO failed to send approved bond/trust letters to the Surety or Trustee
 - Entity IDs 12604, 15743, 16801 – surety or trustee letters were not sent within the required timeframe, also, date letter sent was not documented in claim spreadsheet

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 five were reviewed. All five instances were found to be compliant.

SOP Checklist, RO5 Step 4.a: “For claims received, did the PSU stamp the claim form with date of receipt?”

- A total of five were reviewed. All five instances were found to be compliant.
 - There are instances where the date stamp differs from the fax date and the date stamp is difficult to read.

SOP Checklist, RO5 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 5 reviewed. Of the five, four instances were found in which the WRO failed to update the Claims Spreadsheet to accurately reflect receipt of claims within appropriate time frames.
 - Entity IDs 16801, 11322, 15743, and 18009 – either the claim spreadsheet was not provided or prepared. Based on the review, 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, status of claim)

PAS Checklist #1: “For bond claims, was claim analysis attached?”

- A total of five reviewed. Of the five, four instances were found in which the WRO failed to attach the bond claims analysis spreadsheet in ECM.
 - Entity IDs 16801, 11322, 15743, and 18009 –bond claims analysis was not provided or prepared. No ECM bond claim folder could be found for Entity IDs 11322, 15743, and 18009. Entity ID 12604 claim submitted to Regional Office in December but ECM folder was created in May.

○

PAS Checklist #2: “Was starting and primary factor identified?”

- A total of four reviewed. Of the four, two instances were found in which the WRO failed to identify the starting and primary factor.

- Entity IDs 11322, 15743 – no bond claim folder in ECM
- ECM 18009 – claim not considered as valid, therefore, no data entered into AMS; not applicable to this section

PAS Checklist #3: “Is the file naming convention correct?”

- A total of five samples were reviewed. Two instances were found in which the WRO failed to use the correct naming convention.
 - Entity IDs 11322, 15743 – no bond claim folder in ECM

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.
- 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 WRO obtained a yellow rating which requires immediate attention in this area since material weaknesses were found in both SOP Performance Objectives and PAS Compliance.

RATING	REVIEW AREA	SCORE
YELLOW	RO-6: Financial Instrument Termination / Expiration	73%

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				
Section 1 - Guidance				
SOP	RO-6 Financial Instrument Termination / Expiration			
SBP	N/A			
Section 2 - Review Plan				
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	100% Record inspection			
Validation	SOP(1): Review PSAS			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	
SOP Performance Objectives and Compliance				
(1) Paperwork sent to entity within 5 business days of receipt for corrections	10	8	80%	
(2) SOP Checklist	10	9	90%	
SBP Activity Performance Standard				
N/A	N/A	N/A	N/A	
PSAS Compliance (Checklist)				
PSAS Checklist	40	20	50%	
Overall RO-6 Compliance			73%	
Section 4 - Summary				
Findings / Recommendations:				
General Comment - For additional details and findings, see RO6 Supporting Documentation/Tech Team Reviewer's Sheet SOP (1) - For ECM #40616 and #44388, no letters included in PSAS Reports.				
SOP Checklist - There are several instances where no Statement of Operations could be found in PSAS Reports (ECM #33177, #34898, #40616, #44388). The Financial Instrument Type was not identified in the folder for ECM #34898, #41968, #43368. Six of the 10 entries for Financial Instrument Amount was not identified in the folder. For the most part, data fields are not being completed for this activity. Suggest relook at data validation and establish checks for those fields that should be completed to ensure accurate and valid information is being entered into the system.				
Overall Rating:	YELLOW		73%	
Persons interviewed:	N/A			
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Carla Thomas (ERO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)		Date: 5/25/2010 - 2/26/2009	

Findings

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

- A total of ten samples were reviewed. Of the ten, two instances were found in which WRO failed to send paperwork to entity within 5 business days of receipt for corrections.
 - ECM # 40616 and # 44388 – letters not found in folder.

SOP Checklist RO6 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, one instance was found in which the WRO failed to enter the termination date in PAS.
 - ECM # 34898 – termination date not entered in PAS

PAS RO6 Checklist #1: "Financial instrument type was properly identified in ECM?"

- A total of ten samples were reviewed. Of the ten, three instances were found in which the WRO failed to properly identify financial instrument type in ECM.
 - ECM #34898, #41968, # 43368 – financial instrument type not identified in ECM.

PAS RO6 Checklist #2: "Financial instrument amount entered in ECM?"

- A total of ten samples were reviewed. Of the ten, six instances were found in which the WRO failed to enter the financial instrument amount in ECM.
 - ECM #34169, #34898, #40616, #41968, #43368, #44388 – 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, one instance was found in which the WRO failed to properly enter the Financial Instrument termination date.
 - ECM #34898 – financial instrument termination date not entered into ECM

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

- A total of ten samples were reviewed. All ten instances were found in which the WRO 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 field has been populated. If not, PAS could prompt the user to complete the field 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 the field 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 WRO obtained a red rating; which requires immediate attention in this area. The WRO results in this area were stronger in PAS Compliance, but several material weaknesses were found in SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
RED	RO-7: Scale Test Reports	33%

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			
Section 1 - Guidance			
SOP	RO-7 Scale Test Report		
SBP	Goal 1 - Increase level of compliance through preventive regulatory actions Objective 3 - Protect Fair Business Practices (Competition/Trade)		
Section 2 - Review Plan			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input checked="" type="checkbox"/> Annually
Frequency	Annually unless otherwise specified		
Sampling Plan	Random sample		
Validation	Review and verify Scale Test records; review PSAS for NOD and NOV documentation; manual check of scale test reports		
Section 3 - Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
(1) Send Notification of Default (SW2) with approval signature within one business day of discovering the report is late	24	0	0%
(2) Send Notification of Violation (SW3) with approval signature within one business day of determination	1	0	0%
(3) Enter test date in PSAS within three business days of receipt	8	2	25%
(4) SOP Checklist	22	12	55%
SBP Activity Performance Standard			
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time	N/A	N/A	N/A
PSAS Compliance (Checklist)			
PSAS Checklist	20	17	85%
Overall RO-7 Compliance			33%
Section 4 - Summary			
Findings / Recommendations:			
<p>General Comment - For additional details and findings, see RO7 Supporting Documentation and/or Tech Team Reviewer's Sheet Randomly selected scale test reports for review.</p> <p>SOP (1) - SW2 letters are abstracted from AMS batch files. 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 is 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 nine 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 32 days (not including outliers past 100 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. There are SW2's that were sent from 191 to 603 days after the report was late. There is definitely a disconnect with these scales and there was no notes or documentation to justify the discrepancies. Although, there are several scale tests not received during this timeframe, no scale test investigations were initiated in ECM.</p> <p>SOP (2) - Only one SW3 letter was sent during this timeframe. Suggest management clearly communicate how NOV's are to be processed through the Enforcement folder as a work around until the scales process is automated.</p> <p>SOP Checklist - There was one investigation initiated for ECM #8703-117 for an inaccurate scale. Although, the scale was more than 30 days late, the NOV approved 3/19/10 was for an inaccurate scale on 3/11/10 (initiated based on 15 day timeframe). Suggest ensure all employees are aware of the change in response time for SW2's from 15 to 30 days.</p> <p>Recommendation: 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 currently 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 or 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.</p>			
Overall Rating:	RED		33%
Persons interviewed:			
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)		Date: 5/25/2010 - 2/26/2009

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 twenty-four samples were reviewed. None of the twenty-four instances were found in which the WRO sent the SW2 with approval signature within one business day of discovering the report is late.
 - SW2 letters were sent on an average 32 days after the report was late. There were seven letters that were sent between 191 to 603 days after the report was late. No tracking mechanism in place to track receipt of SW2's. Invalid SW2 letters are being sent to entities where test were already received and for entities with inactive scales/statues. For details see RO7 Supporting Documentation.

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

- One SW3 letter sent during this timeframe. The SW3 letter was found non-compliant.
 - ECM #43605 – the approved SW3 letter was sent within six business days of determination

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, six instances were found in which the WRO failed to enter test date in PAS within three business days of receipt.
 - See RO-7 supporting documentation for details.

SOP Checklist 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”

- A total of ten samples were reviewed. Of the ten, two of the test reports were outside of the timeframe (did not receive requested replacements), one test report did not include last test date and five instances were found in which WRO failed to receive scale test reports at least semi-annually.
 - The last test date was not included on test report for Painted Hills Natural Beef, Inc. One test was received within one month timeframe; however, there were no notes in AMS to support the retest (Cozzi, Joel E. and Joel A.). See RO-7 supporting documentation for details.

SOP Checklist RO-7 Step 5: “Did the BPU review the report to determine accuracy within 3 business days of receipt?”

- A total of ten were reviewed. Of the ten, two test reports were outside of the timeframe and five instances were found in which WRO failed to review the report to determine accuracy within 3 business days of receipt?
 - Of the five scale test that failed to determine accuracy within the allotted timeframe, one scale test was not date stamped for receipt, another scale test date stamp indicates accuracy determined before the report was received. See RO-7 supporting documentation for details.

SOP Checklist RO-7 Step 5.b: "If inaccurate and rejected, was an SW3 letter (NOV) sent through Enforcement folder?"

- One SW3 letter sent during this timeframe. The SW3 letter was sent for an inaccurate and rejected scale test.
 - ECM #43605 – the approved SW3 letter was sent through Enforcement folder

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?"

- One SW3 letter sent during this timeframe. WRO was found to be in compliance with initiating the Investigation process
 - ECM #43605 – the investigation folder was created 4/5/10.

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

- A total of ten were reviewed. Of the ten, two test reports were outside of the timeframe (did not receive replacements) and two instances were found in which WRO failed to accurately enter into AMS (Scale Serial Number, Type, Status).
 - Discrepancy with the Serial# in AMS for Cargrill Solutions Corporation (1365500029) vs. the number on the actual report; discrepancy with entity name for Painted Hills Natural Beef, Inc – ECM indicates Tyson Fresh Meats

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

- A total of ten samples were reviewed. Of the ten, two instances were determined not applicable and one instance was found in which WRO failed to have the scale test report on file for entity.
 - Test reports not received for Gary Owen

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 several instances where test reports were not received or response to the NOD was beyond the 30 day timeframe and no investigation was initiated and no notes are included in AMS to justify (see RO7 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.
- 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.

CRU-1: Annual Report

The CRU results in this area were strongest in SBP Activity and SOP Performance Objectives and weakest in PAS Compliance.

RATING	REVIEW AREA	SCORE
YELLOW	CRU-1: Annual Reports	88%

P&SP Management Accountability Review Form			
Section 1 - Guidance			
SOP	CRU-1 Annual Report (AR)		
SBP	Goal 1 - Increase level of compliance through preventive regulatory actions Objective 1 - Ensure those operating subject to the P&S Act are properly registered and/or bonded and meet reporting requirements		
Section 2 - Review Plan			
Purpose of Review	<input type="checkbox"/> Initial	<input type="checkbox"/> Periodic	<input type="checkbox"/> Annually
			<input checked="" type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified		
Sampling Plan	Random sample		
Validation	SBP(1): Review PSAS for NOD documentation SOP(1): Randomly sample ARs for compliance		
Section 3 - Results			
	Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance			
(1) If AR has not been received, the CRU staff generates and sends traceable NOD within 10 business days after due date.	15	11	73%
(2) If AR is unacceptable, the CRU staff generates and sends traceable NOD within 10 business days of receipt.	15	14	93%
(3) SOP Checklist	30	30	100%
SBP Activity Performance Standard			
(1) Measure the percent of timely ARs based on the number of default letters	15	15	100%
PSAS Compliance (Checklist)			
PSAS Checklist	75	55	73%
	Overall CRU-1 Compliance		88%
Section 4 - Summary			
Findings / Recommendations:			
General Comment - For additional details and findings, see CRU1 Supporting Documentation and/or Tech Team Reviewer's Sheet No major findings for CRU. PSAS Checklist - The naming convention is an issue. Employees have various interpretations of the instructions, which results in numerous variations of file names in PSAS 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			
Overall Rating:	YELLOW		88%
Persons interviewed:	N/A		
Reviewers:	Regina Ware (Headquarters PSAS Administrator for Data Validation) Katie Stout (MRO - MAR Tech Team) Carla Thomas (ERO - MAR Tech Team) Virginia Cole (Paradigm Technologies, Inc.) Alan Booco (Paradigm Technologies, Inc.)	Date:	5/25/2010 - 2/26/2009

Findings

SOP Performance Objective (1): "If AR has not been received, the CRU staff generates and sends traceable NOD within 10 business days after due date."

- A total of fifteen samples were reviewed. Of the fifteen, four instances were found in which the CRU failed to generate and send the traceable NOD within 10 business days after due date.
 - ECM #15087, #14651, #14279, #15465 – failed to generate and send the traceable NOD within the allotted timeframe.

SOP Performance Objective (2): “If AR is unacceptable, the CRU staff generates and sends traceable NOD within 10 business days of receipt.”

- A total of fifteen samples were reviewed. Of the fifteen, one instance was found in which the WRO failed to generate and send the traceable NOD within 10 business days of receipt of unacceptable AR.
 - ECM #13469– failed to generate and send the traceable NOD for the unacceptable AR within the allotted timeframe.

SBP Goal1, Objective 1, Activity 1: “Measure the percent of timely ARs based on the number of default letters”

- A total of fifteen samples were reviewed. All instances were found in compliance in which the WRO received timely ARs based on the number of default letters.

SOP Checklist CRU Step 10.b: “If registration changes occurred, did the CRU staff send request to the applicable RO to update information or initiate request for new or amended registration (RO-1)?”

- A total of fifteen samples were reviewed. All fifteen instances were found in which the CRU sent requests to the applicable RO to update information or initiate request for new or amended registration.

SOP Checklist CRU Step 10.c: “If deficiencies are found, the CRU initiates Regulatory Activity to corresponding RO”

- A total of fifteen samples were reviewed. Of the fifteen, five instances (ECM folders #9632, #32129, #32116, #9162, and #36468) were not applicable because the initiated Regulatory Activity folders were for delinquent Annual Reports rather than Annual Report Deficiencies.
 -

PAS Checklist CRU #1: “For Markets and Dealers type, amount, and head were entered correctly”

- A total of thirty samples were reviewed. Of the thirty, two instances were found in which the WRO failed to type the amount and head for Markets and Dealers correctly. Additionally, one was deemed to be not applicable.
 - ECM 23823 – Sheep & Goats entered as 928; should be 924
 - ECM 37110 Sheep & Goats count listed as 506 in AMS should be 507

PAS Checklist CRU #2: “For Poultry, contract type, number of contracts, and head were entered correctly”

- A total of twenty samples were reviewed. Of the twenty, three instances were found in which the WRO failed to enter the contract type, number of contracts, and head for Poultry correctly.
 - ECM 33342 – On Annual Report number of contracts but not in AMS
 - ECM 37933 – On Annual Report number of contracts but not in AMS
 - ECM 32147 – On Annual Report number of contracts but not in AMS

PAS Checklist CRU #3: “For deficiencies, were the appropriate folders generated?”

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

PAS Checklist CRU #4: “Is the file naming convention correct?”

- A total of fifteen samples were reviewed. All fifteen instances were found in which the WRO failed to use the correct naming convention.

Recommendations

- Once the Regulatory Activity is initiated, it appears that the control number changes which makes the audit trail difficult to follow. Recommend keeping the control number static so that audit integrity is maintained.
- 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.

Attachment 1: Review Form

Section 1. Guidance	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.
Section 2. Review Plan	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).
Section 3. Results	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.
Section 4. Summary	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	Discovery of any Material Weakness can be grounds for Failure. 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

P&SP Management Accountability Review Form Supplemental Checklist					
		Y	N	N/A	Comments
Strategic Business Plan (SBP)					
RO-2	Investigate a select number of failure-to-file cases	12			
		12	0	0	
Standardized Operating Procedures (SOP)					
RO-1 Step 2.a	If new registrant, did the PSU staff send the Standard Packet and include POC information?	10	0		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	2		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?	7	3		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.
		20	5	0	
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	0		
RO-2 Step 6	Investigation Subprocess Module technical content is accurate and complete and investigative findings are supported with appropriate documents and evidence.	9	1		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?	9	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?	7	3		Details are included in Comments provided by the Tech Team Review
		50	5	0	
RO-3 Step 2	Regulatory Activity Subprocess Module technical content is accurate and complete	8	2		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?	8	1	1	N/A - a special report, no sub-process 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?	9	0	1	Details are included in Comments provided by the Tech Team Review
		25	3	2	

Standardized Operating Procedures (SOP)					
RO-4 Step 1	All Enforcement activities completed within 20 days of approved investigative report	6	4		
RO-4 Step 1.a.5	Did the assigned Agent complete Close reason in AMS?	1	9		
		7	13	0	
RO-5 Step 4.a	For claims received, did the PSU stamp the claim form with date of receipt?	5	0		Although, there are pages where the date stamp is unclear
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	4		Several claims were filed against ECM #18009. Per WRO, all but three were not timely, the three timely claims were all withdrawn within days of being filed and before the trust account was set up. Therefore, no claim spreadsheet was prepared No claim spreadsheet received for ECM #16801, #113322, #15743
		6	4	0	
RO-6 Step 1	For Bond/TA/TFA, did the PSU enter the termination date in PSAS?	9	1		
		9	1	0	
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	2	5	3	See WRO RO7 Supporting Documentation for details
RO-7 Step 5	Did the BPU review the report to determine accuracy within 3 business days of receipt?	3	5	2	Did not receive requested 12/8/09 reports for Gary Owen; report received on 5/3/10 is outside timeframe
RO-7 Step 5.b	If inaccurate and rejected, was an SW3 letter (NOV) sent through Enforcement folder?	1	0		SW3 to Rosso Family dated 3/19/10 validated in ECM - enforcement folder closed 4/5/10
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?	1	0		Investigation folder created 4/5/10 for Rosso Family
		7	10	5	
CRU-1 Step 10.b	If registration changes occurred, did the CRU staff send request to the applicable RO to update information or initiate request for new or amended registration (RO-1)?	15	0		
CRU-1 Step 10.c	If deficiencies are found, the CRU initiates Regulatory Activity to corresponding RO	10	0	5	
		25	0	5	

Packers and Stockyard Automated System (PSAS)					
		Y	N	N/A	Comments
RO-1	Business entity and Address tab completed in AMS	10	0		See Supporting Documentation for details.
RO-1	If market agency, dealer, or packer over with volume over \$500,000 is financial instrument tab complete?	10	0		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?	0	10		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.
		28	12	0	
RO-2	Investigation data complete for Outcome tab and complete Violation tab, if applicable?	6	4		
RO-2	Species and Enforcement field complete?	5	5		
RO-2	Are Notes tab clear and easy to understand?	10	0		
RO-2	Is the file naming convention correct?	2	0		Details are included in Comments provided by the Tech Team Review
		23	9	0	
RO-3	Completed Species tabs and Subprocess module included in documents	8	2		
RO-3	Completed Close Reason and Outcome and if applicable, the Violation tab	10	0		
RO-3	Is the file naming convention correct?	8	2		Details are included in Comments provided by the Tech Team Review
		26	4	0	
RO-4	If NOV Enforcement, does the folder contains actual NOV document?	10			
RO-4	Is the document type correct?	10			
RO-4	Has GIPSA (Supervisor or Regional Director) official signed the NOV document?	9	1		
RO-4	Is the file naming convention correct?	5	5		
		34	6	0	
RO-5	For bond claims, was claim analysis attached?	1	4		No bond claims folder
RO-5	Was starting and primary factor identified?	2	2	1	No bond claims folder
RO-5	Is the file naming convention correct?	2	2	1	No bond claims folder
		5	8	2	
RO-6	Financial instrument type was properly identified in ECM?	7	3		
RO-6	Financial instrument amount entered in ECM?	4	6		
RO-6	Financial instrument termination date was properly entered in ECM?	9	1		
RO-6	Is the file naming convention correct?	0	10		Details are included in Comments provided by the Tech Team Review
		20	20	0	
RO-7	Data accurately entered into AMS (Scale Serial Number, Type, Status)?	6	2	2	Discrepancy with the Serial# in AMS for Cargill Meat Solutions Corporation (1365500029) vs. the number on the actual report; discrepancy with entity name for Painted Hills Natural Beef, Inc – ECM indicates Tyson Fresh Meats; did not receive requested 12/8/09 report for Gary Owen; reports received on 5/3/10 is outside timeframe
RO-7	Is the scale test report on file for entity?	7	1	2	Report received for Cozzi, Joel E and Joel A. indicates date last tested as 08/25/09, test date of report is 09/09/09 which is dated as processed 2/5/10 - there is no documentation to support why this report was sent out of cycle (one month after the last test date) or why this report was not processed until 2/5/10. Therefore, it is unclear whether the correct scale report is on file for this scale.
		13	3	4	
CRU-1	For Markets and Dealers type amount, and head were entered correctly	27	2	1	Details are included in Comments provided by the Tech Team Review
CRU-1	For Poultry, contract type, number of contracts, and head were entered correctly	17	3		Details are included in Comments provided by the Tech Team Review
CRU-1	For deficiencies, were the appropriate folders generated?	10	0		Details are included in Comments provided by the Tech Team Review
CRU-1	Is the file naming convention correct?	0	15		Details are included in Comments provided by the Tech Team Review
		54	20	1	

Attachment 3: Supporting Documents

RO-1 Supporting Documentation

 WRO RO1 - Supporting Document	 WRO RO1 Reviewer Sheet.pdf
-----------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

RO-2 Supporting Documentation

 WRO RO2 - Supporting Document	 WRO RO2 Reviewer Sheet.pdf
-----------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

RO-3 Supporting Documentation

 WRO RO3 - Supporting Document	 WRO RO3 Reviewer Sheet.pdf
-----------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

RO-4 Supporting Documentation

 WRO RO4 - Supporting Document

RO-5 Supporting Documentation

 WRO RO5 - Supporting Document	 WRO RO5 Reviewer Sheet.pdf
-------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------

RO-6 Supporting Documentation

 WRO RO6 - Supporting Document	 WRO RO6 Reviewer Sheet.pdf
-------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------

RO-7 Supporting Documentation

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

CRU-1 Supporting Documentation

 <p>WRO CRU1 - Supporting Document</p>	 <p>CRU Reviewer Sheet #1.pdf</p>	 <p>CRU Reviewer Sheet #2.pdf</p>
-----------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------