

Management Accountability Review

Midwestern Regional Office

July 26th – 28th, 2011



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 July 26th through 28th, 2011, the remaining review and assessment was conducted by MART leader Regina Ware August 1 through 26th, 2011 of the following Midwestern Regional Office (MRO) 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. 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 MRO that require attention or improvement. In some cases, the scorecard identifies changes needed for standard operating procedures. The following table depicts the MRO 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
GREEN	RO-1: Registration and Bonding	96%
YELLOW	RO-2: Investigations	78%
YELLOW	RO-3: Regulatory Actions	88%
GREEN	RO-4: Enforcement	90%
GREEN	RO-5: Bond/Trust Claims	100%
GREEN	RO-6: Financial Instrument Termination / Expiration	96%
GREEN	RO-7: Scale Test Reports	92%

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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.

Data was abstracted from PAS for activities completed within the third quarter. The MART Leader used the data for the initial validation, assessment, and selection of random sampling sizes. On July 26 and 27, 2011, the Management Assessment Review Team (MART) reviewed and evaluated the technical performance of the Midwestern Regional Office (MRO). The remaining randomly selected data from PAS was assessed and evaluated by the MART leader from August 1 to 26, 2011. This MAR includes the time period of April 1st through June 30th 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:

- Regina Ware, P&SP, Headquarters PAS Administrator
- Peter Jackson, PLD, Headquarters
- Ladondra Taylor, LIE, Midwestern Regional Office
- Twala Samuels, Marketing Specialist, Eastern Regional Office
- Steve Mason, LIE, Eastern Regional Office
- Michelle Caldwell, Auditor, Midwestern Regional Office
- Patti Tolle, CRU Supervisor, Western Regional Office
- Nancy Speer, Auditor, Western Regional Office
- Bart Di Giovanni, RA, Eastern Regional Office
- Leslie Jordan, RA, Midwestern Regional Office
- Chad Curry, RA, Western Regional Office
- Will Arce, Marketing Specialist, Midwestern Regional Office

The MAR evaluated the MRO'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 MRO 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 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. 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 MRO was rated green in this area; minor findings are reported for continuous improvement.

RATING	REVIEW AREA	SCORE
GREEN	RO1: Registration and Bonding	96%

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 checked="" type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified			
Sampling Plan	Random sample			
Validation	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			
Section 3 - Results				
		Number Reviewed	Number Compliant	%
SOP Performance Objectives and Compliance				
(1) Send paperwork to entity within five days of receipt for corrections		10	10	100%
(2) Send Acceptance Letter within five days after HQ approval		10	10	100%
(3) Send NOD with approval signature within one business day of receipt		10	10	100%
(4) SOP Checklist		30	29	97%
		Average SOP Compliance		99%
SBP Activity Performance Standard				
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time				
		Average SBP Compliance		
PAS Compliance (Checklist)				
PAS Checklist		40	37	93%
		Average PAS Compliance		93%
Section 4 - Summary				
Findings / Recommendations:				
Overall Rating:	GREEN			96%
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

Findings

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

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

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

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

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

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

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. All ten instances were found to be compliant.

SOP Checklist #2: “If amended, supplemental, re-registration, 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. All ten instances were found to be compliant.

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, only one instance was found in which the MRO failed to include the correct paperwork.
 - ECM # 64845 – Paperwork not correct in folder.

PAS Checklist #1: “Business entity and Address tab completed in AMS”

- A total of ten samples were reviewed. Of the ten, only one instance was found in which the MRO failed to complete the Address tab correctly.
 - ECM #67828 – The operational address does not match application.

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. All ten instances were found to be compliant.

PAS Checklist #3: “Entity paperwork included in ECM documentation folder”

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

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

- A total of ten samples were reviewed. Of the ten, two instances were found in which the MRO failed to use the correct naming convention.
 - ECM # 74651 and #62392 – Inconsistent name use and incorrect date format.

Recommendations

- Minor errors were found with entering data from application into PAS. If there’s a valid reason for changes in data, then it should be indicated within the notes section for the entity in AMS.

- 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.

RO-2: Investigations

The MRO was rated yellow in this area; several improvements are needed for this area. The MRO results in this area were best in PAS Compliance and were slightly lower in SOP Performance.

RATING	REVIEW AREA	SCORE
YELLOW	RO-2: Investigations	78%

P&SP Management Accountability Review Form				
Section 1 - Guidance				
SOP	RO-2 Investigations			
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 checked="" type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified			
Sampling Plan	100% Records inspection			
Validation	SBP(1-2) and SOP(1-3): Verify case files in PAS SOP(4): Randomly sample investigative case files in PAS			
Section 3 - Checklist Results				
	Number Reviewed	Number Compliant	%	Numerical Score
SOP Performance Objectives and Compliance				
(1) Close Rapid Response within 75 calendar days of receipt of complaint/ event	N/A	N/A		
(2) Close Level 1 Priority within 160 calendar days of receipt of complaint/ event	177	164	93%	
(3) Close Level 2 Priority within 100 calendar days of receipt of complaint/ event	32	29	91%	
(4) SOP Checklist	55	46	84%	
Average SOP Compliance		89%		
SBP Activity Performance Standard				
(1) Investigation and its related Enforcement were completed within timeframes established by the SOPs	14	12	86%	
(2) Initiate Rapid Response investigation within two business days from time of complaint/event	N/A	N/A		
(3) SBP Checklist				
Average SBP Compliance		86%		
PAS Compliance (Checklist)				
PAS Checklist	50	30	60%	
Average PAS Compliance		60%		
Section 4 - Summary				
Findings / Recommendations:				
Overall Rating: YELLOW 78%				
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor,		Date:	July 26th and 27th

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"

- One hundred percent of the third quarter sample data was reviewed. The MRO had a 93% compliance rate for closing Level 1 Priority investigations within 160 days.

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

- One hundred percent of the third quarter sample data was reviewed. The MRO had a 91% compliance rate for closing Level 2 Priority investigations within 100 days.

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; therefore the team could not measure whether they were initiated within the appropriate time.

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 instances, only two were found to not have been completed in the allotted timeframe.
 - ECM #51285 and #47743 were completed outside the allotted timeframe.

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. Of the fifteen, nine instances were found to have the claim/investigation priority not properly identified.
 - ECM #51305, #62835, #51560, #352212, #50061, #65010, #80410, #102231, and #88687 should have been had L2 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 to be compliant.

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, seven were found to be compliant while three were deemed 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, four were found to be compliant while six were deemed not applicable.

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 were found to be compliant while seven were deemed not applicable.

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, six instances were found where MRO failed to complete the Outcome tab and/or Violation tab.
 - ECM #97800, #52069, #70382, #66976, #64611, #82068 – All have outcome and violations data entered on folder.

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

- A total of ten samples were reviewed. Of the ten, five instances were found where MRO failed to complete the Species and/or Enforcement field.
 - ECM # 97800, #70382, #66976, #64611 – All have species missing on folders.
 - ECM ## 52069 – Has enforcement type missing on folder.

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 to be compliant.

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

- A total of ten samples were reviewed. Of the ten, four instances were found in which the MRO failed to use the correct naming convention.
 - ECM#64134 – DBA's initials used instead of actual name. The full name should be used if the initials are not common to everyone.
 - ECM #52069 – The incorrect format was used for naming documents. Date and description switched.
 - ECM #64611 and #82068 – Entity name and date missing.

Recommendations

- Supervisors are not properly designating the appropriate priority level for Investigations. The definitions for the different priority levels are located in the SOP. There is definitely a discrepancy in the completion of these investigations because of incorrect priority designations. MRO only had L1 investigations for the third quarter which means that every investigation completed during this time were all high priority cases. Suggest management relook at the priority definitions or provide training in this area. 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.

- There is also inconsistency completing the sub-process module related to the investigation. This was measured by agents who conduct investigations for their regions, so it seems that what is required in one region may not be a requirement in another region. There needs to be training across the agency on what's considered complete and accurate.
- The review also revealed that there is missing data on the folder for the Investigation. The Outcome and Violations tab aren't being completed by the agents consistently. Agents need to know that if no violations are found or sub-process module isn't conducted, they still need to go to the Violations tab and/ or Outcome tab enter the "No Violations" and/or "No Module Conducted."
- 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.
- The Regional Directors recommended that the date the Regional Director approves the NOV be used as the complete date when estimating the amount of time it takes to close the Investigation and its related Enforcement. The Deputy Administrator plans to take this into consideration for the next MAR. However, for this MAR the complete date of the Enforcement was used to calculate the time it took to close an investigation and its related Enforcement.

RO-3: Regulatory Activities

The MRO was rated yellow in this area; several minor findings are reported for continuous improvements. The MRO results in this area were strong in and PAS Compliance and SBP Activity Performance Standard. The MRO results were weakest in SOP Performance Objectives.

RATING	REVIEW AREA	SCORE
YELLOW	RO-3: Regulatory Activities	88%

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 checked="" type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
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 PAS 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	23	77%
Average SOP Compliance		77%		
SBP Activity Performance Standard				
(1) Completed 100% of two financial audits of top ten packers (1 beef/1 hog)		N/A	N/A	
(2) Completed 100% of random sample of custodial/prompt pay/timely remittance audits at selected packers, auction markets and dealers		N/A	N/A	
(3) Completed 100% of inspection of scales, weighing trolleys, and weighing practices of sample of packing plants with static scale system that purchase in excess of 1,000 head of livestock annually on a carcass-weight basis		N/A	N/A	
(4) Completed 100% of randomly stratified (by buying stations, auction markets/poultry plants/poultry feed mills) and determine the rate of compliance		N/A	N/A	
(5) Completed 100% monitoring of the fed cattle and hog markets each week		N/A	N/A	
Average SBP Compliance				
PAS Compliance (Checklist)				
PAS Checklist		30	30	100%
Average PAS Compliance		100%		
Section 4 - Summary				
Findings / Recommendations:				
Overall Rating: YELLOW 88%				
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

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)"

- Since the MAR was conducted before the fiscal year end, no review could be done for this area.

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)”

- Since the MAR was conducted before the fiscal year end, no review could be done for this area.

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)”

- Since the MAR was conducted before the fiscal year end, no review could be done for this area.

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)”

- Since the MAR was conducted before the fiscal year end, no review could be done for this area.

SBP Goal 1, Objective 3, Activity 4: “Completed 100% monitoring of the fed cattle and hog markets each week”

- Since the MAR was conducted before the fiscal year end, no review could be done for this area.

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, seven instances were found in which the MRO failed to complete the Regulatory Activity Sub-process module.
 - ECM #87143 and #90303 – No apparent review by supervisor.
 - ECM #98766 – WP2.1 and SW-1 not completed. Description of business entity left blank.
 - ECM #81523, #80666, and #93554 – The module is missing data such as description of business, responses, agent and supervisor comments, and no signature or dates.

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, one instance was found where MRO failed to complete the exit conference and findings tab.
 - ECM # 80666 – These areas are blank.

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. All ten instances were found to be compliant.

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. All ten instances were found to be compliant.

Recommendations

- 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.
- Portions of the review that applied to the Business Plan could not be completed because the MAR was conducted before the end of the fiscal year end. For future reviews, there should either be targets set for each quarter or always use the previous year business plan results to complete the review.

RO-4: Enforcement

The MRO obtained a green rating in this area and is strong in PAS compliance,.

RATING	REVIEW AREA	SCORE
GREEN	RO-4: Enforcement	90%

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 checked="" type="checkbox"/> Periodic	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			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	Numerical Score
SOP Performance Objectives and Compliance				
(1) Send Notice of Violation with approval signature within one business day of receipt of task	9	9	100%	
(2) SOP Checklist	85	59	69%	
Average SOP Compliance	85%			
SBP Activity Performance Standard				
N/A				
Average SBP Compliance				
PAS Compliance (Checklist)				
PAS Checklist	40	38	95%	
Average PAS Compliance	95%			
Section 4 - Summary				
Findings / Recommendations:				
Overall Rating:	GREEN		90%	
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

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, two instances were found in which the MRO failed to send the NOV with approval signature within one business day.
 - ECM # 78345 and # 78401 – approved NOV was not sent within the allotted timeframe

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

- A total of 75 samples were reviewed. Of the 75, there were 26 instances found in which the MRO failed to complete the Enforcement activity within 20 days of approved investigation report.
 - Review supporting documents for those Enforcement activities not completed within the allotted timeframe.

PAS Checklist #1 RO-4: "If formal file, has the case file been added to the enforcement folder as one document before forwarding to Headquarters?"

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

PAS Checklist #2 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 #3 RO-4: "Is the document type correct?"

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

PAS Checklist #4 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 not to be applicable.
 - ECM #78401- Folder terminated; no NOV sent.

PAS Checklist #5 RO-4: "Is the file naming convention correct?"

- A total of ten samples were reviewed. Of the ten, one instance was found in which the MRO failed to use the correct naming convention.
 - ECM 78401- No title; incorrect order of format.

Recommendations

- Based on the SOP, Enforcements should be completed within 20 days of completed investigation. On average MRO completes Enforcement Activities within 24 days. Maybe consideration should be taken for increasing the number of days to complete Enforcement.
- 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.

RO-5: Bond/Trust Claim

The MRO results in this area were weakest in SOP Compliance and SBP Performance Standards. The MRO rated red, this area requires action be taken to improve.

RATING	REVIEW AREA	SCORE
GREEN	RO-5: Bond/Trust Claims	100%

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-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 checked="" type="checkbox"/> Periodic	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 PAS			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	Numerical Score
SOP Performance Objectives and Compliance				
(1) Send Certified Bond/Trust Letter with approval signature within one business day of receipt to Surety or Trustee	2	2	100%	
(2) SOP Checklist	8	8	100%	
Average SOP Compliance		100%		
SBP Activity Performance Standard				
(1) 100% of Bond and trust claim forms are forwarded to known unpaid sellers within 10 business days.	2	2	100%	
Average SBP Compliance		100%		
PAS Compliance (Checklist)				
PAS Checklist	6	6	100%	
Average PAS Compliance		100%		
Findings / Recommendations:				
Overall Rating: GREEN 100%				
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

Findings

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

- Two claims were reviewed. Both instances were found to be compliant.

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 two claims were reviewed. Both instances found that the MRO forwarded bond and trust claim forms 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 two claims were reviewed and were found to be complaint.

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 two claims were reviewed and were found to be complaint.

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

- A total of two claims were reviewed and were found to be complaint.

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

- A total of two claims were reviewed and were found to be complaint.

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

- A total of two claims were reviewed and were found to be complaint.

Recommendations

- There needs to be consistency on how bond claims are entered in the system across regions and each incident. No two folders are alike. Some guidelines on how to conduct bond claims will help with being able to properly assess how the process is performed.
- 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 PAS, to avoid incorrect data entry. Either claim should be entered as an Investigation by the registrant the claim is against or the claimants.

RO-6: Financial Instrument Termination / Expiration

The MRO obtained a yellow rating; which requires immediate attention in this area. MRO is strong in SOP Performance Objectives, however, there were several material weaknesses found in PAS Compliance.

RATING	REVIEW AREA	SCORE
GREEN	RO-6: Financial Instrument Termination / Expiration	96%

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 checked="" type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified			
Sampling Plan	100% Record inspection			
Validation	SBP(1): Review PAS			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	Numerical Score
SOP Performance Objectives and Compliance				
(1) Paperwork sent to entity within 5 business days of receipt for corrections	10	10	100%	
(2) SOP Checklist	20	20	100%	
Average SOP Compliance	100%			
SBP Activity Performance Standard				
N/A				
Average SBP Compliance				
PAS Compliance (Checklist)				
PAS Checklist	40	37	93%	
Average PAS Compliance	93%			
Section 4 - Summary				
Findings / Recommendations:				
See report.				
Overall Rating:	GREEN		96%	
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

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 in which MRO were in compliance with sending paperwork to the entity within five business days of receipt for corrections.

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, eight instances were found in compliance and two were not applicable.
 - ECM #64961 and #69062 – Were not applicable.

SOP Checklist RO-6 Step 2: "Does certified letters for financial instrument termination/expiration include Statement of Operations with PSU AO/ and/or Assistant AO signature?"

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

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

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

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

- A total of ten samples were reviewed. Of the ten, one instance was found in which MRO failed to enter financial instrument amount in ECM.
 - ECM #70787 – financial instrument amount not entered in ECM

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

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

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

- A total of ten samples were reviewed. Of the ten, two instances were found in which MRO failed to use the correct naming convention.
 - ECM #62085 and #70318 – Inconsistent name used for documents.

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 in the database 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.
- 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.

RO-7: Scale Test Reports

The MRO obtained a yellow rating; The MRO was deficient in SOP performance objectives. 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.

RATING	REVIEW AREA	SCORE
GREEN	RO-7: Scale Test Reports	92%

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 checked="" type="checkbox"/> Periodic	Annually	<input type="checkbox"/> Follow-up
Frequency	Annually unless otherwise specified			
Sampling Plan	Random sample			
Validation	Review and verify Scale Test records in PAS			
Section 3 - Results				
	Number Reviewed	Number Compliant	%	Numerical Score
SOP Performance Objectives and Compliance				
(1) Send Notification of Default (SW2) with approval signature within ten business day of discovering report is late	20	20	100%	
(2) BPU initiated Enforcement folder to issue Notification of Violation (SW3) within one business day of determining report inaccurate	2	1	50%	
(3) Enter test date in PAS within ten business days of receipt	10	10	100%	
(4) SOP Checklist	22	19	86%	
Average SOP Compliance		84%		
SBP Activity Performance Standard				
There are no Regional Office level Strategic Business Plan performance measures to be reviewed at this time				
Average SBP Compliance				
PAS Compliance (Checklist)				
PAS Checklist	20	20	100%	
Average PAS Compliance		100%		
Section 4 -Summary				
Findings / Recommendations:				
See report.				
Overall Rating:	GREEN		92%	
Persons interviewed:				
Reviewers:	2011 MAR TEAM-Peter Jackson, Twala Samuels, Leslie Jordan, Michelle Caldwell, Patti Tolle, Ladondra Taylor, Steve Mason, Nancy Speer, Bart DiGiovanni, Chad Curry, and Will Arce		Date:	July 26th and 27th

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-five samples were reviewed. Only twenty instances are applicable to the review and found to be compliant. There were 5 instances not applicable to the question.

SOP Performance Objective (2): “If inaccurate, send Notification of Violation (SW3) with approval signature through Enforcement process”

- A total of five inaccurate tests were reviewed. Of the five, three were not applicable for the review and one instance was compliant. The MRO failed to send the approved SW3 for one inaccurate scale test.
 - Scale Serial #26364 – There’s no Enforcement folder to handle the NOV that was sent.

SOP Performance Objective #3: “Enter test date in PAS within ten business days of receipt”

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

SOP Checklist RO-7 Step 1: “Scales subject to P&SP jurisdiction require test and reporting at least at least once from Jan.-June and once from July-Nov - check all dates in sample for compliance”

- A total of ten samples were reviewed. Of the ten, one instance was found in which MRO failed to receive scale test reports.
 - Scale Serial 131983 – Copy of 1st half report wasn’t provided.

SOP Checklist RO7 Step 5: “Did the BPU review the report to determine accuracy within 10 business days of receipt?”

- A total of ten samples were reviewed. Of the ten, two instances were found in which MRO failed to determine accuracy within 10 business days of receipt.
 - Scale Serial #s 4860 and 129047 – were reviewed more than 10 days after receipt.

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

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

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

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

Recommendations

- There’s a big improvement from last year’s review score and this year’s score. In the future, this process will be tracked in PAS. Therefore, data will be retrieved easily from the data warehouse.
- It seems that if a scale test is deemed inaccurate, an NOV isn’t necessarily issued. There needs to be consistency on why an NOV isn’t issued for inaccurate test.

Attachment 1: Review Form

Section 1. Guidance	Strategic Business Plan (SBP) Objective Guidance and Direction (2010-2011) dated September 7, 2010	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	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. Justify rating by relating discrepancies to SBP objective, performance standards, and any relevant verbiage from SOP. Discuss findings with RO for feedback.
	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

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			
RO-1 Step 2.b	If amended, supplemental, re-registration, or limited, did the PSU staff send appropriate paperwork to the entity within five business days of receipt to collect the necessary information?	10			
RO-1 Step 4.a	If paperwork is correct, did the PSU staff input information into PAS? Is documentation available showing appropriate letter was sent?	9	1		
		29	1	0	
RO-2 Step 2	Reflects whether investigation Priority Level (L1, L2) was properly identified	6	9		Some of these folders are generated by the system and the priority level is automatically selected by the system.
RO-2 Step 4.a	For complaints deemed "terminated", the folder 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	
RO-2 Step 7.a	If a violation was found, did the assigned Agent complete an Investigative Synopsis and place in the PAS folder?	4		6	NOV and follow-up folders were identified for these folders.
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?	3		7	Violations found for most folders.
		30	9	16	
RO-3 Step 2	Regulatory Activity Subprocess Module technical content is accurate and complete	4	6		
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?	9	1		
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			
		23	7	0	
RO-4 Step 1.a.5	Enforcement activity completed within 20 days?	49	26		
RO-4 Step 1.b	If formal file, has the case file been added to the enforcement folder as one document before forwarding to Headquarters?	10			
		59	26	0	
RO-5 Step 4.a	For claims received, did the PSU stamp the claim form with date of receipt?	2		2	
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)?	2		2	
		4	0	4	
RO-6 Step 1	For Bond/TA/TFA, did the PSU enter the termination date in PSAS (30 days after date notice was received in office or later date if specified in notice)?	8		2	Cancelled folder
RO-6 Step 2	Does certified letters for financial instrument termination/expiration include Statement of Operations with PSU AO and/or Assistant AO signature?	10			
		18	0	2	
RO-7 Step 1	Scales subject to P&SP jurisdiction require test and reporting at least once from Jan.-June	9		1	Inactive scale
RO-7 Step 5	Did the BPU review the report to determine accuracy within 10 business days of receipt?	7	2	1	
RO-7 Step 5.b	If inaccurate and rejected, was an SW3 letter (NOV) sent through Enforcement folder?	1	1		
		17	3	2	

Packers and Stockyard Automated System (PAS)					
		Y	N	N/A	Comments
RO-1	Business entity and Address tab completed in AMS	9	1		No Op Address not same on ap & AMS and no notes in AMS for difference
RO-1	If market agency, dealer, or packer with volume over \$500,000, is financial instrument tab complete?	10			
RO-1 Step 3.a	Entity paperwork included in ECM folder	10			
RO-1	Is the file naming convention correct?	8	2		
		37	3	0	
RO-2	Investigation data complete for Outcome tab (location, review date, close reason)?	4	6		Users inserted info in notes tab but not on the appropriate tabs. So if queries are ran for data, there will be missing data.
RO-2	Is the Violation tab complete?	4	6		
RO-2	Species and Enforcement field complete?	6	4		
RO-2	Are Notes tab clear and easy to understand?	10			
RO-2	Is the file naming convention correct?	6	4		Entity name and date missing. Incorrect format used.
		30	20	0	
RO-3	Completed Species and Enforcement tabs, Subprocess module included in documents tab	10			
RO-3	Completed Outcome and Violation tabs - if applicable	10			
RO-3	Is the file naming convention correct?	10			
		30	0	0	
RO-4	If NOV Enforcement, does the folder contains actual NOV document?	10			
RO-4	Is the document type, certified # and date of violation correct for the NOV?	9	1		
RO-4	Has GIPSA (Supervisor or Regional Director) official signed the NOV document?	9		1	Folder terminated
RO-4	Is the file naming convention correct?	9	1		Incorrect order
		37	2	1	
RO-5	For bond claims, was claim analysis added to PAS folder?	2			
RO-5	Was starting and primary factor identified?	2			
RO-5	Is the file naming convention correct?	2			
		6	0	0	
RO-6	Financial instrument type was properly identified in ECM?	10			
RO-6	Financial instrument amount entered in ECM?	9	1		
RO-6	Financial instrument termination date was properly entered in ECM?	10			
RO-6	Is the file naming convention correct?	8	2		Inconsistent name
		37	3	0	
RO-7	Data accurately entered into AMS (Scale Serial Number, Type, Status)?	10			
RO-7	Is the scale test report on file for entity?	10			
		20	0	0	

Attachment 3: ***Supporting Documents***

RO 1 Registration and Bonding Supporting Documents

RO 2 Investigation Supporting Documents

RO 3 Regulatory Activities Supporting Documents

RO 4 Enforcement Supporting Documents

RO 5 Bond/Trust Claims Supporting Documents

RO 6 Financial Instrument Termination/Expiration Supporting Documents

RO 7 Scale Tests Supporting Documents