U.S. Department of Agriculture

Office of Inspector General
Great Plains Region

# Audit Report

## Hurricane Relief Initiatives – Barge Movement, Barge Unloading, Alternative Grain Storage, and Transportation Differential Agreements

Report Nos. 03601-21-KC and 03601-22-KC
March 2007

DATE: March 20, 2007

REPLY TO
ATTN OF: 03601-21-KC and 03601-22-KC

TO: Teresa C. Lasseter
Administrator
Farm Service Agency

ATTN: T. Mike McCann
Director
Operations Review and Analysis Staff

FROM: Robert W. Young /s/
Assistant Inspector General
for Audit

SUBJECT: Hurricane Relief Initiatives - Barge Movement, Barge Unloading, Alternative Grain Storage, and Transportation Differential Agreements

**Summary**

In response to Hurricane Katrina, the Department announced four initiatives intended to relieve transportation (barge movement) congestion on the Mississippi River. These initiatives included grants for moving damaged corn from New Orleans, promoting alternative warehouse storage in the Mississippi River region, moving agricultural commodities through other regions, and encouraging the unloading of commodities that were left on barges in the New Orleans area. The Office of Inspector General initiated two audits to evaluate how effectively the Farm Service Agency (FSA) implemented these four initiatives. This report combines the results of these two audits as well as our review of FSA's emergency storage provisions, which allowed grain warehouse operators to request approval for short-term emergency storage.

Due to the urgent need to restore the movement and storage of grain in the hurricane area, the Department used ad hoc procedures to award three noncompetitive grants for alternative grain storage and barge movement projects. The Department did not effectively coordinate initial requests by large grain exporters for assistance in moving barges of grain from the hurricane area. Verbal agreements were made with two grain companies that lacked transparency and competition to minimize costs and ensure relief to all affected companies. The lack of adequate coordination and a formal response and recovery plan to handle such exigencies led to confusion, problems with confirming agreements reached, and some delays in implementing relief efforts.

These problems were quickly recognized, and FSA took action to publicize the four hurricane relief initiatives as well as guidelines in the *Federal Register* for awarding competitive grants for these initiatives. While the Commodity Credit Corporation (CCC) Charter Act does allow CCC to award noncompetitive agreements, the Department should develop a formal response and recovery plan that would minimize costs, ensure competition, and timely respond to needed relief. We contacted economists with a research group to determine the economic value of these agreements. The economists contended that the economic costs of the agreements cannot be quantified due to multiple factors influencing local grain prices and barge rates. However, we noted differences in barge and storage costs totaling $5.6 million between the noncompetitive and competitive agreements (see exhibit A).

We found that after FSA publicized and issued guidelines, FSA effectively implemented its relief efforts. In December 2005, the Secretary requested each agency to identify and act on lessons learned from the Department's response to the hurricanes. In July 2006, the Under Secretary for Farm and Foreign Agricultural Services identified the problems experienced in developing and implementing relief efforts and recommended actions to improve coordination and assign responsibility. In addition to these actions, we recommend that USDA build on its lessons learned and formalize its response and recovery plan for alleviating river and other transportation congestion after major storms or other disasters. In its written response, the FSA believes that it has already implemented the actions cited in our recommendation.

These audits were conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of its examination of the Federal government's relief efforts in the aftermath of Hurricanes Katrina and Rita. As such, a copy of this report will be forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspector General reviews of this important subject.

## Background

On June 22, 2005, before the hurricanes struck, FSA issued detailed requirements for warehouse emergency storage for 2005.[1] Under this program, warehouse operators with CCC storage agreements could request CCC's approval of short-term emergency storage (e.g., ground piles and temporary storage space) in areas where harvests exceed locally available commercial storage space. As of November 3, 2005, 383 warehouse operators had requested and received approval for emergency storage.

In the wake of Hurricanes Katrina and Rita, the U.S. Department of Agriculture (USDA) faced serious disruption in the movement of agricultural commodities along the Mississippi River. Approximately 50 to 65 percent of all U.S. grain exports move down the Mississippi River to the Gulf of Mexico, and about 66 percent of all corn and soybeans are exported through New Orleans export terminals. Because the hurricane damage affected the entire Mississippi River region, the shipment of grain was slowed considerably. On September 20, 2005, following Hurricane Katrina, the Secretary announced that USDA would implement three initiatives to

[1] BCD Notice 102.

reduce congestion in the grain transportation and storage system along the Mississippi River. On September 22, 2005, a notice from the FSA Bulk Commodity Division (BCD) provided additional information.[2] On October 5, 2005, a notice in the *Federal Register* formally announced three initiatives:

1. alternative storage grants to promote storing corn and wheat in alternative storage facilities;
2. barge movement grants to promote moving damaged corn from the New Orleans area; and
3. transportation differential grants to promote moving corn, wheat, and soybeans through regions other than the Central Gulf.[3]

On November 7, 2005, another notice announced a fourth initiative, which authorized barge unloading grants to promote unloading commodities that were left on barges in the New Orleans area.[4] All initiatives were funded through CCC and administered by FSA. FSA disbursed approximately $22.7 million of the total $38.7 million authorized for the initiatives.

Prior to the issuance of BCD Notice 113 and the first *Federal Register* notice, the Department accepted three verbal agreements (obtained through a noncompetitive process) with two grain companies (one for barge movement and two for alternative storage). Subsequently, FSA awarded the remaining agreements through a competitive bidding process and hired a contractor to help evaluate the bids. In total, 27 agreements were issued under these four initiatives and affected the grain transportation system as follows:

- under 18 alternative storage agreements (of which 2 were noncompetitive), 31,968,063 bushels of grain were placed in alternative storage;
- under 3 transportation differential agreements, 293,981 tons of grain were diverted from the Mississippi River system to the Pacific Northwest and the Great Lakes; and
- under 3 barge movement (of which 1 was noncompetitive) and 3 barge unloading agreements, 211 barges with 318,352 tons of agricultural commodities were moved and then unloaded outside of the New Orleans area.[5]

[2] BCD Notice 113.
[3] *Federal Register*, 70 FR 58179 (October 5, 2005).
[4] *Federal Register*, 70 FR 67410 (November 7, 2005).
[5] This statistic includes both barge movement and barge unloading grants.

The following table illustrates how these grants were awarded—competitively and noncompetitively—for each of the four initiatives.

| Initiative | Total Payments | Non-Competitive Payments | Competitive Payments | Percent of Non-Competitive Payments |
|---|---|---|---|---|
| Alternative Storage | $7.85 million | $5.91 million | $1.94 million | 75 percent |
| Barge Movement | $10.68 million | $8.20 million | $2.48 million | 77 percent |
| Transportation Differential | $1.94 million | 0 | $1.94 million | 0 |
| Barge Unloading | $2.23 million | 0 | $2.23 million | 0 |
| **Total** | **$22.70 million** | **$14.11 million** | **$8.59 million** | **62 percent** |
| | | | | |

## Objectives

We evaluated how FSA implemented and administered USDA's hurricane relief initiatives, which were designed to alleviate stress on the grain transportation system. We assessed whether reasonable controls were established and whether the efforts were effective. We also reviewed FSA's provisions for emergency storage.

## Scope and Methodology

As part of our fieldwork performed between January and April 2006, we spoke with USDA officials from the Office of the Under Secretary for Farm and Foreign Agricultural Services, FSA, the Agricultural Marketing Service, the Office of the General Counsel, and the Chief Economist. We also spoke with the contractor FSA hired to advise the agency on grant proposals.

In total, the Department issued 27 agreements and disbursed $22.7 million of the $38.7 million authorized for the initiatives. We reviewed the records and documents supporting agreement payments at the Kansas City Commodity Office for:

- all 3 barge movement agreements, which totaled about $10.68 million;
- 2 of the 3 barge unloading agreements, which totaled approximately $1.9 million of the $2.23 million in payments made for this initiative;
- all 3 transportation differential agreements, which totaled about $1.94 million; and
- all 18 alternative grain storage agreements, which totaled $7.85 million.

We visited corporate offices for five of the six companies that received barge movement, barge unloading, and transportation differential grant payments. We conducted site visits to four judgmentally selected warehouse operators approved for alternative storage—these four warehouse operators received incentive payments totaling over $6.1 million. We spoke with representatives of two companies whose barge grant proposals were not accepted and also with representatives of four national grain associations in order to find out if the initiatives had helped to relieve congestion in the grain transportation system. We also visited one warehouse operator's corporate office to determine if the company had any concerns about how the initiatives were announced, awarded, and administered.

As part of our review of FSA's emergency storage provisions, we audited two judgmentally selected warehouse operators who had been approved for emergency storage. One of these two operators, however, stored commodities under the alternative storage initiative rather than under emergency storage provisions. Thus, we reviewed the other warehouse operator's internal controls over grain stored in emergency storage conditions. Based on our preliminary assessment of the internal management control policies and operating procedures for emergency storage, and the fact no adverse conditions were noted at the two sites visited, we concluded this part of our review.

This audit was performed in accordance with Government Auditing Standards.

## Finding and Recommendation

## USDA Needs to Develop Response and Recovery Plan

In developing and implementing its ad hoc response, the Department, without competition, accepted three verbal offers from two grain companies with rates that were higher than rates for similar services solicited through competitive bidding. This occurred because USDA lacked a response and recovery plan to relieve disaster transportation congestion. FSA was, therefore, forced to quickly develop ad hoc procedures to address the transportation problems resulting from the hurricanes. We noted differences in barge and storage costs totaling as much as $5.6 million between the noncompetitive and competitive grants (see exhibit A).

The CCC Charter Act allows the CCC to award noncompetitive agreements. After the hurricanes, USDA was faced with serious and urgent transportation problems along the Mississippi—problems that could result in increased program costs for the Government due to additional commodity price support benefits farmers would be able to obtain in the region. Grain storage facilities in the region were at or near capacity, and barges clogged the river, slowing the normal flow of commodities. If the Department had not quickly responded, the rapid drop in market prices, coupled with the duration of the situation, could have cost the Government significant sums in terms of increased market price support assistance. It could also have reduced sales proceeds for producers and increased storage and transportation costs for both producers and industry. For example, many farmers in the region could have received higher loan deficiency payments (LDP) due to the corresponding drop in posted county prices and resulting increase in LDP rates.[6]

USDA's four initiatives were developed to alleviate the transportation and storage congestion in the region. Initially, USDA accepted three noncompetitive offers (two for alternative storage and one for barge movement) from two companies.[7] Departmental officials agreed to these offers before determining that a notice soliciting competitive bids should be published.[8]

We determined that the pre-announcement, noncompetitive rates were higher than the post-announcement, competitive rates.

- The average rate per bushel for alternative storage was approximately 10 cents more for the 2 pre-announcement agreements ($0.2796) than for the 17 post-announcement agreements ($0.1761), or $2.2 million ($0.10 multiplied by 22 million bushels for the noncompetitive agreements).

- The average rate per ton for a noncompetitive barge movement for about 100 miles was $31.25 more for the pre-announcement agreement ($65 per ton) than for a post-announcement agreement ($33.75 per ton), or $3.4 million ($31.25 multiplied by 110,000 tons moved).

Although USDA incurred additional expenditures by awarding noncompetitive grants, we found that determining whether it received commensurate value for the total amount expended was complicated by many variables. Economic experts with the Food and Agricultural Policy Research Institute (FAPRI) stated that the four initiatives did likely have a positive financial impact since they helped restore the flow of commodities and caused market prices to rise. They also concluded that increased market prices, in turn, reduced the payment rate for Government LDPs and the duration that higher LDP payment rates would have been paid. Specifically, they concluded that complete basis[9] recovery (market prices) occurred approximately 8 weeks after Katrina when Mississippi River traffic returned to near normal levels.[10]

[6] An LDP is an interim financing option that can be exercised by a producer to meet cash flow needs at harvest time, when market prices are typically low. The LDP rate equals the amount by which the applicable loan rate, where the commodity is stored, exceeds the CCC-determined alternative loan rate. For most eligible commodities, the alternative loan repayment rate is the CCC-determined market price. LDPs are payments instead of loans – therefore, do not need to be repaid.

[7] One company offered to store 3 million bushels of grain at $.33 per bushel, move 35,000 tons of corn at $30 per ton, and move 110,000 tons of corn at $65 per ton. Another company offered to store 34 million bushels of corn at $.15-$.30 per bushel.

[8] BCD Notice 113, September 22, 2005.

[9] Basis is the difference between the current cash price of a commodity and the futures price of the same commodity (Basis = Cash Price less Futures Price). The basis accounts for the difference in the supply and demand relationships in the local market relative to the futures market.

[10] FAPRI Mississippi River Research Conclusions, Executive Summary, FAPRI-UMC Report #10-06, June 2006.

FAPRI officials also indicated that the value USDA received for entering into the agreements cannot be quantified due to multiple factors influencing local grain prices and barge rates. The officials explained that quantifying the effects of the initiatives would require analyzing variables such as fuel costs, river levels, and harvest yield. In their opinion, such an analysis is not possible and the exact dollar effect of USDA's initiatives cannot be determined. Thus, they concluded that the cost benefit or effectiveness of the various rates USDA accepted could not be precisely determined.

Neither FSA nor the USDA Office of the Chief Economist conducted an economic analysis of the initiatives' impact. However, we noted that after the initiatives were announced in the *Federal Register*, the difference in barge rates from St. Louis to New Orleans declined from a high of about $28 over the 4-year average[11] to a low of approximately $3 over the 4-year average.[12] We were unable to evaluate the monetary impact due to multiple variables such as the river condition, fluctuating market prices, and harvest yields. However, we did analyze the bases of four warehouse operators who received alternative grain storage payments. This analysis disclosed that the market basis weakened (increased) significantly after Hurricane Katrina struck on August 29, 2005. At these four warehouses for the period of August 1 through September 30, 2005, the average corn basis increased by approximately $.40 per bushel, resulting in potentially lower local prices available to a producer. For the four selected warehouse operators, the market basis started to strengthen (decrease) after the initiatives were announced on October 5, 2005. The basis decreased by approximately $.20 for the period of October 5 through October 19, 2005, resulting in potentially higher local prices available to a producer. The basis continued to strengthen through the months of October and November. Similarly, the average posted county prices at the four warehouse operators also rebounded during the same period, improving from a low of $1.54 to $1.693, by November 30, 2005. FAPRI officials further indicated that there were many factors at play in the market when the initiatives were announced, and it would be very difficult to conclude that changes in marketing prices or posted county prices were the result of a particular initiative.

Though it was not possible to determine exactly how beneficial both the noncompetitive and the competitive grants were in the months following the hurricanes, we concluded that the Department did receive value for its expenditures resulting from those initiatives. Nevertheless, we believe that FSA can best ensure that it obtains the most effective rates and ensure competition and timely response to needed relief, by developing a response and recovery plan to prepare for similar events in the future.

In December 2005, while our audit was in process, USDA requested that each agency identify and act on lessons learned from the Department's response to the hurricane. In a Decision Memorandum for the Secretary, signed on July 26, 2006, the Under Secretary for Farm and Foreign Agricultural Services acknowledged the problems experienced during the relief effort and made recommendations to assign responsibilities for the coordination, development,

[11] $37 per ton (4-year average) compared to $9 per ton the week of October 12, 2005.
[12] $11 per ton (4-year average) compared to $8 per ton the week of November 9, 2005.

and implementation of future relief efforts. However, these recommendations did not include any measures to prepare USDA to mitigate the effect of future grain storage and transportation system disruptions. USDA needs to build on its lessons learned and formalize its response and recovery plan for alleviating river or other transportation congestion after major storms or other disasters.

**Recommendation to the FSA Administrator:**

Coordinate with the Under Secretary, industry stakeholders, and other involved USDA and Federal agencies to develop and formalize a response and recovery plan for disruptions to the grain transportation and storage systems.

**Agency Response:**

FSA concurred with this recommendation in their response to the draft report, dated March 1, 2007. The reply stated, in part, “On July 26, 2006, the Secretary of Agriculture approved a response and recovery plan for disruptions to the United States grain transportation and storage systems using the lessons learned from the Department of Agriculture’s response to Hurricane Katrina.” The FSA believes they have already implemented the actions cited therein. FSA’s response is included in its entirety (see exhibit B). A copy of the Decision Memorandum for the Secretary is also included as exhibit C.

**OIG Position:**

In order to accept management decision, we need additional information. We believe that the Decision Memorandum for the Secretary has identified the key responsibilities within the Department but it cannot be considered as a formal response and recovery plan for USDA personnel to follow because the memorandum does not address many critical measures other than information sharing and communication. We believe the plan should include the identification of specific actions and responsibilities and the parties responsible for performing them, and measures and timeframes to prepare USDA to mitigate the effect of future grain storage and transportation system disruptions resulting from a major storm or other disaster. For example, the response and recovery plan should consider such procedures as:

- ensuring that any noncompetitive agreements entered into are beneficial and justified;
- collaborating with private companies so that they will be aware of their roles should they be needed to help alleviate stress on the grain transportation and storage systems;
- monitoring contractors’ performance to determine the value received for the Department’s expenditures;
- documenting the justification for awarding noncompetitive agreements; and
- utilizing pre-existing programs such as emergency storage.

Before we can accept the management decision for this recommendation, we need to be provided with USDA’s plan for preparing a more comprehensive response and recovery plan and a timeframe for completing the intended actions.

Departmental Regulation 1720-1 requires a reply within 60 days describing the corrective action taken or planned and the timeframes for implementation of those recommendations for which management decision has not been reached. The regulation also requires a management decision to be reached on all recommendations within a maximum of 6 months from report issuance and final action to be taken within 1 year of the management decision.

We appreciate the cooperation extended by your staff during this review.

# *Exhibit A – Summary of Monetary Results*



| Finding Number | Recommendation Number | Description | Amount | Monetary Results |
|---|---|---|---|---|
| 1 | 1 | Excessive Expenditures May Have Resulted from Noncompetitive Awards | $5.6 million | Funds to be Put to Better Use-Management or Operating Improvement/Savings |

# *Exhibit B – FSA Response to the Draft Report*



USDA

United States Department of Agriculture

Farm and Foreign Agricultural Services

Farm Service Agency

Operations Review and Analysis Staff

Audits, Investigations and State and County Review Branch

1400 Independence Avenue, SW
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Washington, DC 20250-0540

MAR 1 2007

**TO:** Director, Farm and Foreign Agriculture Division
Office of Inspector General

**FROM:** Philip Sharp, Chief
Audits, Investigations, and State and County Review Branch

**SUBJECT:** Response to Audit 03601-21-KC and 03601-22-KC, Hurricane Relief Initiatives: Barge Movement, Barge Unloading, Alternative Grain Storage, and Transportation Differential Agreements

The Farm Service Agency (FSA) concurs with and believes they have implemented the action cited for the single recommendation. The Office of the Secretary directed the agencies primarily involved in the hurricane relief efforts, the Grain Inspection Packers Stockyards Agency, the Agricultural Marketing Service, and FSA, to review their actions and responsibilities. The agencies undertook a rigorous review of the hurricane relief actions to develop lessons learned and recommendations for future response actions. The agencies jointly developed a Decision Memorandum for the Secretary's approval that included a response plan and each agency's responsibilities. On July 26, 2006, the Secretary of Agriculture approved the Decision Memorandum outlining response and recovery plan for disruptions to the U.S. grain transportation and storage systems using the lessons learned from USDA's response to Hurricane Katrina. FSA previously provided your office with a copy of the July 26, 2006, Decision Memorandum for the Secretary.

Please address any questions to Karren Fava 720-6152

# *Exhibit C – FSA Decision Memorandum for the Secretary*



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7-26-06

United States Department of Agriculture

Farm and Foreign Agricultural Service

Farm Service Agency

1400 Independence Ave, SW
Stop 0553
Washington, DC
20250-0553

DECISION MEMORANDUM FOR THE SECRETARY

THROUGH: J. B. Penn Floyd D. Gaibler
for Under Secretary
Farm and Foreign Agricultural Services

Chuck Lambert Charles D Lambert JUL 20 2006
Deputy Under Secretary
Marketing and Regulatory Programs

FROM: Teresa C. Lasseter Teresa C. Lasseter JUL 20 2006
Administrator, Farm Service Agency

Lloyd C. Day JUL 20 2006
Administrator, Agricultural Marketing Service

for James Link David R. Shipman JUL 20 2006
Administrator, Grain Inspection, Packers and Stockyards Administration

SUBJECT: Lessons Learned – Information Collection and Operational Initiatives to Relieve Hurricane Katrina's Impact on Grain Transportation Systems

**ISSUE:**

A December 9, 2005, memorandum from Secretary Johanns directed Subcabinet officials to submit a plan to the Homeland Security Office to act on lessons learned from the Department of Agriculture's (USDA) response to Hurricane Katrina. This memorandum is in response to that request.

**DISCUSSION:**

Two broad initiatives were undertaken by agencies within USDA in response to Hurricane Katrina's effects on the agricultural transportation system. First, information was regularly gathered and disseminated to Department and Administration officials regarding the status of the agricultural transportation system and the operational status of grain handling systems (elevators). This initiative was managed by the Agricultural Marketing Service (AMS) with input from the Grain Inspection, Packers and Stockyards Administration (GIPSA), the Foreign Agricultural Service (FAS), and the Farm Service Agency (FSA).

Second, operational relief efforts were undertaken by the FSA to assist the grain industry. FSA utilized information provided by AMS in developing two operational relief measures designed to ease transportation and storage problems facing the grain and barge sectors.

**BACKGROUND:**

Hurricane Katrina made landfall in the New Orleans, Louisiana, area on August 29, 2005. Damage from the storm caused major disruptions to the Mississippi River grain transportation system that typically moves 50 to 65 percent of all U.S. grain exports. AMS (with cooperating agencies) responded by monitoring and providing information to Department and Administration officials regarding the status of the transportation system. FSA undertook relief actions to mitigate the severe impacts of the transportation disruptions that resulted from Katrina.

**Agency Assistance**

Information Collection: Through its extensive network of grain and transportation industry contacts who contribute information and data used to publish a weekly Grain Transportation Report, AMS provided regular reports on the status of the grain transportation system and operational status of major grain handling facilities. Information provided by GIPSA, FAS, and FSA was included in these reports. From August 29, 2005, through October 26, 2005, 22 daily and 5 weekly reports were generated. Hurricane updates continued to be provided by AMS through a broader weekly transportation update between November 2, 2005, and February 15, 2006.

AMS, GIPSA, and FSA also represented USDA on daily conference calls with other Federal agencies (Department of Transportation, Department of Commerce, and the U.S. Army Corps of Engineers), to report on local and nationwide impacts of Hurricane Katrina on agricultural transportation and grain handling operations.

Operational Relief Measures: FSA implemented several operational program relief measures to assist the grain and transportation industries:

- Grain Transportation and Storage Initiatives – published October 5, 2005, in the *Federal Register*, provided for incentive payments for: 1) transportation differentials, 2) moving and unloading barges and 3) alternative storage of grain.

- Actions Taken to Ease Transportation Issues Exacerbated by Hurricane Katrina – published November 7, 2005, in the *Federal Register*, provided incentive payments for unloading barges of agricultural commodities in the New Orleans area, thus freeing the barges for use during the 2005 harvest.

**DECISION MEMORANDUM FOR THE SECRETARY**
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**Findings**

Information Collection

- Through its extensive network of grain transportation contacts and data bases, AMS was uniquely positioned to report on the agricultural transportation impacts of Hurricane Katrina. Supported by information provided by GIPSA, FAS, and FSA, daily and weekly reports on the status of the agricultural transportation system and operational status of major grain handling facilities were provided on a timely basis to Department and Administration officials.

Operational Relief Measures

- Several large grain exporters approached USDA requesting assistance to move barges of damaged corn from the New Orleans area to alternate locations. They also requested assistance with emergency storage in areas along the Mississippi River system that were under significant harvest pressure.

- USDA did not identify a central point of contact for coordinating industry requests for relief and, as a result, several USDA officials received calls requesting relief.

- Initial verbal agreements were made with two grain companies outside a fully-open and transparent process to evaluate all incentive payment proposals from other companies.

- After verbal agreements were made with two grain companies, FSA had difficulty confirming the agreements. As a result, the development and implementation of the relief initiatives were delayed.

- FSA issued Federal Register Notices (FRN) to publicize relief initiatives and provide specifics on the implementation processes. The FRN process created delays of two weeks to two months in implementing the relief initiatives. However, the FRN's provided critical information to all interested parties, giving all companies affected by Hurricane Katrina an opportunity to obtain relief.

**Lessons Learned**

Critical information was obtained and effectively integrated by AMS from various agencies within USDA, including AMS, GIPSA, FAS, and FSA, to allow informed decision making by Department and Administration officials and to provide a basis for operational relief measures.

DECISION MEMORANDUM FOR THE SECRETARY
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With respect to the operational relief measures, once the confusion over the verbal agreements was cleared, FSA developed and administered the hurricane relief initiatives effectively. The issuance of Federal Register Notices was time-consuming, but necessary to ensure equitable relief to all affected companies.

**RECOMMENDATION:**

AMS should continue to manage the information collection and dissemination process for reports on the status of the agricultural transportation system. In support of AMS' efforts, GIPSA should continue to contribute information on the status of grain inspection and elevator operations, FAS should continue to share information on foreign trade and markets, and FSA should continue to provide transportation system information gathered through program operations, including international food aid shipments, grain storage program, etc.

For grain industry hurricane relief initiatives that involve Commodity Credit Corporation funding, FSA should serve as the point of contact with industry and be responsible for the development and implementation of such initiatives consistent with available statutory authorities and regulatory requirements.

**DECISION BY THE SECRETARY:**

Approve: ______ Dep Sec for the Sec

Disapprove: ______

Discuss with me: ______

Date: 7-26-06

Reviewed by: ______

Informational copies of this report have been distributed to:

| | |
|---|---|
| Administrator, Farm Service Agency | |
| ATTN: Agency Liaison Office | (10) |
| Government Accountability Office | (1) |
| Office of Management and Budget | (1) |
| Office of the Chief Financial Officer | |
| Director, Planning and Accountability Division | (1) |