



U.S. Department of Agriculture  
Office of Inspector General  
Food Safety Initiative  
Meat and Poultry Products

**FOOD SAFETY AND INSPECTION SERVICE  
DISTRICT ENFORCEMENT  
OPERATIONS  
COMPLIANCE ACTIVITIES**



**Report No.  
24601-4-At  
June 2000**



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: June 21, 2000

REPLY TO  
ATTN OF: 24601-4-At

SUBJECT: District Enforcement Operations Compliance Activities

TO: Thomas J. Billy  
Administrator  
Food Safety and Inspection Service

ATTN: Margaret O' K. Glavin  
Associate Administrator

This report presents the results of our audit of the Food Safety and Inspection Service's compliance review program. This review is part of the Office of Inspector General's food safety initiative, which also included the implementation of the Hazard Analysis Critical Control Point System, imported meat and poultry inspection process, and the agency's procedures established for testing meat and poultry products. Your June 6, 2000, response to the official draft report is included as exhibit I with excerpts and the Office of Inspector General's position incorporated into the Findings and Recommendations section of the report. Based on your response, management decisions have been reached on Recommendations Nos. 1, 4, 5, 6 and 7. Please follow your agency's internal procedures in forwarding documentation for final action to the Office of the Chief Financial Officer.

Management decisions have not yet been reached on Recommendations Nos. 2, 3, and 8. Management decisions can be reached once you have provided the additional information outlined in the report sections, OIG Position.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and the timeframes for implementation of the remaining recommendations. Please note that the regulation requires management decisions to be reached on all recommendations within 6 months of report issuance.

/s/  
ROGER C. VIADERO  
Inspector General

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# EXECUTIVE SUMMARY

## FOOD SAFETY INSPECTION SERVICE DISTRICT ENFORCEMENT OPERATIONS COMPLIANCE ACTIVITIES

AUDIT REPORT NO. 24601-4-AT

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### RESULTS IN BRIEF

This report represents the results of our audit of the Food Safety and Inspection Service (FSIS) District Enforcement Operations (DEO) compliance activities<sup>1</sup>.

This review was part of the Office of Inspector General's (OIG) food safety initiative, which also included the implementation of the Hazard Analysis and Critical Control Point (HACCP) system, the controls over imported meats, and the procedures established for laboratory testing of meat and poultry products. The objective of the audit was to determine whether FSIS' policies, procedures, and controls were adequate to provide an effective compliance review program to detect and prevent food safety violations and to ensure industry compliance with the provisions of meat and poultry inspection laws and regulations.

9 Code of Federal Regulations, Part 300, gives FSIS the responsibility of ensuring that meat and poultry entering consumer channels is wholesome. To meet the responsibility, FSIS performs compliance reviews of non-federally inspected firms, such as warehouses, processors, distributors, transporters, and retailers. Compliance reviews are initiated for a variety of reasons. For example, FSIS may initiate a compliance review to respond to a consumer complaint, to carry out its random reviews of firms, or to followup its reviews of previous violators. Violators of meat and poultry inspection laws can be cited, imposed with administrative sanctions, or even prosecuted for criminal actions.

Several systemic deficiencies are having an impact on FSIS' ability to meet its compliance obligations. Most importantly, FSIS needs to enhance its existing plan to ensure compliance reviews are sufficient to detect and prevent major food safety violations and ensure industry

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<sup>1</sup> The audit scope was limited to FSIS compliance and enforcement activities at non-federally inspected firms. We did not assess compliance with HACCP by federally inspected establishments and FSIS' administrative enforcement actions such as fitness determinations and consent and plea agreements.

compliance with the provisions of meat and poultry inspection laws and regulations.

- ❖ FSIS' compliance reviews were not systematic and did not have review steps for 13 of the 14 types of firms the agency is responsible for overseeing. FSIS' plan should, at a minimum, define the universe of high-risk firms it is required to review within each district's jurisdiction and the scope of the reviews (what areas to inspect, records review to perform, etc.). FSIS' plan should also emphasize the targeting of resources to heavily populated areas, and those areas that are geographically large. For example, FSIS' data shows for the Albany, New York, district, that the majority of violations occur in the New York City metropolitan area. However, the majority of FSIS random reviews are conducted in the Albany, New York area, where far fewer violations occur. We found that under the agency's existing plan, compliance officers did not know the number of firms subject to a compliance review in their districts, did not review the same processes at similar firms, or in several instances, did not document cases for minor violations of the meat and poultry inspection laws.
- ❖ FSIS does not have timeframes and procedures for monitoring and tracking the progress and completion of violation cases at the headquarters, district, and field office levels. The timeliness of processing case reviews was at the discretion of headquarters, district, and field offices. The average number of days cases have remained open indicates that FSIS' existing plan could be enhanced, if the agency sets goals and tracks the time it takes to process violation cases.

FSIS also needs to remove systemic weaknesses in three other areas to improve the effectiveness of its investigations of consumer complaints and food safety violations.

- ❖ FSIS does not have an effective system to provide reliable information regarding the number, status, and disposition of all consumer complaints received by their offices. Other than consumer complaints received through the U.S. Department of Agriculture's meat and poultry hotline, FSIS could not readily identify all consumer complaints that had been received nationwide.
- ❖ FSIS' enforcement actions taken against 197 (11 percent) of 1,873 firms did not deter them from committing additional

violations. Several firms were cited as many as 4 times for the same violation within a 24-month period. Currently, FSIS does not have the authority to impose monetary fines for violations. Consequently, FSIS' enforcement actions consisted of a letter of warning or similar letter for these cases. Several compliance officers we spoke with stated that the agency should have the authority to fine firms to deter further violations. We support FSIS' ongoing efforts to seek authority to impose monetary fines on firms that violate the meat and poultry inspection laws.

- ❖ DEO determined that over half of the cases received from the districts did not require referral for prosecution. District offices refer standard cases to DEO headquarters for possible prosecution action by the U.S. attorney, through the Office of the General Counsel (OGC). We found that DEO headquarters determined 27 of the 41 cases (66 percent) referred from October 1, 1997, through February 28, 1999, did not require referral for prosecution. DEO officials stated that the cases did not have prosecutable merit or some assistant district managers for enforcement (ADME) and supervisory compliance officers did not have enough training or supervisory experience to properly prepare and submit violation cases. As a result, enforcement actions against these violators were delayed.

During our audit fieldwork, we also detected a potential conflict of interest between a compliance officer and a firm that he was responsible for conducting compliance reviews. FSIS took immediate action and reassigned the compliance officer to other duties. The issue is currently under investigation.

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## **KEY RECOMMENDATIONS**

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We recommend that FSIS further refine its plan to incorporate prescribed procedures for conducting compliance reviews at 13 of the 14 types of firms it is required to oversee (FSIS currently has review steps only for warehouses). FSIS' plan should also define the universe of high-risk firms requiring review and determine the review steps to be performed at each type of firm. FSIS' plan needs to emphasize the targeting of resources to those areas that are geographically large and heavily populated, as well as to firms that are considered high risk. FSIS' plan could be further enhanced by establishing timeframes and procedures for monitoring and tracking the progress and completion of violation cases. FSIS should ensure that all ADME's and supervisory compliance officers receive training to adequately prepare and submit violation cases for prosecution.

We recommend that FSIS develop an effective system to monitor the receipt and processing of all consumer complaints. We are also recommending that FSIS continue to seek authority to fine firms that violate the meat and poultry inspection laws.

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**AGENCY RESPONSE**

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In its response to the draft report, dated June 6, 2000, FSIS stated that for the past several years, it has placed strong emphasis on developing and applying appropriate enforcement support for the HACCP system and pathogen reduction regulations \* \* \*. Nevertheless, FSIS acknowledged that this additional emphasis has required it to delay certain needed improvements in traditional compliance activities. FSIS stated that the report comes at an excellent time as it considers ways to strengthen its coverage of distribution channels and to assure timely and appropriate actions in response to violations that put consumers at risk. FSIS also stated that implementation will be contingent on available resources.

FSIS' response to the official draft report is included as exhibit I of the audit report.

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**OIG POSITION**

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We agree with FSIS' response to the report. Based on FSIS' response, we achieved management decision on five of the report's eight recommendations.

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# INTRODUCTION

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## BACKGROUND

The Food Safety and Inspection Service's (FSIS) mission is to ensure that the Nation's commercial supply of meat, poultry, and egg products are safe, wholesome, and properly labeled and packaged as required by the Federal Meat Inspection Act (FMIA), the Poultry Products Inspection Act (PPIA), and the Egg Products Inspection Act. Throughout this report, we will refer to the cited Acts as meat and poultry inspection laws. FSIS' District Enforcement Operations (DEO) plays a key role in carrying out this mission.

The DEO compliance Investigative Protocols (formerly the compliance officer's manual and training guidelines) states that

DEO policies, procedures, and traditions date from May 1966, when meat law investigators and poultry regulatory officers were merged into one staff. The formation of a central compliance unit was stimulated after a series of scandals among non-federally inspected firms received widespread publicity. These scandals involved insanitary conditions in meat and poultry slaughter and processing facilities, and adulteration of meat and poultry products. The U.S. Department of Agriculture (USDA) recognized the need for regular and continuing surveillance of the meat and poultry industry outside of federally inspected plants. The compliance and evaluation staff, as it was known then, was established to meet this need by extending regulatory functions carried out in inspected plants by food inspectors to compliance officers in the meat and poultry allied industries. Non-federally inspected firms, such as warehouses, processors, distributors, transporters, retailers, and other businesses that handled meat and poultry products for human consumption and/or animal food, became the working environment of the compliance officer.

In 1995, FSIS restructured its headquarters and field operations to focus its resources on Hazard Analysis and Critical Control Point (HACCP) system verification tasks, and increase microbial sampling and oversight of the transportation, storage, and retail stages of the food system. In order to help ensure the successful implementation of HACCP, FSIS changed its field operations structure in 1997. This

restructuring resulted in the formation of 18 district offices from 5 area offices in 1997<sup>1</sup>. Also, FSIS had 179 compliance officers on board at the time of our review. (See exhibit A for a listing of the district offices and locations.) FSIS officials stated that the new FSIS organization integrates inspection monitoring resources and regulatory enforcement resources into a unified district structure and assigns a new role to compliance officers. Specifically, FSIS uses the training and expertise of compliance officers to assist in-plant inspectors in documenting HACCP failures and to ensure appropriate due process when enforcement actions are needed.

DEO, headquartered in Washington, D.C., plans and administers an enforcement and compliance program, which is an integral part of FSIS' overall farm-to-table safety strategy. DEO's organizational function statement states that DEO "provides guidance and direction to the 17 district offices relating to the monitoring of businesses engaged in distribution of food products; manages and oversees criminal investigations and case development; and takes appropriate administrative, civil, and criminal sanctions on cases referred from the field." The district offices conduct compliance reviews to monitor businesses engaged in production, and distribution of food products. The district manager oversees the entire district operations; however, the assistant district manager for enforcement (ADME) directs all compliance reviews.

According to DEO's compliance Investigative Protocols, DEO, through its headquarters, district, and field offices, uses five major approaches to carry out the compliance function. DEO:

- ❖ Conducts Planned Compliance Program (PCP) reviews to prevent and detect violations in the distribution chain of meat and poultry products.
- ❖ Conducts random examination of products at various stages of the distribution chain.
- ❖ Documents meat and poultry inspection law violations and recommends criminal, civil, and administrative sanctions.
- ❖ Establishes cooperative programs with other Federal, State, and local authorities for product control throughout the distribution chain, and

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<sup>1</sup> FSIS currently has 17 district offices due to the July 1999 closure of the Boston, Massachusetts, district office.

- ❖ Identifies program deficiencies that could result in the distribution of adulterated or misbranded products.

DEO's compliance Investigative Protocols state that "either a standard (significance 1) or streamline (significance 2 or 3) case can be developed against firms that may be in violation of the meat and poultry inspection laws. A significance 1 case requires very detailed, highly structured formal reports of violations that indicate critical impact involving likely harm to consumers, either physical or financial. Examples may include (1) gross negligence in handling, storage or distribution of meat and poultry products that cause contamination or rodent infestation, (2) adulterated product found in human food channels, (3) species misrepresentation, (4) misbranding that would likely bring substantial monetary gain, (5) violator(s) engaged in criminal conspiracy, scheme or evasion, (6) record of past violations by the firm or principle officer(s) suggesting the need for legal action, (7) sale of meat or poultry from animals slaughtered without inspections, (8) retail sale of meat or poultry in excess of the firm's dollar limitation,<sup>2</sup> and (9) violations involving HACCP failures."

"Significance 2 cases are those that indicate a definite violation of the meat and poultry inspection laws, but no serious threat to the consumer. These are violations where it is unlikely that the product would be harmful and there is no serious economic fraud. These cases are generally closed with a letter of warning. Examples might include (1) transactions involving either non-federally inspected or improperly labeled product, (2) small amount of product involved, and (3) improper handling of inedible product resulting in opportunity for diversion into human food channels."

"Significance 3 cases are minor impact cases involving no obvious threat to the consumer and only a minor or technical violation of meat and poultry inspection laws. In most cases, placing the firm in the PCP is sufficient for a first-time occurrence. Examples might include (1) reuse of meat or poultry containers bearing the official marks of inspection, when there seems to be no intent to misrepresent meat or poultry product as inspected and passed, (2) inedible meat and poultry product improperly labeled or inadequately denatured found in non-human food channels, and (3) incidents involving products not consumed by most Americans and not apt to be diverted into processed human food products."

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<sup>2</sup> In order to remain exempt from Federal inspection, a retail stores' annual amount of meat and poultry product sales to non-household consumers must not exceed a dollar limit established by the FSIS administrator.

Detected violations of the meat and poultry inspection laws can result in detentions, seizures, letters of warning, letters of information, criminal or civil prosecutions, and injunctions. If evidence is found that, an individual or business has engaged in violations of the meat and poultry inspection laws, FSIS through the Office of the General Counsel (OGC) and/or OIG can refer the case to the appropriate U.S. attorney to pursue criminal or civil prosecution, seizures, and injunctions.

From January 1, 1998, through December 31, 1999, FSIS' quarterly compliance activity reports show that the agency detained over 37 million pounds of meat and poultry products from 1,748 incidents of noncompliance with meat and poultry inspection laws. FSIS' data shows that 27.5 million pounds (68 percent) of meat and poultry products were related to 731 incidents at 5 district offices. In addition, FSIS issued 4,693 letters of warnings, obtained 64 criminal actions, had 2 injunctions (currently 29 firms are under injunctions), and obtained 4 seizures for violations of the meat and poultry inspection laws.

FSIS also maintains the USDA meat and poultry hotline to which consumers may report their concerns regarding meat and poultry products. These concerns can involve the unwholesomeness of products, or the discovery of product tampering. FSIS' Office of Public Health and Science (OPHS), reviews consumer complaints regarding health and safety matters received through the USDA meat and poultry hotline and refers specific complaints to DEO for their review. Also, specific consumer complaints received through OIG's fraud hotline are referred to DEO. In addition, consumer complaints concerning meat and poultry products are received and reviewed by the district offices.

FSIS has a memorandum of agreement with OIG-Investigations. This agreement requires FSIS to refer cases meeting specific criteria to OIG-Investigations for their investigative determination.

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**OBJECTIVES**

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The objective of the audit was to determine whether FSIS' policies, procedures, and controls were adequate to provide an effective compliance review program overseeing non-federally inspected firms for the purpose of detecting and preventing food safety violations and ensuring industry compliance with the provisions of meat and poultry inspection laws and regulations.

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## SCOPE

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The fieldwork was performed at DEO headquarters in Washington, D.C., at five judgmentally selected district offices (Alameda, California; Albany, New York; Atlanta, Georgia; Jackson, Mississippi; and Pickerington, Ohio) and at five judgmentally selected field offices, one in each of the five selected districts (Diamond Bar, California; Jamaica, New York; Fort Lauderdale, Florida; Knoxville, Tennessee; and Lexington, Kentucky). (See exhibit A.)

We selected the Alameda, Albany, and Atlanta district offices and the Diamond Bar, Jamaica, and Fort Lauderdale field offices based on the high level of compliance activities during fiscal year (FY) 1998. The Jackson and Pickerington district offices and Knoxville and Lexington field offices were selected based on the low level of compliance activities and possible staffing-level problems.

We also visited 90 firms (retailers, custom slaughter facilities, warehouses, distributors, etc.) that handle meat and poultry products in the 5 selected districts. Fifty-five of the 90 firms were in the PCP. These firms were selected because of prior violation(s), repeat violations, or the nature of their business. The remaining 35 firms were randomly selected and visited. (See exhibit B.)

The initial fieldwork began in July 1998. In March 1999, the scope of the audit was increased from three district offices to five district offices. Also, we increased our review and analysis of agency data from 2 months to about 2 years. The fieldwork was completed in December 1999, and covered compliance activities from October 1, 1997, through February 28, 1999. We extended our review period through September 30, 1999, to review enforcement actions pertaining to repeat violators of the meat and poultry inspection laws and processing timeframes for standard cases.

The audit was performed in accordance with generally accepted government auditing standards. The auditors examined, on a judgmental sample basis, evidence supporting FSIS' compliance activities. (See exhibit C.)

We assessed (1) the adequacy of action taken in conducting, documenting, and resolving standard and streamline cases, performing PCP and random reviews, and investigating consumer complaints and (2) the maintenance and reliability of recordkeeping systems for violation cases and consumer complaints.

- ❖ We judgmentally selected 111 of 656 standard and streamline cases for review at the 5 district offices visited. We primarily selected violations cases for firms that were repeat violators.
- ❖ We also selected 41 of 102 standard cases at DEO headquarters that were referred from district offices for further action. The 41 violation cases were closed or referred to OGC for possible prosecution actions as of February 28, 1999.
- ❖ For our analysis of processing timeframes for violation cases, we reviewed all 116 standard cases (35 closed and 81 open) at DEO headquarters that were referred from district offices for possible prosecution action as of September 30, 1999. We relied on violation case information obtained from DEO's headquarters database. However, a cursory review of this information disclosed instances of conflicting data or missing dates. We obtained missing data from the case files in those instances.
- ❖ We judgmentally selected 5 compliance officers from each district office visited (25 in total) and reviewed the 2,085 random reviews they conducted over a 6-month period. Selection was based on the number of random reviews conducted. At each district, we selected some compliance officers who conducted a high number of random reviews and some compliance officers who conducted a low number of reviews.
- ❖ We also judgmentally selected and reviewed the status of 57 firms that were on the PCP for the 5 district offices. Our selection process placed emphasis on firms with a history of prior violations or firms, which, based on the nature of their business operations, may lead to violations, such as custom slaughter facilities.
- ❖ We identified 858 consumer complaints received by the 5 district offices we visited. We did not identify the total number of consumer complaints because the five district offices lacked a system to document the initial receipt of complaints. We also assessed whether all 74 consumer complaints referred by OPHS to DEO were assigned to compliance officers and reviewed, as appropriate.

See exhibit C for FSIS' compliance activity from October 1, 1997, through February 28, 1998.

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## METHODOLOGY

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To accomplish our audit objectives, we:

- ❖ Reviewed meat and poultry inspection laws, regulations, policies, and procedures;
- ❖ Analyzed the process and supporting documentation for violation case reviews, PCP, random reviews, and consumer complaints;
- ❖ Analyzed FSIS' tracking systems for violation cases and consumer complaints;
- ❖ Interviewed FSIS and OGC officials;
- ❖ Obtained and reviewed information regarding DEO's organizational structure, including training and experience of compliance staff;
- ❖ Joined compliance officers on their compliance reviews of non-federally inspected firms; and
- ❖ Observed and photographed potential violations committed by non-federally inspected firms while accompanying compliance officers on their compliance reviews.





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## FINDINGS AND RECOMMENDATIONS

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<b>CHAPTER 1</b>	<b>EFFECTIVENESS OF PLANNED COMPLIANCE REVIEWS AND RANDOM REVIEWS COULD BE ENHANCED</b>
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FSIS' compliance activities could be enhanced with refinements to the existing plan. DEO's compliance Investigative Protocols, which serve as the agency's plan for conducting compliance reviews and preparing violation cases, do not include all the key elements of an effective and systematic approach. Of the 14 types of firms FSIS has identified as subject to its compliance oversight (see exhibit D), FSIS has review steps for only 1—warehouses. Also, compliance officers:

- ❖ were not aware of the number of high-risk firms subject to review,
- ❖ did not adequately document compliance reviews and identify the scope of work performed,
- ❖ did not follow the same processes at each firm visited, did not document minor violations, and in many instances did not indicate they reviewed any processes at all,
- ❖ did not plan reviews taking into account the population or geographic size of the areas needing review or the risk posed by the types of operations in the areas, and
- ❖ did not have timeframes and procedures for monitoring violation cases.

We concluded that FSIS' plan should identify the number of high-risk firms within each district's jurisdiction, define the scope of compliance reviews (what areas to inspect, what record reviews to perform, etc.), and establish timeframes and procedures for violation cases. The plan should also emphasize the targeting of compliance resources to heavily populated areas, those areas that are geographically large, and those firms that historically have been shown to pose a high-risk to consumer health and safety.

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## FINDING NO. 1

### DEO NEEDS TO IDENTIFY ALL HIGH RISK FIRMS AND BETTER DEFINE THE SCOPE OF ITS REVIEWS

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FSIS has not identified all high risk firms within each FSIS district's jurisdiction that may be subject to a compliance review, or defined the scope of the review to be performed at each type of firm (what areas to inspect, record reviews to perform, etc.). No instructions require compliance officers to identify all firms or provide systematic review coverage of firms selected for review.

Several DEO officials stated that more defined instructions would restrict their flexibility for conducting these reviews. However, under existing review plans, compliance officers risk letting some firms go uninspected while providing inadequate coverage of some firms visited.

FSIS conducts both planned compliance program (PCP) reviews, as well as random reviews of firms to detect and prevent violations of meat and poultry inspection laws. PCP reviews are planned reviews conducted of firms that previously violated meat and poultry inspection laws, or lend themselves to possible violations. Random reviews are generally carried out through unannounced visits to firms. A typical compliance review may include, but is not limited to, review coverage of areas such as product inventory, product handling, pest management, housekeeping, and record retention. FSIS has identified 14 types of firms that process or handle meat and poultry products for which it has compliance oversight responsibility. (See exhibit D.)

In reviewing the universe of firms subject to FSIS compliance reviews, we determined that districts were not aware of all firms within their jurisdictions. FSIS Directive 8100.1, Rev. 1, dated April 2, 1993, provides that the purpose of the PCP review is to obtain and maintain current data on handlers of meat and poultry products. However, compliance officers for the five districts reviewed were not aware of the number of high-risk firms in their districts that were subject to compliance reviews. Consequently, it is possible that not all high-risk firms are being reviewed. (Our review also determined that not all high-risk firms *known* to FSIS were being reviewed. See Finding No. 2).

State and local agencies (such as business licensing offices) could serve as reliable sources to obtain universe information regarding firms that handle meat and poultry products.

We reviewed 2,085 random reviews and 57 PCP reviews performed by compliance officers in 5 district offices, and we joined compliance officers on 55 PCP reviews and 35 random reviews of meat and poultry firms. For the compliance reviews already performed, supporting documentation was insufficient and did not identify the scope of the reviews. We also noted some inconsistencies in the coverage provided by the compliance officers we joined on the compliance reviews.

During our review, we found the following.

a. Review Steps Were Not Documented

FSIS has not implemented operating procedures to establish documentation requirements for random reviews. Compliance officers typically documented their random reviews by notating “NNC” on their daily activity reports, which signified “no noncompliance” if no violation was identified. If a violation was identified, the compliance officer documented a brief description of the violation(s). However, from this documentation, we were unable to determine the scope and methodology used to conduct the reviews. For example:

In the Pickerington, Ohio, district office, we found that compliance officers often documented only the name of the firm and a contact person to serve as the record of the random review if no deficiency was identified. One compliance officer we reviewed performed a total of 219 random reviews during the period of September 1, 1998, through February 28, 1999. The compliance officer documented only “NNC” and the name of the firm and the contact person for 181 of the 219 random reviews he conducted which had no deficiencies.

In the Albany, New York, field office, we reviewed 1,022 random reviews conducted by two compliance officers from September 1, 1998, through February 28, 1999. We were unable to identify the review steps performed by the two compliance officers, including meat and/or poultry inventory observations and record reviews. The compliance officers did not document whether assessments of controls relative to product storage and handling, pest management, and housekeeping were made. Without documentation of the reviews, there was no record that key components of the reviews were performed.

Of the 57 PCP's we reviewed, the majority of firms had at least one previous violation. Although the PCP reviews generally contained more documentation than the random reviews, the compliance officers seemed to focus only on the issue(s) relative to the previous violation(s) committed by the firms. Consequently, we could not determine the extent of the reviews, even when violations were identified.

DEO's compliance Investigative Protocols for random reviews need improvement by requiring compliance officers to perform specific review steps at firms. Although a detailed report may not be necessary when no violations are identified, the use of a checklist to document that sufficient review steps are performed, along with a compliance officer certification, would better assure that an adequate review was conducted.

b. Inconsistencies In Review Coverage

Scope of compliance reviews needs to be better defined. Compliance officers did not always review the same processes at similar firms, did not document streamline cases for minor violations and in many cases, did not indicate that they reviewed any processes at all. Although FSIS does have review steps for conducting compliance reviews of warehouses, it has not developed similar review steps for the other 13 types of firms subject to review.

We noted some inconsistencies in review coverage by several compliance officers we joined on the 55 PCP reviews and the 35 random reviews.

The following table summarizes the number of visits made in each of the five field offices visited.

**Table 1: Number of Compliance Reviews Attended by OIG**

District Office	Field Office	Number of PCP reviews	Number of Random Reviews
Alameda, CA	Diamond Bar, CA	11	6
Albany, NY	Jamaica, NY	14	5
Atlanta, GA	Fort Lauderdale, FL	10	7
Jackson, MS	Knoxville, TN	9	8
Pickerington, OH	Lexington, KY	11	9
		55	35

For example, during our visits to meat and poultry firms in the Fort Lauderdale, Florida, area, the compliance officer examined

(1) storage areas (e.g., coolers/freezers, shelves), (2) processing areas, and (3) records for meat and poultry products at each firm.

However, during our visits to two firms located in the Lexington, Kentucky, area, the compliance officer did not examine meat and poultry products stored in the coolers/freezers. Both firms were in the PCP due to previous violations for preparing and selling non-federally inspected meat products. During a subsequent visit to one of the firms, the compliance officer noted that the firm was preparing and selling a meat-based chili that had not been inspected. Because of these previous violations, we concluded that the compliance officer should have at least examined the products in the coolers/freezers. The two compliance officers had comparable years of experience.

Also, during our visits we found that compliance officers did not follow FSIS' policy to document streamline cases for minor violations of the meat and poultry inspection laws. For example, on June 30, 1999, we joined a compliance officer from the Diamond Bar, California, field office on a compliance review of a food distributor. The compliance officer found four packages of unlabeled meat products in a storage cooler. The products were stored with other meat products that were being offered for sale. The owner stated that the unlabeled products were not for sale and he intended to return them to the supplier. The owner then voluntarily destroyed the four packages of unlabeled meat products in our presence. However, the compliance officer did not document a streamline case for this violation. DEO's compliance Investigative Protocols stipulate that a streamline case (significance 2) should be documented for transactions involving either non-federally inspected or **improperly labeled** products. FSIS previously issued a LOW to this firm on March 11, 1999, for reuse of containers bearing the official marks of meat and poultry inspection, without removing or defacing the marks in question.

FSIS officials stated that the compliance officer handled this situation in accordance with its policy because the compliance officer did not find evidence that adulterated or misbranded product was prepared, transported, or offered for sale. However, we concluded that the compliance officer should have documented a streamline case because of this firm's history of violations and the fact that unlabeled product was stored among other products being offered for sale.

In addition, the compliance officer recommended that the firm remain in risk category 2. Risk category 2 criteria includes (1) violation(s) of the meat and poultry inspection laws by the firm within the past 12 months, (2) indications that the firm has placed unsound meat, meat food products, poultry, or poultry products into human food channels within the past 12 months, or (3) past operations of the firm demonstrate that they constitute a constant or intermittent risk in regard to 1 and 2 above.

We joined another compliance officer assigned to the same field office on a compliance review of a processor/retailer on June 29, 1999. The compliance officer observed 29 pounds of beef products that were dark in color and had evidence of slime. The meat products were located in a cooler/freezer along with other meat products that the firm was planning to process. The owner, in the presence of the compliance officer and OIG auditors, voluntarily denatured the products. However, the compliance officer did not document a streamline case for this violation. DEO's compliance Investigative Protocols stipulate that a streamline case (significance 2) should be documented for improper handling of inedible product resulting in opportunity for diversion into human food channels.

FSIS officials stated that the product was not in the retail display area and no evidence of preparation, transportation, or sale of the product was found. Also, FSIS officials stated that the product was properly controlled and the compliance officer notified the county health department that had primary jurisdiction over sanitation and product handling for this retail exempt firm. We concluded that a streamline case should have been documented for this violation because the firm could have processed the meat for its retail business if the compliance officer had not disclosed the violation. Also, the county health department was contacted regarding the poor sanitation problems, not the improper handling of the 29 pounds of inedible meat product.

In another example, we joined a compliance officer assigned to the Lexington field office on a PCP review of a meat and poultry distributor on June 24, 1999. At this firm, we observed the reuse of boxes (re-boxing broken bulk) bearing the official marks of inspection for shipment of meat and poultry products to retail stores. This was a violation of meat and poultry inspection laws. The compliance officer discussed the defacement of the empty boxes with the firm's management. However, the compliance officer recommended that the firm be placed on inactive PCP

status (this would cease reviews) even though an official of the firm admitted to the violation.

FSIS officials stated that the compliance officer handled this situation correctly and in accordance with its policy. However, two different compliance officers from the same district developed two streamline cases on two separate occasions against another firm for reusing shipping boxes that bore the official marks of inspection. FSIS officials also stated that the compliance officer did not observe used boxes bearing the inspection legend being used to pack un-inspected meat products.

According to 9 Code of Federal Regulations, Chapter III, Part 317.10, paragraph (a) states that no official inspection legend or other official mark which has been previously used shall be used again for the identification of any product, except as provided for in paragraph (b) of this section. Paragraph (b) states that all stencils, marks, labels, or other labeling on previously used containers, whether relating to any product or otherwise, shall be removed or obliterated before such containers are used for any product, unless such labeling correctly indicates the product to be packed therein and such containers are refilled under the supervision of a program employee. This regulation is applicable to inspected products.

According to DEO's compliance Investigative Protocols for significance 3 cases a streamline case should have been documented for the "reuse of meat or poultry containers bearing the official mark of inspection, when there seems to be no intent to misrepresent meat or poultry products as inspected and passed." In addition, an ADME from another district office advised us that it would be improper for a firm to reuse boxes without defacing the official marks of inspection even if the meat or poultry product was federally inspected. We concluded that this firm should have been cited for the violation.

We also found that several compliance officers made questionable determinations regarding what constitutes a random review. For example, we joined a Fort Lauderdale, Florida, based compliance officer on a compliance review of a laundry equipment business. The compliance officer counted this visit on his daily activity report as a random review. FSIS officials stated that the compliance officer was following up on a firm that had a history of non-compliance due to activity observed at the address. FSIS officials also stated that this type of visit is within their broad

definition of a random review. We concluded that this visit should not have been counted as a random review for the following reasons (1) the compliance officer did not perform a review, he only conversed with the owner and (2) the firm did not handle meat or poultry products (the compliance officer noted on his daily activity report that this location was **formerly** occupied by a firm that handled meat and poultry products).

Further, in May 1999, our review of a compliance officer's daily activity report from the Albany, New York, district revealed that he counted, as a random review, a visit to a retail firm (sandwich shop) even though the owner did not allow him to review the firm. FSIS officials advised that the compliance officer, who had been refused entry into the sandwich shop on September 4, 1998, took credit for the review in error.

A DEO official stated that DEO's compliance Investigative Protocols provide the necessary guidelines for the effective and consistent execution of prescribed enforcement activities. We found that DEO's compliance Investigative Protocols describe how to document internal FSIS forms upon conducting a compliance review, but they do not provide sufficient instruction for compliance officers to identify all high-risk firms in their jurisdictions or what storage and product areas to examine, which records to review, etc.

We concluded that FSIS should enhance its existing plan by improving its systematic approach to its compliance reviews. The plan should be enhanced to (1) define the universe (number) of high-risk firms subject to compliance reviews in each district and (2) standardize the scope of reviews to identify what should be reviewed, record reviews to perform, etc.

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**RECOMMENDATION NO. 1**

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Enhance FSIS' existing plan by improving the process to identify and review high-risk firms that handle meat and poultry products.

**FSIS Response**

FSIS agrees with the recommendation to enhance its existing plan by improving the process to identify and review high-risk firms. FSIS stated that it would proceed with these enhancements to its plan and prioritize its efforts consistent with available resources. A revised plan will be completed by October 2000.



### OIG Position

We accept FSIS' management decision for this recommendation.

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## **RECOMMENDATION NO. 2**

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Enhance and refine FSIS' existing plan by incorporating prescribed review steps for conducting compliance reviews for each of the 14 types of firms the agency oversees (FSIS has review steps for warehouses). The plan should also include a review checklist along with a compliance officer's certification statement that the appropriate review steps were performed.

### FSIS Response

FSIS agrees with the recommendation to work towards standardizing the scope of compliance reviews while preserving adequate flexibility to allow compliance officers to utilize their professional judgment and technical expertise to act on issues that are unusual or unique. FSIS stated that it will develop better methods to standardize compliance reviews, such as enhancing its Investigative Protocols by including detail descriptions of critical areas to review for high-risk business types. FSIS also stated that it will establish a review policy to assure that personnel follows all critical procedures. FSIS further stated that this process will be completed by December 2002.

### OIG Position

We agree with FSIS' proposed action. However, to reach management decision, FSIS needs to amend its December 2002 completion date to comply with Departmental Regulation (DR) 1720-1, which requires final action within 1 year of management decision.

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## **FINDING NO. 2**

### **DEO NEEDS TO BETTER TARGET ITS RESOURCES**

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DEO does not target its resources to provide appropriate coverage of major metropolitan and geographical areas and high-risk firms. No procedures require DEO to plan its reviews according to such a strategy, even though the recent restructuring of FSIS, which centralized many of its compliance officers away from locations that need greater coverage, requires targeting to ensure the appropriate reviews are performed. In the absence of targeted coverage, those areas and firms with a greater frequency of violations are receiving a lesser frequency of reviews. In the State of

New York, for example, violations were found during only 2 percent of the 1,167 random reviews performed upstate, while in New York City itself, violations were found during 25 percent of the 89 random reviews performed there.

Once DEO establishes an accurate universe of high-risk firms (see Finding No. 1), it should emphasize that districts need to target their resources to ensure coverage is provided proportionately throughout major metropolitan and geographical areas, and that reviews of areas and firms are commensurate with the risks they have historically posed to consumers' health and safety.

FSIS officials stated that it needs additional funding and resources to fill critical vacancies in major metropolitan and geographical areas. FSIS officials advised that its employment ceiling for compliance officers is 179. However, based on a DEO assessment, they need 245 compliance officers to fulfill their compliance function. FSIS officials also stated that it should continue to enhance its assessment of allocating and adjusting available staffing resources in response to changing levels of activity.

FSIS officials estimate there are 1 million firms that handle meat and poultry products. In addition, FSIS officials advised that with the implementation of HACCP, the role of the compliance officer has expanded; specifically, to assist in-plant inspectors in documenting HACCP failures and to ensure appropriate due process when enforcement actions are needed. FSIS officials also advised that compliance officers are used to investigate foodborne illness outbreaks and to monitor judicial decrees and orders.

a. FSIS' Compliance Review Coverage May Not Be Sufficient In Certain Major Metropolitan and Geographical Areas

FSIS needs to assess its review coverage in certain major metropolitan and geographical areas. In 1997, FSIS reorganized from 5 area offices to 18 district offices (there are currently 17 district offices) nationwide. (See exhibit A.) FSIS officials stated that the agency is now more geographically flexible with the establishment of the district office structure. However, we found that FSIS needs to assess its coverage in certain major geographical areas.

For instance, the Pickerington, Ohio, district had seven compliance officers and compliance oversight responsibility over the States of Ohio, Kentucky, and West Virginia. However, the

Pickerington district had compliance officers based in Ohio and Kentucky, but not in West Virginia. As a result, West Virginia received the least compliance review coverage. Compliance officers performed 587 random reviews between September 1, 1998, and February 28, 1999, of which 486 reviews were in Ohio and 87 reviews were in Kentucky. However, only 14 random reviews were performed in West Virginia within this same 6-month period. Ten of the 14 random reviews occurred over a 2-day span, September 29 and 30, 1998.

We also found that only nine firms in West Virginia were undergoing PCP reviews. (Ohio had 134 firms and Kentucky had 36 undergoing PCP reviews.) During 1998, West Virginia had a reported foodborne illness at an elementary school. The ADME acknowledged that there was a need for better compliance coverage in West Virginia. He stated that compliance officers go there only for mission-critical purposes.

Also, a compliance officer from the Pickerington, Ohio, field office stated that it takes 6 hours to commute one way to some parts of West Virginia. The 6-hour commute may be significant because it could require overnight lodging. ADME's from the five district offices all expressed concerns regarding the availability of travel funds for compliance activities.

Likewise, the Jackson, Mississippi, district, which had six compliance officers and compliance oversight responsibility over the States of Mississippi, Tennessee, and Alabama, provided minimal compliance coverage in the Memphis, Tennessee, area (the heaviest populated city in the district). The nearest compliance officer to Memphis was located approximately 3 hours away in Nashville, Tennessee. There were no random reviews performed in Memphis between September 1, 1998, and February 28, 1999. The area compliance case report showed only one violation case in Memphis. The violation case had a case date of April 1997, which was prior to the reorganization from the area offices to district offices. Also, at the time of our review, there was only one compliance officer responsible for covering the entire State of Mississippi. Only two compliance officers were responsible for the entire State of Alabama. The three compliance officers combined conducted only 35 random reviews between September 1, 1998, and February 28, 1999.

The Atlanta, Georgia, district had 17 compliance officers and compliance oversight responsibility over the States of Georgia

and Florida, the Commonwealth of Puerto Rico, and the Virgin Islands. We found that the three compliance officers were primarily responsible for reviewing north and central Georgia, including metropolitan Atlanta, performed only three random reviews between September 1, 1998, and February 28, 1999. Forty-two violation cases were identified in Georgia between October 1, 1997, and September 30, 1999. Twenty-two of those (52 percent), occurred in metropolitan Atlanta.

In addition, we found that the two compliance officers in the Tallahassee, Florida, field office, who are responsible for northern Florida and South Georgia, performed only two random reviews in South Georgia between September 1, 1998, and February 28, 1999. Also, the two compliance officers did not perform any random reviews in Valdosta, Georgia; Panama City, Florida; and Pensacola, Florida during the same period.

b. Review Coverage Needs To Be Targeted At High-Risk Areas

We found that FSIS' overall plan or strategy to target high-risk areas needs improvement. For example, the New York City area has a high concentration of custom exempt slaughtering facilities.

Historic data shows that for the Albany, New York, district, the majority of the standard and streamline cases were disclosed in the New York City metropolitan area. In comparison, the Albany, New York, area had far fewer violations. However, compliance officers assigned to the Albany, New York, field office performed 1,260 random reviews between September 1, 1998, and February 28, 1999, while compliance officers assigned to the New York City metropolitan area (Jamaica, New York and Bogota, New Jersey) performed only 162 random reviews.

In addition, our analyses of compliance reviews conducted by five compliance officers assigned to the Albany, New York, district showed that three of the five compliance officers from the Albany, New York, field office performed 1,167 random reviews and identified violations at 20 firms (2-percent). In contrast, two compliance officers from the Jamaica, New York, field office performed 89 random reviews and identified violations at 22 firms (25-percent). This data indicates that FSIS may have a greater need for compliance activity in the New York City metropolitan areas as opposed to the Albany, New York, area where violations appear to be less prevalent.

c. Review Coverage Also Needs To Be Targeted To High-Risk Firms

We found that FSIS may need to target their compliance reviews at high-risk firms. We found that transporters, warehouses, and processors could be considered as high-risk firms. We characterize a high-risk firm<sup>3</sup> as one that (1) handles large volumes of meat and poultry products that may be one or two distribution levels from the household consumer and/or (2) exposes large groups of consumers to meat and poultry products when the consumers may have factors (age, health, limited options, etc.) that make them more susceptible to foodborne illness and/or injury.

We reviewed 2,085 random reviews in the 5 district offices conducted by 25 compliance officers between September 1, 1998, and February 28, 1999. Fewer random reviews were performed at transporters, warehouses, and processors. We concluded that FSIS should assess the need for increased coverage of these types of firms. The following table provides the number of reviews performed at these types of firms.

**Table 2: FSIS' Least Reviewed Firms**

DISTRICT OFFICE	NUMBER OF COMPLIANCE REVIEWS	PROCESSORS	TRANSPORTERS	WAREHOUSES
Alameda	188	15	3	5
Albany	1,256	12	34	10
Atlanta	76	2	0	3
Jackson	156	6	0	3
Pickerington	409	8	1	3
TOTAL	2,085	43	38	24

We also found that firms such as schools, senior citizen and childcare centers and homes, hospitals, correctional institutions, and military bases may be considered as high-risk because of the nature of their operations. These firms serve meat and poultry products to large numbers of people on a daily basis. We found that only a few of these types of firms were in the PCP. The table on the following page shows the number of these types of firms that had active status in the PCP at the time of our fieldwork.

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<sup>3</sup> Our definition for high-risk firms was solely based on our observations during the audit.

**Table 3: FSIS' Least Reviewed Firms that Serve Food Directly to Consumers**

DISTRICT	UNIVERSE OF PCP FIRMS <sup>1/</sup>	SCHOOLS	CHILD/ADULT CARE CENTERS/HOMES	HOSPITALS	CORRECTIONAL INSTITUTIONS	MILITARY BASES
Alameda	496	2	0	3	1	1
Albany	1,072	3	9	10	12	5
Atlanta	510	2	0	1	7	10
Jackson	231	1	0	4	3	5
Pickerington	179	0	0	3	3	0
<b>Total</b>	<b>2,488</b>	<b>8</b>	<b>9</b>	<b>21</b>	<b>26</b>	<b>21</b>

<sup>1/</sup> This information was obtained during the audit fieldwork for the respective district offices between March 1999, and August 1999.

A review of violation cases and consumer complaints disclosed that adulterated products had reached firms such as schools, senior citizen and childcare centers and homes, correctional institutions, and military bases. For example, a firm prepared and sold more than 2 million pounds of adulterated and/or unwholesome products that reached 34 states, including schools located in Mississippi and West Virginia. The products caused injury/illness to some consumers, and as a result, were recalled. Another firm prepared and sold adulterated, off-condition (putrid), and/or noncompliance products to a school district in Florida, a correctional institution in Texas, and a military base in Puerto Rico. More of these types of firms should be on the PCP because of the large number of people they serve meat and poultry products on a daily basis, along with the age factors and health concerns of the elderly and children.

We concluded that FSIS needs to emphasize the targeting of reviews to large metropolitan and geographical areas and firms that pose a high-risk to consumer health and safety. We are recommending that FSIS enhance their existing plan to emphasize these risks.

**RECOMMENDATION NO. 3**

Enhance FSIS' existing plan to emphasize the targeting of resources to large metropolitan and geographical areas and to high-risk firms with a history

of violations.

**FSIS Response**

FSIS agrees that there is a need to improve systems for allocating resources more effectively. FSIS stated that its improved system will include factors such as geographical size, administrative workload, level of State and local cooperation, population density, case documentation, and complexity/density of federally-inspected establishments. FSIS stated that successful implementation of this

system will assure that the most critical locations are adequately staffed. FSIS expects to complete this activity by December 2002.

### **OIG Position**

We agree with FSIS' proposed action. However, to reach management decision, FSIS needs to amend its December 2002 completion date to comply with DR 1720-1, which requires final action within 1 year of management decision.

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### **FINDING NO. 3**

#### **DEO NEEDS TO ESTABLISH TIMEFRAMES FOR PROCESSING CASE REVIEWS**

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DEO's compliance Investigative Protocols does not have timeframes and procedures for monitoring and tracking the progress and completion of violation cases at its headquarters, district, and field office levels. FSIS officials stated that prescribed timeframes could interfere with the quality of the processing; consequently, it left

timeliness of processing to the discretion of each level involved. We found that FSIS could enhance its existing plan with procedures for monitoring and tracking the timeframes for processing violation cases. In the absence of established timeframes, cases may encounter lengthy delays. In one 2-year-old case in which putrid meat was delivered to a child care center, a letter of warning to the meal caterer was drafted and forwarded to headquarters for review, but as of the date of our audit, it has not been issued.

Each district office maintained a database for standard and streamline cases. The district offices forwarded these cases to DEO headquarters when their involvement was warranted (review of prosecution case, etc.). Headquarters maintains a database for cases forwarded to them by the district offices.

Between October 1, 1997, and September 30, 1999, DEO headquarters' "Evaluation and Enforcement Division Case Tracking System" showed 116 violation cases that were forwarded to them by the district offices for possible prosecution or other enforcement actions. DEO headquarters took the following enforcement actions on these cases (1) referrals for prosecution, (2) letters of warnings or similar letters, and (3) referral to the States for sanctions. For several cases, no action was taken.

Of the 116 prosecution cases forwarded to DEO headquarters, 35 were closed and 81 were still open as of September 30, 1999. To

process the 35 closed cases, headquarters and the district offices took an average of 249 days. The cases were closed with either a letter of warning or similar letter issued to the firm, referral to the appropriate State for administrative action, or no action at all. These cases remained in the districts an average of 121 days before being submitted to DEO headquarters, which took an average of an additional 127 days to complete the case reviews and take enforcement actions. (See exhibit E.)

The remaining 81 cases that were still open, had been open an average of 395 days through September 30, 1999. These cases were in various stages of being reviewed by DEO headquarters staff. The cases had been in the districts an average of 182 days before being submitted to DEO headquarters, where they averaged 213 days in open status. (See exhibit F.)

FSIS officials stated that it would be inappropriate to prescribe timeframes for each phase since quality and completeness are dependent on adequate time. We found that the number of days these cases have remained open indicate that FSIS' existing plan could be enhanced if they set goals and track the time it takes to process the cases. We identified two serious instances where inadequate monitoring resulted in lengthy delays in completing the cases.

- ❖ On February 10, 1998, the executive director of a childcare center in West Palm Beach, Florida, made a consumer complaint (referred to DEO through a USDA official from Washington, D.C.) that meals were received from a catering company to serve about 71 children contained "off condition" (putrid) meat products. This catering company also had contracts to provide meals to four senior citizen centers. The same day the childcare center received the putrid meals, 50 individuals became ill after consuming meals provided by the same caterer at the 4 senior citizen centers.

FSIS initiated a case review on February 13, 1998. A compliance officer observed putrid meat products received from the same catering company on a subsequent visit to the childcare center. Additionally, the Florida Department of Health was notified and reported that laboratory results were inconclusive and did not explain the outbreak, but it did say that the outbreak was consistent with *Bacillus cereus* food poisoning. In June 1998, the Atlanta, Georgia, district office drafted a letter of warning addressed to the firm. However, the letter was never issued.



According to FSIS officials, since the letter addresses alleged violations that pertain to a catering company which could qualify for an exemption e.g., as a retail store or restaurant under the FMIA, PPIA, and applicable regulations, it was sent to DEO for review. As of January 11, 2000, almost 2 years later, no action has been taken regarding this case.

The lack of action is especially serious because the owners of the catering company also owned a federally inspected plant, an in-house catering facility, and five other satellite catering facilities. These satellite catering facilities had also contracted with the Florida Department of Health, Child Care Food Service Program, Meals on Wheels, and other government-sponsored feeding programs to provide meals. An official from the catering company commented that they feed over 5,000 people per day at 40 centers.

FSIS officials advised that their investigation did not document a health or safety violation of USDA statues and the pathogen in question is not likely to be related to a FSIS source. Further, FSIS officials stated that their concern for the health and safety of consumers was brought to the attention of the catering company during the investigation and by telephone conversations with the Atlanta, Georgia, district office. In addition, FSIS stated that the Florida Department of Health's April 16, 1998, report pertaining to the illnesses of the 50 individuals was provided to the catering company. Further, FSIS officials stated that their report did not support any enforcement action.

- ❖ In another instance, a school district was the source of a complaint, referred to FSIS that reported a federally inspected plant delivered them "beef patties" that had a "strong, rancid odor, along with shrinkage, moisture, and fat." The beef patties, approximately 31,000 pounds, were supposed to be of a single ingredient product, but were also found to contain other undeclared ingredients, such as chicken and soy. The product was returned to the plant between September and December 1997. The plant extended credit memos to the school district as resolution for the incident.

Approximately one year later, in November 1998, this same plant prepared, sold, and transported to the U.S. Department of Justice 700 pounds of beef cubed steaks that were soured. We were told by the compliance officer that the 700 pounds of products were destroyed under his supervision. Less than 5 months later,

(in March 1999, under a U.S. Department of Defense contract) the plant filled a top sirloin butt steak order with beef round knuckle steak. A USDA Agricultural Marketing Service official reported that the beef knuckle steak commanded a significantly lower price in the market. As of January 11, 2000, FSIS was still processing this case. FSIS officials stated that the actions taken to date are monitoring product disposition and investigations as to why the product emitted a strong, rancid and sour odor or was misbranded.

We concluded that FSIS needs to establish procedures to monitor and track the timeframes for processing and completion of violation cases.

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**RECOMMENDATION NO. 4**

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Define effective and meaningful timeframe guidelines for monitoring and tracking the progress and completion of violation cases. Establish procedures for

tracking those timeframes such as investigative time, documentation time, supervisory review time, headquarters review time, etc.

**FSIS Response**

FSIS agrees that much benefit would be derived from monitoring and tracking process timeliness associated with the investigation and review of violation cases. FSIS is reviewing a database system to track the process timeliness of violation cases from predication to referral to the U.S. attorney. FSIS stated that its new system will be fully operational prior to FY 2001.

**OIG Position**

We accept FSIS' management decision for this recommendation.

**FINDING NO. 4**

FSIS did not have an effective system to monitor consumer complaints. FSIS is responsible for reviewing consumer complaints received through the USDA

meat and poultry hotline, the OIG fraud hotline, and directly to its headquarters, district, and field offices. However, DEO's compliance Investigative Protocols for consumer complaints do not prescribe a method for monitoring. As a result, FSIS could not provide reliable information concerning the number, status, and disposition of all consumer complaints received by its offices. After an extensive record review, we identified 858 consumer complaints for the five district offices we visited. FSIS has no assurance that all consumer complaints were reviewed and appropriately resolved. Also, the 5 district offices visited had no record of receipt or followup action on 16 consumer complaints (22 percent of the 74 complaints) referred to them by OPHS that was received through the USDA meat and poultry hotline.

Consumer complaints may involve the discovery of unwholesome meat and poultry products, or they may disclose incidents of product tampering. DEO's compliance Investigative Protocols provide guidance on where to forward specific types of consumer complaints for followup and completion of supporting documents, but they do not address monitoring by headquarters, district, or field offices. Further, these offices were not required to maintain a log or other record of consumer complaints received. Also, the district and field offices were not required to keep DEO headquarters or some designated centralized location informed of all consumer complaints received and the results of reviews conducted.

Consumers may report their concerns regarding meat and poultry products in several ways (1) over the USDA meat and poultry hotline, (2) over the OIG fraud hotline, or (3) directly to DEO headquarters, districts, or field offices. Agencies such as the Food and Drug Administration and local health departments also are sources for reporting complaints that are forwarded to FSIS.

For consumer complaints received through the USDA meat and poultry hotline, OPHS is responsible for forwarding certain complaints to DEO for review. Consumer complaints received through the USDA meat and poultry hotline involving foreign objects

should be referred to DEO. Consumer complaints involving product tampering should be referred to OIG for review. Consumer complaints made directly to the OIG fraud hotline are reviewed by OIG-Investigations and either investigated (e.g., product tampering) or referred to FSIS for handling. District and field offices also initiate reviews of those consumer complaints made directly to them.

DEO did not have an effective system in place to monitor consumer complaints received by district and field offices. With the exception of those consumer complaints referred to DEO by OPHS that came through the USDA meat and poultry hotline and those complaints referred by OIG received through the fraud hotline<sup>4</sup>, DEO could not readily identify all consumer complaints received. A DEO headquarters official informed us that consumer complaints received directly by his office are referred to the applicable district or field office for handling. However, headquarters did not maintain a system to record the initial receipt of consumer complaints and thus did not have the means to monitor all consumer complaints

We encountered similar problems at the district and field offices visited. The district offices forwarded consumer complaints received to the applicable field offices for followup without documenting receipt of the complaint. None of the five district offices reviewed had a system to document the **initial receipt** of a consumer complaint or to track complaints once received. Although the Albany, New York; Jackson, Mississippi; and Pickerington, Ohio, district offices each maintained a log of consumer complaints received, their logs were not kept up to date. Consumer complaints were routinely documented after followup action by the field offices had been completed and submitted to the district. Also, entries for data fields on the logs--such as the date received, status, and disposition--were missing.

In order to determine the number of consumer complaints received by the five district offices for the purpose of constructing a universe, we either relied on numbers provided by the offices, including the logs, or conducted a search of district offices' files to locate and identify each case record (i.e., consumer complaint information sheet). According to the DEO's compliance Investigative Protocols, the consumer complaint information sheet is completed following a visit to the consumer to discuss the complaint and to examine the product involved.

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<sup>4</sup> FSIS' OPHS provided us with a listing of USDA meat and poultry hotline complaints. OIG fraud hotline complaints were provided by OIG-Investigations.

The following table shows the number of consumer complaints that we identified as received by the five district offices during our audit period (October 1997-February 1999).

**Table 4: Number of Consumer Complaints for the Five District Offices Visited**

DISTRICT OFFICE	NO. OF CONSUMER COMPLAINTS
Alameda	204
Albany	143
Atlanta	236
Jackson	132
Pickerington	143
<b>Total</b>	<b>858</b>

We found that these numbers were not reliable because, although in many cases, they support complaints where there was a record of followup action, they do not support the initial receipt of all complaints, including instances where no followup action took place.

Likewise, the five field offices reviewed did not have a formal system to document the initial receipt of a consumer complaint or a tracking mechanism. Compliance officers from the five field offices informed us that they were responsible for initiating followup on consumer complaints received directly by them, including those from DEO headquarters, but that they were not required to document receipt of the complaints or report the results of the followup action to the district offices for all complaints (e.g., unfounded complaint).

DEO headquarters officials stated they did not need a tracking system because they assumed the field offices were tracking consumer complaints. The officials stated that they had been relying on “on-the-job training” instead of written guidelines or procedures to ensure that consumer complaints were properly received and reviewed. However, they conceded that written procedures might be appropriate to ensure the integrity of the resolution of consumer complaints. They noted that the reorganization contributed to procedures not being developed.

In addition, we noted that OPHS referred 74 consumer complaints to DEO that were received through the USDA meat and poultry hotline from October 1, 1997, through February 28, 1999, for the 5 selected district offices. Our review disclosed that 4 of the 5 district offices had no record of receipt for 16 of the 74 (22 percent) consumer complaints, as shown on the table on the next page.

**Table 5: Number of Consumer Complaints with No Record of Receipt**

<b>DISTRICT OFFICE</b>	<b>NO. OF CONSUMER COMPLAINTS REFERRED BY OPHS</b>	<b>NO RECORD OF RECEIPT</b>
Alameda	18	3
Albany	11	2
Atlanta	13	5
Jackson	9	0
Pickerington	23	6
<b>TOTAL</b>	<b>74</b>	<b>16</b>

Consumer complaints were not followed up on because DEO did not have an effective system to document and monitor consumer complaints received by its offices. OPHS officials stated that once a complaint (foreign objects) is referred to DEO, all responsibility for the complaint is assumed by DEO. There was no further involvement by OPHS to ensure that DEO received, reviewed, and appropriately resolved the complaints.

Without a tracking system to monitor consumer complaints, FSIS is not able to readily provide the number or status of consumer complaints or ensure consumer complaints are investigated and, when warranted, conditions corrected.

FSIS is currently piloting a consumer complaint database in its Philadelphia, Pennsylvania, district office. FSIS officials stated that the database will monitor receipt and follow up action on all consumer complaints received at both the headquarters and district levels. FSIS is also developing written procedures and guidelines for the consumer complaint system prior to its September 1, 2000, expected nationwide implementation date.

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**RECOMMENDATION NO. 5**

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Develop a system, including written procedures, to monitor receipt and followup action on all consumer complaints received at DEO

headquarters, district, and field office levels.

**Agency Response**

FSIS agrees with this recommendation that an improved system should be developed to monitor receipt and followup action on all consumer complaints. FSIS also agrees that written procedures are needed to monitor the receipt of, and followup action on consumer complaints. FSIS stated that it plans to centralize this function under one unit that will monitor receipt and disposition of consumer complaints. Until then, FSIS stated that it is implementing an interim

monitoring system for the receipt and follow up of consumer complaints from district field staff or those referred to DEO headquarters. FSIS further stated that it intends to have the newly reconstituted and reorganized system implemented by March 2001.

**OIG Position**

We accept FSIS' management decision for this recommendation.

**RECOMMENDATION NO. 6**

Review the 16 consumer complaints previously omitted from review, and perform followup action to satisfactorily resolve them.

**Agency Response**

FSIS agrees with this recommendation and is in the process of reviewing the 16 consumer complaints to determine if they have been resolved and perform any followup action, if needed. FSIS stated that it will complete the review and followup by October 2000.

**OIG Position**

We accept FSIS' management decision for this recommendation.





**CHAPTER 3**

**FSIS' ENFORCEMENT ACTIONS TO DETER REPEAT VIOLATORS OF MEAT AND POULTRY INSPECTION LAWS COULD BE IMPROVED BY USE OF CIVIL PENALTIES**

**FINDING NO. 5**

FSIS' enforcement actions taken against 197 (11 percent) of 1,873 firms were not effective to deter them from committing additional violations of meat and poultry

inspection laws. Within 24 months of the initial violation, several firms were cited again by FSIS for as many as 4 additional violations of meat and poultry inspection laws. In each instance, where final enforcement action had been taken, FSIS issued a letter of warning or similar letter for the violation. We found that FSIS does not have sufficient enforcement actions available to it to deter these firms from committing additional violations. Specifically, FSIS could make effective use of civil penalties for repeat violations that do not lend themselves to criminal prosecution.

FSIS can issue letters of warning to firms for both streamline and standard cases for violations of the meat and poultry inspection laws. The letters of warning typically advise firms of their expectancy to "voluntarily compliance" with the meat and poultry inspection laws. These letters also inform firms that FSIS could seek legal actions for continuous violations. From January 1, 1998, through September 30, 1999, FSIS issued 4,131 letters of warning to violators.

A DEO headquarters official stated that a letter of warning may be sent to a firm for a first-time violation of meat and poultry inspection laws if there were no public health risks involved (streamline case). However, recommendations for prosecution can be made for first time or repeat violations depending on the nature of the offense, severity of the violation and the extent to which the evidence supports intent or gross negligence. The official also stated that in some cases, multiple letters of warning may be sent if the cases involve different offenses, if violations are over a period of time, or chronic noncompliance that typically would not rise to the level of criminal prosecution. In these cases, FSIS may develop adequate documentation to seek a Federal injunction, exercise some limited administrative authorities, or refer the matter to State or local health authorities. In addition, FSIS has supported statutory change to authorize civil penalties for cases that do not rise to the level of warranting criminal prosecution.

The area compliance case records (listing of violation cases) for the 5 districts reviewed, showed that FSIS cited 1,873 firms for violating meat and poultry inspection laws between October 1, 1997, and September 30, 1999. Our review disclosed that 197 (11 percent) of these firms had a second violation case during this same period. Thirty-nine of these firms, primarily in the Albany, New York, district (mostly in the New York City area), had from 3 to 5 violation cases during the 2-year period. The number of firms with violations is shown in the table below (Note: more than one firm can be included in the same violation case.)

**Table 6: Violations from October 1, 1997, through September 30, 1999, for Five District Offices**

<b>DISTRICT</b>	<b>NUMBER OF VIOLATION CASES</b>	<b>NUMBER OF FIRMS WITH VIOLATION CASES</b>	<b>NUMBER OF FIRMS WITH TWO OR MORE VIOLATION CASES</b>	<b>PERCENT</b>
Alameda	330	434	39	9%
Albany	747	854	110	13%
Atlanta	302	412	31	8%
Jackson	94	93	10	11%
Pickerington	78	80	7	9%
<b>Totals</b>	<b>1,551</b>	<b>1,873</b>	<b>197</b>	<b>11%</b>

One Atlantic City, New Jersey, firm (the Albany, New York, district) was cited by FSIS in five separate violation cases between October 9, 1997, and September 9, 1999. The firm's violations involved the offering for sale and the sale of misbranded meat and poultry products in four of the five instances. The fifth instance pertained to the sale of non-federally inspected meat products. FSIS issued a letter of warning to the firm as final enforcement action for each of the violation cases.

Also, in the Albany district, we identified one other firm that had 5 violation cases and 6 firms that had 4 violation cases against them within the 24 months. The violations committed included (1) intimidation and assault against FSIS' compliance officers, (2) sale of non-federally inspected products, (3) failure to identify custom slaughter product as "Not for Sale," (4) failure to maintain custom exempt records, (5) offering for sale misbranded meat and poultry products, and (6) failure to maintain and operate facility in a sanitary manner. FSIS issued a letter of warning as final enforcement action for each of these violation cases.

During our fieldwork, we joined compliance officers in visiting 55 firms that were cited by FSIS for previous violations of the meat and poultry inspection laws during FY's 1998 and 1999. Nine of

these firms had two or more violation cases within this timeframe. During our visits, additional violations were disclosed at 2 of the 9 (22 percent). In total, 8 of the 55 firms we visited had additional violations (14.5 percent). (See exhibit G.) The two firms that were cited for their fourth or fifth violation during our audit period (Business No. 1 and Business No. 2) were custom slaughter facilities located in Jamaica, New York.

During our May 20, 1999, visit to Business No. 1, we observed unidentifiable products and insanitary conditions as follows.

There were no supporting records for the ownership of 29 pounds of lamb.

**Figure 1: 29 pounds of lamb with no record of ownership**



Blood, meat scraps, and other debris were on the processing table, band saws, and floors from the previous day.

**Figure 2: Processing table covered with debris**



**Figure 3: Band saw with debris**



**Figure 4: Floor showing dirt and cuttings**



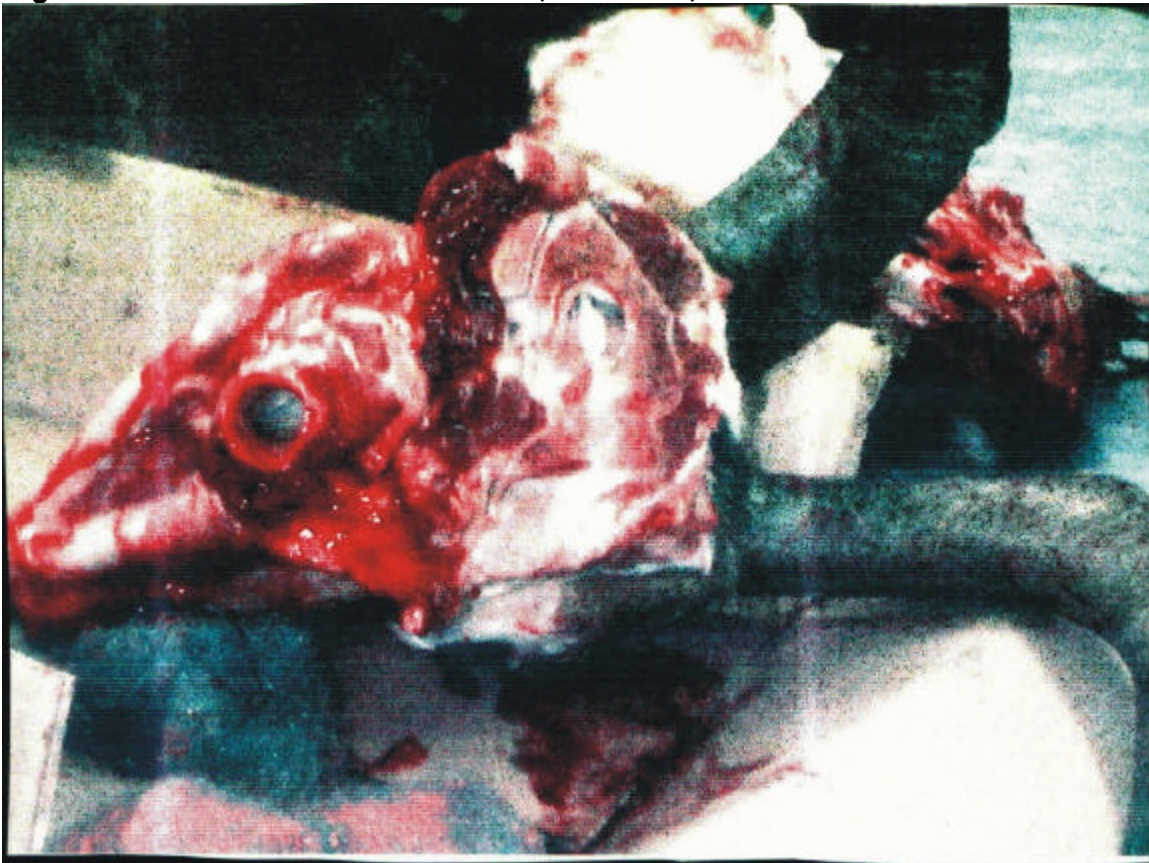


Also, unlabeled meats were found at the firm. Business No. 1 had four violation cases between November 10, 1997, and July 13, 1999. The firm received another letter of warning from FSIS for these violations. FSIS acknowledged that this firm was a repeat violator but believes that the violations disclosed were not something they would refer for criminal prosecution. FSIS noted that additional reviews conducted during our audit period do not reveal any irregularities at this firm.

During our May 21, 1999, visit to Business No. 2, we observed insanitary conditions and adulterated products on hand as follows.

A goat head lay in a cardboard box on top of a rusty steel wool pad. The goat head was adulterated with rust, rusty steel wire, and hair. It also had been sold to a customer.

**Figure 5: Goat head covered with rust, steel wire, and hair**



Goat intestines were placed in a bowl that sat on the floor of the kill room. The floor had blood and other debris on it.

**Figure 6: Goat Intestines exposed to debris on the kill room floor**



We also observed rodent droppings on (1) a rusty band saw, (2) plastic bags used for packaging meats for customers, and (3) floors of the kill and processing rooms.

The firm's history included six violation cases from August 1995 to May 21, 1999. Two of the violation cases, dated November 24, 1997, and January 25, 1999, were still open, even though the firm twice violated a November 27, 1996, stipulation and consent agreement that allowed the firm to operate despite the previous violations committed. Business No. 2 was issued another letter of warning for the violations disclosed during the May 21, 1999, visit.

FSIS officials stated that it would not recommend criminal prosecution based on the adulteration of one 5-pound goat heat. FSIS officials also informed us that on February 7, 2000, they issued the firm a Notice of Summary Termination of Custom Eligibility and on or about February 9, 2000, the custom exempt operations at this

firm were terminated. However, a subsequent compliance review at this firm on March 15, 2000, found that the firm had continued its custom slaughter operations. The compliance officer observed and detained a whole dress lamb (90 pounds) in the firm processing room. The animal had apparently been slaughtered. In a signed statement on March 16, 2000, the owner claimed that he did not believe the Notice of Summary Termination of Custom Eligibility dated February 7, 2000, still applied. The owner stated that he discarded the detained lamb and thus violated the detention. The owner further denied slaughtering any other animals and could not account for three lambs and one goat that were missing. FSIS is currently processing a violation case.

The two cases we illustrated above serve as good examples for why we support FSIS in their efforts to obtain authority to fine firms for violations of meat and poultry inspection laws, that do not warrant criminal prosecution. The following represents the firms visited and the number of violations observed during the audit. (See Exhibit G.)

**Table 7: Number of Firms Visited and Number of Violations Observed**

<b>FIELD OFFICE LOCATION</b>	<b>FIRMS VISITED</b>	<b>FIRMS VISITED WITH TWO OR MORE VIOLATIONS</b>	<b>VIOLATION CASES ESTABLISHED AS RESULT OF VISITS</b>	<b>FIRMS VISITED WITH ONE VIOLATION</b>	<b>VIOLATION CASES ESTABLISHED AS RESULT OF VISITS</b>
Diamond Bar, CA	11 <sup>1/</sup>	2	0	8	4
Jamaica, NY	14 <sup>2/</sup>	4	2	6	2
Fort Lauderdale, FL	10	2	0	8	0
Knoxville, TN	9	1	0	8	0
Lexington, KY	11	0	0	11	0
<b>Totals</b>	<b>55</b>	<b>9</b>	<b>2</b>	<b>41</b>	<b>6</b>

<sup>1/</sup> One firm was visited because of the nature of its business (rendering plant).

<sup>2/</sup> Four firms were visited because of the nature of their businesses (distributor, transporter, wholesaler, and custom exempt slaughtering facility).

Since 1997, bills have been introduced in Congress to give the Secretary the authority to assess monetary penalties against firms that violate meat and poultry inspection laws. None of the bills have become law.

ADME's and supervisory compliance officers from the Alameda, Albany, and Jackson district offices stated that the agency should have the authority to fine firms or individuals that violate meat and poultry inspection laws. A DEO headquarters official commented



that fines for violations could have a negative economic impact against firms but, if implemented, fines should be severe enough to deter further violations.

We concluded that FSIS should continue to seek the authority to assess monetary penalties against firms that commit repeat violations of meat and poultry inspection laws. Additionally, FSIS should be more aggressive in utilizing the authorities it currently has, including seizures, injunctions, withdrawal of custom exempt status, and prosecutions, against repeat violators of the meat and poultry inspection laws.

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**RECOMMENDATION NO. 7**

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Continue to seek the authority to assess civil monetary penalties against firms that commit violations of meat and poultry inspection laws.

**Agency Response**

FSIS agrees with this recommendation that civil penalties would be an effective supplement to its current criminal and administrative authorities. FSIS stated that civil penalties, while having somewhat limited application, would provide it with an additional tool to deter violations of USDA laws and would be particularly effective in preventing minor violations of law and address situations where criminal prosecution or other action is not appropriate. FSIS stated that it will continue to work with Congress, industry, and the public to obtain this additional authority.

**OIG Position**

We accept FSIS' management decision for this recommendation.



**CHAPTER 4****DEO DETERMINED THAT MOST CASES REFERRED BY DISTRICTS WERE NOT PROSECUTABLE****FINDING NO. 6**

DEO determined that over half of the cases received from district offices did not require referral for prosecution.

District offices refer standard cases to DEO headquarters for possible prosecution action by the U.S. attorney, through OGC. We found that DEO headquarters determined 27 of the 41 cases (66 percent) referred from October 1, 1997, through February 28, 1999, did not require referral for prosecution. DEO officials stated that the cases did not have prosecutable merit or some ADME's and supervisory compliance officers did not have enough training or supervisory experience to properly prepare and submit violation cases. As a result, enforcement actions against these violators were delayed.

DEO's compliance Investigative Protocols provides for establishing standard cases for violations involving likely harm to consumers, either physical or financial. These cases are forwarded to DEO headquarters for their review and for possible referral to OGC so the appropriate civil, administrative, or criminal actions can be taken.

Between October 1, 1997, and February 28, 1999, 41 standard cases were developed by compliance officers in the FSIS' district and field offices and submitted to DEO headquarters for review and possible referral to OGC for further action. Our review disclosed that DEO headquarters determined 27 of the 41 (66 percent) cases received from the districts did not require referral. DEO headquarters officials stated the cases did not have prosecutable merit or were not fully developed by compliance officers. According to the officials (1) 21 of the cases did not have sufficient evidence for prosecution, (2) 3 cases were not fully developed by the compliance officers, (3) the firms for 2 cases were no longer in business, and (4) 1 firm had been previously prosecuted by the state for the same violation. (See exhibit H for more details.) Instead, the agency issued letters of warning to 24 of the firms and took no action for the remaining 3 firms.

In one example of a case not being fully developed, the Beltsville, Maryland, district office prepared a Report of Apparent Violation, dated December 9, 1998, that reported a federally inspected plant sold and transported via interstate commerce approximately

479,470 pounds of adulterated and misbranded pork bacon ends and pieces from Virginia to a food processing company in Kansas. The shipments were contaminated with various foreign materials such as metal, cardboard, paper, and rubber. The compliance officer became aware of the adulteration during a random review visit to the Virginia plant. He examined the plant's records and found several credit memos and nonconformance reports that showed the plant may have been aware of these possible violations.

The responsible ADME referred the case to DEO headquarters for prosecution. However, headquarters officials stated that the documentary evidence was not sufficient to prove that the plant knowingly sold adulterated and misbranded products and the products did not appear to have been tampered with. The officials stated that the case was not prosecutable because the compliance officer had not proven criminal intent on the part of the Virginia plant. The ADME responded by obtaining additional information. However, headquarters officials decided that the additional information did not enhance the case. The ADME and headquarters officials agreed to issue a letter of warning as final enforcement action.

In another example where a case was not fully developed, the Springdale, Arkansas, district office prepared a Report of Apparent Violation, dated October 13, 1997, that reported a firm sold and transported approximately 1,150 pounds of adulterated and misbranded frozen pork ribs into commerce from Minnesota to Louisiana. The 39 boxes of ribs had no labeling or marks of inspections, were "slimy," and had a "soured putrid" odor. The product was detained and destroyed on May 6, 1997.

On June 5, 1998, (235 days following the date of the Report of Apparent Violation) DEO headquarters made a decision to close the case with a letter of warning. A headquarters official stated that the evidence was inconclusive based on the following.

- ❖ The product was repacked at a federally inspected plant after being resorted.
- ❖ The product was sold sight unseen.
- ❖ The firm never acknowledged knowing there was a problem with the product.

The DEO headquarters official stated that the compliance review was not sufficiently documented to show the firm had knowledge of

the product being adulterated and misbranded. The ADME agreed with the headquarters decision on the case and questioned why the compliance officer and the supervisor compliance officer thought the case was prosecutable. FSIS issued a letter of warning to the firm.

Another DEO headquarters official stated that many of the cases sent to headquarters for review were not fully developed. He said that some compliance officers, supervisors, and ADME's were not experienced or trained to properly develop standard violation cases. The official further stated that when DEO reorganized from 5 area offices to 18 district offices, DEO did not have enough supervisory experience in the field to properly prepare and submit standard violation cases. He said that several ADME's had little or no experience in preparing standard violation cases.

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**RECOMMENDATION NO. 8**

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Reinforce existing compliance Investigative Protocols for developing standard violation cases. Provide training where needed to ensure that all

ADME's and supervisory compliance officers are able to properly oversee reviews and case preparation for appropriate sanctions and determinations.

**Agency Response**

FSIS agrees with the recommendation and stated that it has already taken steps to reinforce existing protocols, procedures, and assure appropriate training of DEO personnel. FSIS stated that it has developed orientation and training protocols for newly hired compliance officers and supervisory personnel. FSIS also stated that it is currently recruiting to address the 58 percent vacancy rate for the supervisory compliance officer position, which is needed to provide proper supervision of reviews and case preparation. FSIS further stated it is the agency's priority to fill these positions as soon as possible.

**OIG Position**

We agree with FSIS' proposed action. However, to reach management decision, FSIS needs to provide us with its newly developed orientation and training protocols for new hires. Also, FSIS needs to provide its plan for recruiting compliance officers and the estimated timeframe for when these position will be filled.

## EXHIBIT A – DISTRICT OFFICES VISITED

	DISTRICT OFFICE	OVERSIGHT RESPONSIBILITY	FIELD OFFICE	NO. OF COMPLIANCE OFFICERS <sup>4/</sup>	
1	Alameda, CA	California	Alameda, CA	6	
			Diamond Bar, CA	5	
			Fresno, CA	2	
			Sacramento, CA	2	
			San Diego, CA	1	
			<b>District Total</b>		<b>16</b>
2	Albany, NY	New Jersey	Bogota, NJ	3	
			Moorestown, NJ	4	
			New York	Albany, NY	5
				Jamaica, NY	6
				Rochester, NY	2
			Connecticut	Hartford, CT	3
			Maine	Augusta, ME	1
			Massachusetts	Waltham, MA	6
			New Hampshire		
			Rhode Island		
			Vermont		
		<b>District Total</b>		<b>30</b>	
		3	Atlanta, GA	Florida	Fort Lauderdale, FL
Orlando, FL	3				
Tallahassee, FL	2				
	Georgia			Atlanta, GA	3
	Puerto Rico			Guaynabo, PR	4
				Ponce, PR	1
	Virgin Islands				
<b>District Total</b>		<b>17</b>			

<sup>4/</sup> According to "Meat and Poultry Inspection Directory," dated July 1999.

**Note:** The Boston, MA district office was closed in July 1999 and its oversight responsibility was transferred to the Atlanta, GA district office (Puerto Rico and the Virgin Islands) and the Albany, NY district office (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont).

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## EXHIBIT A – DISTRICT OFFICES VISITED (CONT’)

	DISTRICT OFFICE	OVERSIGHT RESPONSIBILITY	FIELD OFFICE	NO. OF COMPLIANCE OFFICERS <sup>4/</sup>
4	Jackson, MS	Alabama	Gadsden, AL	1
			Montgomery, AL	1
		Mississippi	Ridgeland, MS	1
		Tennessee	Knoxville, TN	2
			Nashville, TN	1
	<b>District Total</b>			<b>6</b>
5	Pickerington, OH	Kentucky	Lexington, KY	2
		Ohio	Middleburg Heights, OH	2
			Pickerington, OH	3
		West Virginia		
	<b>District Total</b>			<b>7</b>
	<b>Total</b>			<b>76</b>
<sup>4/</sup> According to “Meat and Poultry Inspection Directory,” dated July 1999.				

## EXHIBIT A – LIST OF OTHER FSIS DISTRICT OFFICES

	DISTRICT OFFICE	OVERSIGHT RESPONSIBILITY	FIELD OFFICE	NO. OF <sup>4/</sup> COMPLIANCE OFFICERS
<b>6</b>	Boulder, CO	Arizona	Phoenix, AZ	
		Colorado	Boulder, CO	6
		New Mexico	Albuquerque, NM	1
		Utah	Salt Lake City, UT	2
		<b>District Total</b>		
<b>7</b>	Lombard, IL	Illinois	Lombard, IL	5
			Springfield, IL	3
		Indiana	Indianapolis, IN	3
		<b>District Total</b>		
<b>8</b>	Dallas, TX	Texas	Dallas, TX	4
			Lubbock, TX	2
			Houston, TX	2
			San Antonio, TX	3
		<b>District Total</b>		
<b>9</b>	Des Moines, IA	Iowa	Des Moines, IA	3
		Nebraska	Lincoln, NE	3
		<b>District Total</b>		
<b>10</b>	Greenbelt, MD	Delaware		
		District of Columbia		
		Maryland	Baltimore, MD	2
			Beltsville, MD	3
		Virginia	Richmond, VA	2
		<b>District Total</b>		
<b>11</b>	Lawrence, KS	Kansas	Lawrence, KS	3
		Missouri	Florissant, MO	1
			Springfield, MO	1
		<b>District Total</b>		
<b>12</b>	Madison, WI	Michigan	Oak Park, MI	7
			Grandville, MI	2
		Wisconsin	Madison, WI	3
		<b>District Total</b>		

<sup>4/</sup> According to "Meat and Poultry Inspection Directory," dated July 1999.



## EXHIBIT A – LIST OF OTHER FSIS DISTRICT OFFICES (CONT’)

	DISTRICT OFFICE	OVERSIGHT RESPONSIBILITY	FIELD OFFICE	NO. OF <sup>4/</sup> COMPLIANCE OFFICERS
13	Minneapolis, MN	Minnesota	S. St. Paul, MN	4
		Montana	Billings, MT	1
		North Dakota	Bismarck, ND	1
		South Dakota	Sioux Falls, SD	
		Wyoming		
	<b>District Total</b>			<b>6</b>
14	Philadelphia, PA	Pennsylvania	Philadelphia, PA	4
			Pittsburgh, PA	4
			Scranton, PA	2
	<b>District Total</b>			<b>10</b>
15	Raleigh, NC	North Carolina	Raleigh, NC	2
		South Carolina	Columbia, SC	3
	<b>District Total</b>			<b>5</b>
16	Salem, OR	Alaska		
		American Samoa		
		Guam		
		Hawaii	Honolulu, HI	2
		Idaho	Boise, ID	1
		Northern Mariana Islands		
		Oregon	Salem, OR	3
		Washington	Bothell, WA	2
			Spokane, WA	2
	<b>District Total</b>			<b>10</b>
17	Springdale, AR	Arkansas	Little Rock, AR	3
			Springdale, AR	3
		Louisiana	New Orleans, LA	4
		Oklahoma	Oklahoma City, OK	1
	<b>District Total</b>			<b>11</b>
	<b>FSIS Total</b>			<b>179</b>

<sup>4/</sup> According to “Meat and Poultry Inspection Directory,” dated July 1999.

## EXHIBIT B – PCP AND RANDOM REVIEW FIRMS VISITED

DISTRICT OFFICE	FIELD OFFICE	LOCATION	TYPE OF FIRM	TYPE OF REVIEW
Alameda, CA	Diamond Bar, CA.	Montebello, CA	Distributor	PCP
Alameda, CA	Diamond Bar, CA	Los Angeles, CA	Retailer	PCP
Alameda, CA	Diamond Bar, CA	Corona, CA	Custom Slaughter	PCP
Alameda, CA	Diamond Bar, CA	Los Angeles, CA	Retailer	PCP
Alameda, CA	Diamond Bar, CA	Riverside, CA	Warehouse	PCP
Alameda, CA	Diamond Bar, CA	Los Angeles, CA	Distributor	PCP
Alameda, CA	Diamond Bar, CA	Chino, CA	Processor	PCP
Alameda, CA	Diamond Bar, CA	Ontario, CA	Retailer	PCP
Alameda, CA	Diamond Bar, CA	Ontario, CA	4-D	PCP
Alameda, CA	Diamond Bar, CA	Chino, CA	Distributor/Retailer	PCP
Alameda, CA	Diamond Bar, CA	Corona, CA	Custom Slaughter	PCP
Alameda, CA	Diamond Bar, CA	Bell Garden, CA	Distributor	Random
Alameda, CA	Diamond Bar, CA	N. Hollywood, CA	Distributor	Random
Alameda, CA	Diamond Bar, CA	Rancho Cucamonga, CA	Transporter	Random
Alameda, CA	Diamond Bar, CA	Chino, CA	Retailer	Random
Alameda, CA	Diamond Bar, CA	Ontario, CA	Distributor	Random
Alameda, CA	Diamond Bar, CA	Sun Valley, Ca	Retailer	Random
Albany, NY	Jamaica, NY	Jamaica, NY	Custom Slaughter	PCP
Albany, NY	Jamaica, NY	New York, NY	Distributor	PCP
Albany, NY	Jamaica, NY	Bronx, NY	Custom Slaughter	PCP
Albany, NY	Jamaica, NY	Avenel, NJ	Transporter	PCP
Albany, NY	Jamaica, NY	Jamaica, NY	Retailer	PCP
Albany, NY	Jamaica, NY	New York, NY	Distributor	PCP
Albany, NY	Jamaica, NY	Jamaica, NY	Retailer	PCP
Albany, NY	Jamaica, NY	Wappingers, NY	Distributor	PCP
Albany, NY	Jamaica, NY	Greenwich Village, NY	Retailer	PCP
Albany, NY	Jamaica, NY	Brooklyn, NY	Distributor	PCP
Albany, NY	Jamaica, NY	Richmond Hill, NY	Retailer	PCP
Albany, NY	Jamaica, NY	Jamaica, NY	Custom Slaughter	PCP
Albany, NY	Jamaica, NY	Ozone Park, NY	Abattoir	PCP
Albany, NY	Jamaica, NY	Jamaica, NY	Processor	PCP
Albany, NY	Jamaica, NY	New York, NY	Distributor	Random
Albany, NY	Jamaica, NY	New York, NY	Retailer	Random
Albany, NY	Jamaica, NY	New York, NY	Distributor	Random
Albany, NY	Jamaica, NY	Laurelton, NY	Retailer	Random
Albany, NY	Jamaica, NY	Jersey City, NJ	Distributor	Random
Atlanta, GA	Fort Lauderdale, FL	Miami Gardens, FL	Warehouse	PCP
Atlanta, GA	Fort Lauderdale, FL	North Miami Beach, FL	Broker/Salvage	PCP
Atlanta, GA	Fort Lauderdale, FL	Miami Lakes, FL	Retailer	PCP
Atlanta, GA	Fort Lauderdale, FL	Delray Beach, FL	Distributor	PCP

## EXHIBIT B – PCP AND RANDOM REVIEW FIRMS VISITED (CONT.)

DISTRICT OFFICE	FIELD OFFICE	LOCATION	TYPE OF FIRM	TYPE OF REVIEW
Atlanta, GA	Fort Lauderdale, FL	Hollywood, FL	Distributor	PCP
Atlanta, GA	Fort Lauderdale, FL	Miami, FL	Distributor	PCP
Atlanta, GA	Fort Lauderdale, FL	Miami, FL	Retailer	PCP
Atlanta, GA	Fort Lauderdale, FL	Hollywood, FL	Retailer	PCP
Atlanta, GA	Fort Lauderdale, FL	Miami, FL	Retailer	PCP
Atlanta, GA	Fort Lauderdale, FL	Miami, FL	Broker	PCP
Atlanta, GA	Fort Lauderdale, FL	Fort Lauderdale, FL	Correctional Institution	Random
Atlanta, GA	Fort Lauderdale, FL	Fort Lauderdale, FL	Retailer	Random
Atlanta, GA	Fort Lauderdale, FL	Fort Lauderdale, FL	Distributor	Random
Atlanta, GA	Fort Lauderdale, FL	Fort Lauderdale, FL	Retailer	Random
Atlanta, GA	Fort Lauderdale, FL	Miami, FL	Processor/Distributor	Random
Atlanta, GA	Fort Lauderdale, FL	West Palm Beach, FL	Child Care Center	Random
Atlanta, GA	Fort Lauderdale, FL	Delray Beach, FL	Distributor	Random
Jackson, MS	Knoxville, TN	Chattanooga, TN	Distributor	PCP
Jackson, MS	Knoxville, TN	Alcoa, TN	Salvage	PCP
Jackson, MS	Knoxville, TN	Knoxville, TN	Retailer	PCP
Jackson, MS	Knoxville, TN	Clinton, TN	Retailer	PCP
Jackson, MS	Knoxville, TN	Knoxville, TN	Retailer	PCP
Jackson, MS	Knoxville, TN	Chattanooga, TN	Processor	PCP
Jackson, MS	Knoxville, TN	Knoxville, TN	Warehouse	PCP
Jackson, MS	Knoxville, TN	Knoxville, TN	Retailer	PCP
Jackson, MS	Knoxville, TN	Knoxville, TN	Retailer	PCP
Jackson, MS	Knoxville, TN	Chattanooga, TN	Warehouse	Random
Jackson, MS	Knoxville, TN	Clinton, TN	Retailer	Random
Jackson, MS	Knoxville, TN	Sevierville, TN	Medical Center	Random
Jackson, MS	Knoxville, TN	Chattanooga, TN	Mental Institution	Random
Jackson, MS	Knoxville, TN	Sevierville, TN	Retailer	Random
Jackson, MS	Knoxville, TN	Alcoa, TN	Retailer	Random
Jackson, MS	Knoxville, TN	Knoxville, TN	Public School	Random
Jackson, MS	Knoxville, TN	Clinton, TN	Retailer	Random
Pickerington, OH	Lexington, KY	Louisville, KY	Retailer	PCP
Pickerington, OH	Lexington, KY	Lexington, KY	Hospital	PCP
Pickerington, OH	Lexington, KY	Walton, KY	Processor/Custom Slaughter	PCP
Pickerington, OH	Lexington, KY	Shelbyville, KY	Retailer	PCP
Pickerington, OH	Lexington, KY	Lancaster, KY	Retailer/Restaurant	PCP
Pickerington, OH	Lexington, KY	Mt. Sterling, KY	Warehouse	PCP
Pickerington, OH	Lexington, KY	Shelbyville, KY	4-D	PCP
Pickerington, OH	Lexington, KY	Bellevue, KY	Retailer	PCP
Pickerington, OH	Lexington, KY	Louisville, KY	Distributor/ Retailer	PCP

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**EXHIBIT B – PCP AND RANDOM REVIEW FIRMS VISITED (CONT.)**

<b>DISTRICT OFFICE</b>	<b>FIELD OFFICE</b>	<b>LOCATION</b>	<b>TYPE OF FIRM</b>	<b>TYPE OF REVIEW</b>
Pickerington, OH	Lexington, KY	Lancaster, KY	Custom Slaughter	PCP
Pickerington, OH	Lexington, KY	Louisville, KY	Restaurant	PCP
Pickerington, OH	Lexington, KY	Louisville, KY	Renderer	Random
Pickerington, OH	Lexington, KY	Covington, KY	Retailer	Random
Pickerington, OH	Lexington, KY	Lexington, TN	Retailer	Random
Pickerington, OH	Lexington, KY	Louisville, KY	Renderer	Random
Pickerington, OH	Lexington, KY	Covington, KY	Restaurant	Random
Pickerington, OH	Lexington, KY	Covington, KY	Retailer	Random
Pickerington, OH	Lexington, KY	Lexington, TN	Distributor	Random
Pickerington, OH	Lexington, KY	Louisville, KY	Renderer	Random
Pickerington, OH	Lexington, KY	Covington, KY	Retailer	Random

**EXHIBIT C – COMPLIANCE ACTIVITY REVIEWED FROM OCTOBER 1,  
1997 THROUGH FEBRUARY 28, 1999**

<b>ACTIVITY</b>				
	<b>Violation Cases</b>	<b>PCP</b>	<b>Random Reviews</b>	<b>Consumer Complaints</b>
<b>ALAMEDA</b>				
District Total	191	1304	1150	204
Reviewed by OIG	20	10	188	55
<b>ALBANY</b>				
District Total	262	2528	5120	143
Reviewed by OIG	20	10	1256	115
<b>ATLANTA</b>				
District Total	106	1558	581	236
Reviewed by OIG	22	14	76	25
<b>JACKSON</b>				
District Total	54	578	732	132
Reviewed by OIG	28	11	156	132
<b>PICKERINGTON</b>				
District Total	43	303	935	143
Reviewed by OIG	21	12	409	17

<b>TOTAL COMPLIANCE ACTIVITY</b>				
	<b>Violation Cases</b>	<b>PCP</b>	<b>Random Reviews</b>	<b>Consumer Complaints</b>
Total for Eighteen Districts	2605	9901	25122	1654
Total for Five Districts Visited	656	6271	8518	858
Total Reviewed by OIG	111*	57	2085	344
Percent Reviewed by OIG	17%	1%	24%	40%

**\*We reviewed 111 violation cases at the 5 district offices visited. We also reviewed an additional closed 41 violation cases at DEO headquarters for enforcement actions and 116 violation cases at DEO headquarters for processing timeframes.**

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## EXHIBIT D - TYPES OF FIRMS

<b>BUSINESS CODE NO.</b>	<b>TYPE OF FIRM</b>	<b>INCLUDES</b>
01	Processor	Boner, Fabricator, Cannery, Packer, Country Hams
02	Distributor	Peddler, Route, Sales
03	Renderer	
04	Broker	
05	4-D (dead, dying, disabled, or diseased)	Collector
06	Retailer	Farmers Market, Lease Arrangements
07	Transporter	Trucker, Railroad, Airlines, Ships
08	Custom	Locker Plant
09	Restaurant	Caterer, Commissary, Central, Kitchen
10	Abattoir	
11	Animal Food	Mink Farm, Pet Food Manufacturer
12	Warehouse	Freezer, Cold Storage Warehouse
13	Salvage	
14	Miscellaneous	Consumer, Auction

## EXHIBIT E – PROCESSING TIMEFRAMES FOR CLOSED VIOLATION CASES

NUMBER	(A) PREDICATION DATE	(B) DATE RECEIVED DEO HQ	(B-A) ELAPSED DAYS AT DO	(C) DATE CASE CLOSED	(D) CLOSURE ACTION	(C-B) ELAPSED DAYS AT DEO-HQ	(C-A) TOTAL ELAPSED DAYS
1	27-May-98	24-Jun-98	28	06-Aug-98	OTH	43	71
2	16-May-97	11-Feb-98	271	24-Jun-98	LOW	133	404
3	03-Apr-98	10-Nov-98	221	15-Mar-99	LOW	125	346
4	11-Jun-97	29-Oct-97	140	18-Nov-97	LOI	20	160
5	03-Mar-97	11-Feb-98	345	05-Aug-98	NOA	175	520
6	29-May-98	02-Sep-98	96	06-Apr-99	LOW	216	312
7	06-Nov-97	27-Feb-98	113	06-Aug-98	LOW	160	273
8	03-Jun-98	20-Oct-98	139	13-Jan-99	LOW	85	224
9	06-Oct-98	26-Jan-99	112	06-Apr-99	LOW	70	182
10	05-Feb-98	05-Mar-98	28	13-May-98	NOA	69	97
11	14-Oct-97	20-Aug-98	310	29-Jan-99	STADM	162	472
12	26-Sep-97	28-Jan-98	124	28-May-98	LOW	120	244
13	11-Jun-98	31-Jul-98	50	07-Aug-98	LOW	7	57
14	01-Oct-97	01-Oct-97	0	07-Oct-97	STINJ	6	6
15	29-Jul-98	11-Dec-98	135	19-Apr-99	LOW	129	264
16	10-Aug-98	29-Oct-98	80	05-May-99	LOW	188	268
17	24-Mar-98	24-Apr-98	31	22-Jul-98	LOW	89	120
18	21-Sep-98	19-Oct-98	28	10-Dec-98	LOW	52	80
19	03-Feb-98	13-Feb-98	10	12-May-98	NOA	88	98
20	15-Dec-98	29-Jan-99	45	06-Apr-99	LOW	67	112
21	20-Jul-98	17-Aug-98	28	30-Dec-98	LOW	135	163
22	16-Jun-98	15-Sep-98	91	25-Aug-99	LOW(2)	344	435
23	24-Feb-98	23-Jun-98	119	18-Aug-98	LOW	56	175
24	07-Mar-98	23-Jun-98	77	29-Dec-98	NOA	189	266
25	12-Mar-98	23-Jun-98	103	10-Aug-98	LOW	48	151

**Key: LOW = Letter of Warning, LOI = Letter of Information, STADM = State Administrative Action  
STINJ = State Injunction, OTH = Other, NOA= No Action, DO=District Office, DEO-HQ=District Enforcement  
Operations - Headquarters**

**EXHIBIT E – PROCESSING TIMEFRAMES FOR CLOSED VIOLATION  
CASES (CONT’)**

<b>NUMBER</b>	<b>A PREDICATION DATE</b>	<b>B DATE RECEIVED DEO HQ</b>	<b>B-A ELAPSED DAYS AT DO</b>	<b>C DATE CASE CLOSED</b>	<b>D CLOSURE ACTION</b>	<b>C-B ELAPSED DAYS AT DEO-HQ</b>	<b>C-A TOTAL ELAPSED DAYS</b>
26	10-Jun-98	31-Aug-98	82	29-Mar-99	LOW	210	292
27	30-Sep-98	08-Feb-99	131	21-Jul-99	LOW	163	294
28	17-Mar-98	16-Apr-98	30	24-Jul-98	NOA	99	129
29	26-Jan-98	08-Apr-98	72	14-May-99	STADM	401	473
30	25-Aug-97	03-Apr-98	221	14-Dec-98	LOW	255	476
31	14-Dec-98	21-Jan-99	38	27-Jan-99	LOW	6	44
32	06-Feb-98	25-Feb-98	19	20-Aug-98	LOW	176	195
33	07-Apr-98	17-Sep-98	163	01-Dec-98	LOW	75	238
34	05-May-98	29-Sep-98	147	02-Mar-99	LOW	154	301
35	18-Apr-96	27-Dec-97	618	18-May-98	LOW	142	760
Totals			4.245			4.457	8.702
Count			35			35	35
Average Days			121			127	249

**Note: These violation cases were predication on or after October 1, 1997, and closed by September 30, 1999.**



**EXHIBIT F – PROCESSING TIMEFRAMES FOR OPEN VIOLATION  
CASES AS OF SEPTEMBER 30, 1999**

NUMBER	(A) PREDICATION DATE	(B) DATE RECEIVED DEO HQ	(B-A) ELAPSED DAYS AT DO	(C) CASE OPEN AS OF	STATUS	(C-B) ELAPSED DAYS AT DEO-HQ	(C-A) TOTAL ELAPSED DAYS
1	30-Dec-98	05-Feb-99	37	30-Sep-99	DEO	237	274
2	01-Sep-98	12-Mar-99	192	24-Aug-99	OGC	165	357
3	21-Mar-97	24-Oct-97	217	31-Jul-99	USA	280	497
4	21-Mar-97	24-Oct-97	217	30-Sep-99	USA	280	497
5	03-Jul-97	02-Dec-97	152	30-Sep-99	USA	127	279
6	29-Aug-98	22-Dec-98	115	30-Sep-99	DEO	282	397
7	13-Aug-98	26-Jan-99	166	30-Sep-99	DEO	247	413
8	16-Jun-98	18-May-99	336	10-Aug-99	OGC	84	420
9	21-Jan-99	04-Aug-99	195	30-Sep-99	DEO	57	252
10	02-Sep-97	25-Aug-98	357	28-Jan-99	USA	156	513
11	09-Oct-98	24-Feb-99	138	30-Sep-99	DEO	218	356
12	19-Aug-98	02-Aug-99	348	30-Sep-99	DEO	59	407
13	02-Apr-98	22-Sep-98	173	30-Sep-99	DEO	373	546
14	02-Oct-98	22-Jan-99	112	30-Sep-99	DEO	251	363
15	16-Dec-98	24-Feb-99	70	30-Sep-99	DEO	218	288
16	28-Oct-98	23-Jul-99	268	30-Sep-99	DEO	69	337
17	10-Mar-99	27-Aug-99	170	30-Sep-99	DEO	34	204
18	07-May-98	16-Sep-99	497	30-Sep-99	DEO	14	511
19	08-Sep-98	30-Aug-99	356	30-Sep-99	DEO	31	387
20	24-Nov-97	29-Sep-98	309	05-Apr-99	OGC	188	497
21	18-May-99	18-May-99	0	30-Sep-99	DEO	135	135
22	21-Jul-98	30-Dec-98	162	29-Apr-99	USA	120	282
23	11-Aug-98	19-Nov-98	100	30-Sep-99	DEO	315	415
24	02-Apr-98	07-Aug-98	127	30-Sep-99	DEO	419	546
25	04-Aug-98	30-Oct-98	87	30-Mar-99	OGC	151	238
26	28-Jul-98	08-Jan-99	164	17-Sep-99	OGC	252	416
27	28-Jul-98	08-Jan-99	164	17-Sep-99	OGC	252	416
28	28-Jul-98	19-Nov-98	114	17-Sep-99	OGC	302	416
29	03-Nov-97	28-Apr-99	541	30-Sep-99	DEO	155	696
30	02-Oct-98	20-Jul-99	291	30-Sep-99	DEO	72	363
31	06-Jun-97	09-Oct-97	125	24-Nov-98	USA	411	536

**EXHIBIT F - PROCESSING TIMEFRAMES FOR OPEN VIOLATION  
CASES AS OF SEPTEMBER 30, 1999 (CONT')**

<b>NUMBER</b>	<b>(A) PREDICATION DATE</b>	<b>(B) DATE RECEIVED DEO HQ</b>	<b>(B-A) ELAPSED DAYS AT DO</b>	<b>(C) CASE OPEN AS OF</b>	<b>STATUS</b>	<b>(C-B) ELAPSED DAYS AT DEO-HQ</b>	<b>(C-A) TOTAL ELAPSED DAYS</b>
32	21-Jul-98	13-Oct-98	84	30-Sep-99	DEO	352	436
33	16-Feb-99	26-May-99	99	30-Sep-99	DEO	127	226
34	05-Aug-97	27-Oct-97	83	30-Sep-99	DEO	703	786
35	28-May-97	09-Oct-97	134	30-Sep-99	DEO	721	855
36	16-Jul-98	30-Nov-98	137	30-Sep-99	DEO	304	441
37	25-Jun-98	10-Dec-98	168	30-Sep-99	DEO	294	462
38	02-Nov-98	13-Jul-99	253	30-Sep-99	DEO	79	332
39	15-Jul-98	21-Jan-99	190	30-Sep-99	DEO	252	442
40	18-Dec-98	13-Jan-99	26	30-Sep-99	DEO	260	286
41	20-Nov-98	19-Jan-99	60	30-Sep-99	DEO	254	314
42	01-Mar-99	12-Mar-99	11	30-Sep-99	DEO	202	213
43	08-Mar-99	15-Apr-99	38-	30-Sep-99	DEO	168	206
44	08-Jun-99	18-Jun-99	10	30-Sep-99	DEO	104	114
45	20-Aug-98	29-Oct-98	70	30-Sep-99	DEO	336	406
46	30-Sep-98	29-Oct-98	29	30-Sep-99	DEO	336	365
47	01-Dec-98	18-Feb-99	79	30-Sep-99	DEO	224	303
48	11-Mar-99	19-May-99	69	30-Sep-99	DEO	134	203
49	13-Mar-99	04-May-99	52	30-Sep-99	DEO	149	201
50	09-Jun-98	19-Jul-98	40	30-Sep-99	DEO	438	478
51	22-Apr-99	09-Jul-99	78	22-Jul-99	OGC	13	91
52	29-Apr-99	29-Jul-99	91	30-Sep-99	DEO	63	154
53	04-May-99	17-Aug-99	105	30-Sep-99	DEO	44	149
54	22-May-97	23-Jun-98	397	30-Sep-99	DEO	464	861
55	23-Feb-99	29-Apr-99	65	10-Aug-99	OGC	103	168
56	25-Nov-98	01-Jul-99	218	30-Sep-99	DEO	91	309
57	17-Dec-98	29-Apr-99	133	30-Sep-99	DEO	154	287
58	18-Sep-98	17-Aug-99	333	30-Sep-99	DEO	44	377
59	30-Jul-98	30-Nov-98	123	30-Sep-99	DEO	304	427
60	30-Jun-98	04-Jun-99	339	30-Sep-99	DEO	118	457
61	11-Mar-98	23-Sep-98	196	30-Sep-99	DEO	372	568
62	15-Jan-98	20-Oct-98	278	30-Sep-99	DEO	345	623
63	05-Apr-99	23-Jun-99	79	30-Sep-99	DEO	99	178

**EXHIBIT F - PROCESSING TIMEFRAMES FOR OPEN VIOLATION  
CASES AS OF SEPTEMBER 30, 1999 (CONT')**

<b>NUMBER</b>	<b>(A) PREDICATION DATE</b>	<b>(B) DATE RECEIVED DEO HQ</b>	<b>(B-A) ELAPSED DAYS AT DO</b>	<b>(C) CASE OPEN AS OF</b>	<b>STATUS</b>	<b>(C-B) ELAPSED DAYS AT DEO-HQ</b>	<b>(C-A) TOTAL ELAPSED DAYS</b>
64	13-Jan-98	08-Oct-98	268	04-Jun-99	USA	239	507
65	25-Jan-98	4-Aug-99	556	30-Sep-99	DEO	57	613
66	24-May-99	23-Sep-99	122	30-Sep-99	DEO	7	129
67	19-Nov-97	16-Apr-98	148	30-Sep-99	DEO	532	680
68	12-Mar-98	08-Jul-98	118	22-Jun-99	USA	349	467
69	08-Oct-98	17-Feb-99	132	30-Sep-99	DEO	225	357
70	06-Feb-98	19-Aug-99	559	30-Sep-99	DEO	42	601
71	24-Feb-99	25-May-99	90	20-Jul-99	USA	56	146
72	05-Dec-95	31-Jul-98	969	19-Nov-99	USA	111	1080
73	20-Feb-98	17-Sep-98	209	30-Sep-99	DEO	378	587
74	21-Jul-97	28-Jul-98	372	30-Sep-99	DEO	429	801
75	12-Jun-97	10-Dec-97	181	18-Mar-98	USA	98	279
76	30-Apr-97	10-Dec-97	224	10-Mar-98	USA	90	314
77	20-Jul-98	29-Sep-98	71	30-Sep-99	DEO	366	437
78	08-Oct-98	26-Feb-99	141	14-Sep-99	OGC	200	341
79	14-Jan-99	09-Apr-99	85	30-Sep-99	DEO	174	259
80	26-Aug-99	03-Sep-99	8	30-Sep-99	DEO	27	35
81	06-Apr-98	14-Jul-98	99	08-Apr-99	OGC	268	367
Totals			14,719			17,259	31,972
Count			81			81	81
Average Days			182			213	395

**Note:** The column titled "CASE OPEN AS OF" is either the date the case was currently being reviewed at DEO-headquarters through September 30, 1999, or the date the case was transferred out of DEO-headquarters for review at OGC and subsequently to the USA, if appropriate.

**Key – USA=United States Attorney, OGC=Office of General Counsel, DO=District Offices, DEO=District Enforcement Operations**

## EXHIBIT G – VIOLATIONS DISCLOSED DURING OIG VISITS

TYPE OF FIRMS	LOCATION	DATE VISITED	ENFORCEMENT ACTION	DATE	HISTORY ACTION	DATE
Custom Exempt Slaughter	Chino, CA	6/29/99	LOW	8/2/99	LOW	5/5/97
<p><b>FINDING:</b> Found 28 pounds (one beef head, one hog head, and one goat head) of products that was not associated with an owner. The custom slaughter records were incomplete.</p> <p><b>VIOLATIONS:</b> Failure to maintain custom exempt records and failure to identify custom exempt meat products as "Not for Sale."</p>						
Custom Exempt Slaughter	Corona, CA	6/29/99	LOW	8/2/99	LOW	9/11/96
<p><b>FINDING:</b> Observed five pounds of pork lungs and liver not associated with an owner. Also records did not account for animals slaughtered on June 27, 28, and 29, 1999.</p> <p><b>VIOLATIONS:</b> Failure to maintain custom exempt records and failure to identify custom exempt meat products as "Not for Sale."</p>						
Retailer	Ontario, CA	7/1/99	LOW	8/2/99	LOW	3/19/99
<p><b>FINDING:</b> Retailer sold beef and pork tacos and chile verde dinners to another retailer in a catering truck.</p> <p><b>VIOLATION:</b> Sale of non-Federally inspected meat products.</p>						
Custom Exempt Slaughter	Corona, CA	6/30/99	LOW	8/11/99	LOW	9/4/97
<p><b>FINDING:</b> Failed to maintain accurate records. Compliance officer detained 2,400 pounds of products, of which 1,570 pounds were destroyed. Also, the firm failed to maintain control of persons who threatened, intimidated, and interfered with USDA employees in performing their duties.</p> <p><b>VIOLATION:</b> Failure to maintain custom exempt records.</p>						
<p><b>NOTES:</b> Violations cases were established by FSIS compliance officers based on the violations disclosed during the OIG visits with compliance officers.</p>						

## EXHIBIT G – VIOLATIONS DISCLOSED DURING OIG VISITS (CONT’)

TYPE OF FIRMS	LOCATION	DATE VISITED	ENFORCEMENT ACTION	DATE	HISTORY ACTION	DATE
Custom Exempt Slaughter	Bronx, NY	5/20/99	LOW	6/11/99	<sup>4/</sup>	
<p><b>FINDING:</b> Slaughtered and cut goats and failed to mark product “Not for Sale.”</p> <p><b>VIOLATION:</b> Failure to identify custom meat products as “Not for Sale.”</p>						
Distributor	Brooklyn, NY	5/20/99	LOW	6/11/99	LOW	4/4/99
<p><b>FINDING:</b> Had in possession 29 pounds of unlabeled or unidentified product from unnamed source. Some of the product was sold to customers.</p> <p><b>VIOLATION:</b> Failure to identify custom meat products as “Not for Sale.”</p>						
Custom Exempt Slaughter	Jamaica, NY	5/20/99	LOW	8/9/99	LOW LOW LOW	11/14/97 8/10/98 1/14/99
<p><b>FINDING:</b> Slaughtered and cut lamb and failed to mark product “Not for Sale.” Also, failed to maintain proper records.</p> <p><b>VIOLATIONS:</b> Failure to maintain custom exempt records and failure to identify custom exempt meat products as “Not for Sale.”</p>						
Custom Exempt Slaughter	Jamaica, NY	5/21/99	<sup>2/</sup> RAV	6/21/99	LOW <sup>3/</sup> PYV <sup>4/</sup> NOI <sup>5/</sup> RAV	8/1/95 1/5/96 11/24/97
<p><b>FINDING:</b> Observed unsanitary conditions and adulterated products.</p> <p><b>VIOLATION:</b> Failure to maintain and operate facility in a sanitary manner causing meat products to become adulterated.</p>						
<p><b>NOTES:</b></p> <p><sup>1/</sup> The firm at this location, operated by a different owner, had a history of noncompliance.</p> <p><sup>2/</sup> “Report of Apparent Violation.”</p> <p><sup>3/</sup> Firm was ordered to report to DEO HQ to “Present Your Views.”</p> <p><sup>4/</sup> Firm was issued a “Notice of Ineligibility” for custom exempt slaughter practices.</p> <p><sup>5/</sup> “Report of Apparent Violation” case pending.</p> <p><b>Key: LOW – Letter of Warning</b></p>						

**EXHIBIT H – VIOLATION CASES RECEIVED FROM DISTRICT OFFICES  
THAT WERE NOT REFERRED FOR PROSECUTION**

NUMBER	REASONS NOT REFER FOR PROSECUTION			ENFORCEMENT ACTION	COMMENT
	INSUFFICIENT EVIDENCE	NOT PROPERLY DEVELOPED	OTHER		
1	X			LOW	
2		X		LOW	
3	X			LOW	
4	X			LOW	
5			X	LOW	Firm no longer in business
6	X			LOW	
7	X			NOA	
8			X	LOW	Firm prosecuted By State
9	X			LOW	
10	X			LOW	
11		X		LOW	
12	X			LOW	
13	X			LOW	
14	X			LOW	
15	X			NOA	
16	X			LOW	
17	X			LOW	
18	X			LOW	
19	X			LOW	
20	X			LOW	
21	X			LOW	
22	X			NOA	
23		X		LOW	
24	X			LOW	
25	X			LOW	
26	X			LOW	
27			X	LOW	Firm no longer in business
<b>Totals</b>	<b>21</b>	<b>3</b>	<b>3</b>		
<b>KEY: LOW = Letter of Warning. NOA = No Action</b>					



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## EXHIBIT I – FSIS RESPONSE TO THE DRAFT REPORT



United States  
Department of  
Agriculture

Food Safety  
and Inspection  
Service

Washington, D.C.  
20250

TO: James R. Ebbitt  
Assistant Inspector General  
for Audit  
Office of Inspector General

FROM: Thomas J. Billy  
Administrator

SUBJECT: FSIS Response to Office of Inspector General (OIG) Draft Report on District Enforcement Operations Compliance Program, Audit Number 24601-4-At

Thank you for the opportunity to submit Agency comments on your audit of the "Food Safety and Inspection Service (FSIS), District Enforcement Operations, Compliance Program." FSIS has reviewed the draft report and offers the following enclosed responses to the findings and recommendations for your addition to the final audit report.

### **OIG Key Recommendations:**

We recommend that FSIS further refine its plan to incorporate prescribed procedures for conducting compliance reviews at 13 of the 14 types of establishments it is required to oversee (FSIS currently has review steps only for warehouses). FSIS' plan should also define the universe of high risk establishments requiring review and determine the review steps to be performed at each type of establishment. FSIS' plan needs to emphasize the targeting of resources to those areas that are geographically large and heavily populated, as well as to establishments that are considered high risk. FSIS' plan could be further enhanced by establishing timeframes and procedures for monitoring and tracking the progress and completion of violation cases. FSIS should ensure that its assistant district managers for enforcement (ADME) and supervisory compliance officers receive training to adequately prepare and submit violation cases for prosecution.

We recommend that FSIS develop an effective system to monitor the receipt and processing of all consumer complaints. We are also recommending that FSIS continue to seek authority to fine establishments that violate the meat and poultry laws.

### **Agency Response:**

We agree with the general recommendations. For the past several years, FSIS has placed strong emphasis on developing and applying appropriate enforcement support for the Hazard Analysis Critical Control Point (HACCP) system and pathogen reduction regulations, and we believe the results have strengthened our public health protections. Nevertheless, we acknowledge that this



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## EXHIBIT I – FSIS RESPONSE TO THE DRAFT REPORT

additional emphasis has required us to delay certain needed improvements in traditional compliance activities. Your report comes at an excellent time as we consider ways to strengthen our coverage of distribution channels and to assure timely and appropriate actions in response to violations that put consumers at risk.

We are concerned, however, that page iii of the report may give an incorrect impression of the Agency's position concerning training and supervisory experience of Assistant District Manager for Enforcement's (ADMFE's) and supervisory compliance officers. While FSIS has identified a need for additional supervision and training of some field supervisors, there is little or no connection between these training needs and the percentage of cases that lack merit for prosecution. The comments by District Enforcement Operations (DEO) officials to which you refer were a one-time, temporary concern (shortly after the 1997 reorganization) about a small number of supervisors. New supervisors were lacking case review experience and were encouraged to submit cases to headquarters for advice and assistance. This concern would certainly not apply to all supervisors at the time, nor to the current mix of field supervisors. Current enforcement records show that a high percentage of cases submitted to headquarters are successfully prosecuted. Further, it is useful to point out that the process of oversight and scrutiny by headquarters officials is to assure the best quality case documentation and decisionmaking. Central case review promotes consistent interpretations across the country and is in keeping with an effective enforcement program. Occasionally this scrutiny will result in cases being returned.

Also, page i of the Executive Summary should reflect that FSIS authorities derive from the Federal Meat Inspection Act, the Poultry Products Inspection Act and the Egg Products Inspection Act, not just from the Code of Federal Regulations.

### **Chapter 1 Effectiveness of Planned Compliance Reviews and Random Reviews Could Be Enhanced**

#### **Recommendation No. 1:**

Enhance FSIS' existing plan by improving the process to identify and review high risk establishments that handle meat and poultry products.

#### **Agency Response:**

We agree with the recommendation to enhance our existing plan by improving the process to identify and review high-risk firms. We will proceed with these enhancements to our plan and prioritize our efforts consistent with available resources. Traditionally, FSIS has focused the vast majority of its resources on providing inspection at official establishments. We are currently in transition to a system that focuses more resources on food safety across the entire "farm-to-table" continuum. Plans for our "workforce of the future" are being developed and include current testing of ways to improve methods to identify and review high risk-firms in product distribution channels and ways to strengthen partnerships with State and local authorities and with other Federal food safety and public health agencies. We believe that our plans to improve FSIS monitoring of handlers of meat and poultry products will be responsive to the audit findings and serve to assure a continued high level of protection to the public. A revised plan will be completed by October 2000. Implementation of the plan will be contingent on

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available resources.

### **Recommendation No. 2:**

Enhance and refine FSIS' existing plan by incorporating prescribed review steps for conducting compliance reviews for each of the 14 types of establishments the agency oversees (FSIS has review steps for warehouses). The plan should include a review checklist along with a compliance officer's certification statement that the appropriate review steps were performed.

### **Agency Response:**

We agree with the recommendation to work towards standardizing the scope of compliance reviews while preserving adequate flexibility to allow compliance officers to utilize their professional judgement and technical expertise to act on issues that are unusual or unique. However, please note that FSIS does not concur with the findings in this section of the report as they relate to interpretations of the law and regulations. DEO will develop better methods to standardize compliance reviews, such as enhancing the Investigative Protocols by including detailed descriptions of critical areas to review for high-risk business types, such as warehouses; distributors; dead, dying, disabled or diseased (4D) operators; renderers; salvage operators and other business types. DEO will also establish a review policy to assure that FSIS personnel followed all critical procedures, if not otherwise noted on Agency review or reporting records. We will also enhance our enforcement database capabilities to provide management reports to aid in increasing the level and effectiveness of supervisory oversight. Further, we plan to improve training methods by developing computer based training modules for conducting reviews and case development, increasing the use of on-the-job training assignments to field and headquarters locations, and other means. This process will be completed by December 2002, if adequate resources are provided.

### **Recommendation No. 3:**

Enhance FSIS' existing plan to emphasize targeting of resources to large metropolitan and geographic areas and to high risk establishments with a history of violations.

### **Agency Response:**

FSIS agrees that there is a need to improve systems for allocating resources more effectively. The audit highlighted the resource limitations that FSIS is under due to budget constraints. We have applied Office of Personnel Management (OPM) reviewed criteria, the "Internal Classification Criteria for Evaluating Compliance Work" (matrix), informally to assist in targeting resources, along with other factors. As DEO is provided with additional resources, a more formalized system to target resources will be necessary. This improved system will include factors such as geographical size, administrative workload, level of State and local cooperation, and the factors identified in the matrix – population density, case documentation, and complexity/density of Federally inspected establishments. Successful implementation of this system will assure that the most critical locations are adequately staffed and require time to make the required reallocations. We expect to complete this activity by December 2002.

### **Recommendation No. 4:**

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Define effective and meaningful timeframe guidelines for monitoring and tracking the progress and completion of violation case. Establish procedures for tracking those timeframes such as investigative time, documentation time, supervisory review time, headquarters review time, etc.

### **Agency Response:**

The Agency agrees that much benefit would be derived from monitoring and tracking process timeliness associated with the investigation and review of violation cases. In that regard, DEO is currently reviewing a draft database system created to track the process timeliness of violation cases from predication to referral to the U. S. Attorney. This new system will be fully operational prior to fiscal year (FY) 2001. After sufficient information is collected from the tracking system, the data will be assessed to help develop effective timeframe guidelines for case documentation and review. It is expected that this new system will help the Agency identify areas where improvements can be made to ensure that all cases are processed in a timely manner.

### **Chapter 2 FSIS Did Not Have an Effective System to Monitor Consumer Complaints**

#### **Recommendation No. 5:**

Develop a system, including written procedures, to monitor receipt and follow up action on all consumer complaints received at DEO headquarters, district and field level offices.

#### **Agency Response:**

We agree with this recommendation. An improved system can be developed to monitor receipt and follow up action on all consumer complaints. FSIS's electronic system (Consumer Surveillance Information System) for receiving and tracking consumer complaints currently does not extend to all areas of FSIS. As the Audit Report points out, consumer and other complaints are received from a wide variety of sources within FSIS, other agencies within USDA and other Federal, State and local public health and food safety agencies. FSIS agrees that written procedures are needed to monitor the receipt of, and follow up action on, consumer complaints. The Agency plans to centralize this function under one Agency unit that will monitor receipt and disposition of each complaint. This staff will evaluate each complaint to determine its validity based on its public health implications and risk to consumers. Matters requiring investigatory follow up would be referred to DEO and tracked and monitored. Until this occurs, we will continue to use the current system. Until then, DEO is implementing an interim monitoring system for the receipt and follow up of consumer complaints from District field staff or those referred to DEO headquarters. FSIS will also continue to operate its current Consumer Surveillance Information System and coordinate information exchange between that system and DEO. We intend to have the newly reconstituted and reorganized system implemented by March 2001, if resources are available.

#### **Recommendation No. 6:**

Review the 16 consumer complaints previously omitted from review and perform follow up action to satisfactorily resolve them.

#### **Agency Response:**

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We agree with this recommendation. FSIS is in the process of reviewing the 16 consumer complaints to determine if they have been resolved and perform any follow up action, if needed. It is important to note that the Consumer Surveillance Information System database shows that 13 of the 16 consumer complaints did not involve illness or injury. We will complete our review and follow up, as appropriate, by October 2000.

### **Chapter 3 FSIS' Enforcement Actions Did Not Deter Repeat Violators of Meat and Poultry Inspection Laws**

#### **Recommendation No. 7:**

Continue to seek the authority to assess civil monetary penalties against establishments that commit violations of meat and poultry inspection laws.

#### **Agency Response:**

We agree with this recommendation that civil penalties would be an effective supplement to the Agency's current criminal and administrative authorities. FSIS has sought or supported for many years legislation in Congress to give the Secretary additional authorities to ensure food safety. In 1997, Secretary Glickman transmitted to Congress a draft bill to improve public health and food safety by providing USDA with enhanced enforcement powers, including the authority to impose civil penalties for violations of the meat and poultry inspection laws. The legislation was introduced in the 105<sup>th</sup> Congress, but no action was taken. The legislation was again introduced in the 106<sup>th</sup> Congress, as the "Safe and Fair Enforcement and Recall (SAFER) for Meat and Poultry Act."

The authority to impose civil penalties would provide a timely and effective remedy against those who violate USDA meat and poultry laws. Civil penalties, while having somewhat limited application, would provide the Agency with an additional tool to deter violations of USDA laws and would be particularly effective in preventing minor violations of law and address situations where criminal prosecution or other action is not appropriate. We will continue to work with Congress, the industry and the public to obtain this additional authority.

Agency enforcement data regarding the number of letters of warning issued nationwide for the two year period of the audit show that out of 4,404 letters of warning issued, only 374 involved repeat violators (about 8%). Our systems are designed to focus enforcement resources on the further monitoring of high risk businesses and individuals that are known violators. Detection of repeat violations is expected and supports the conclusion that our current enforcement system is effective. Moreover, focusing on letters of warning fails to capture the full range of enforcement tools – product control actions, detentions, seizures, administrative suspension and withdrawals, injunctions, and criminal prosecutions – that FSIS effectively uses to minimize recidivism by industry and individuals.

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### Chapter 4 FSIS' Process for Investigating Violation Cases Needs Improvement

#### Recommendation No. 8:

Reinforce existing compliance Investigative Protocols for developing standard violation cases. Provide training where needed to ensure that all ADMES and supervisory compliance officers are able to properly oversee reviews and case preparation for appropriate sanctions and determinations.

#### Agency Response:

The Agency agrees with the recommendation and has already taken steps to reinforce existing protocols, procedures, and assure appropriate training of DEO personnel.

DEO has developed orientation and training protocols for newly hired compliance officers and supervisory personnel. An orientation and training checklist is being used to assure that new employees are exposed to all tasks and functions that compliance officers currently perform. Since October 1997, DEO has provided basic and advanced compliance officer training to over 200 employees. DEO also intends to establish a position to work with Agency training officials on compliance officer basic and advanced courses, computer based training (CBT) courses, enforcement supervisory training and the proposed training of inspectors and inspection managers in enforcement techniques.

While budget constraints have curtailed some of our training and developmental activities in the last two years, we are committed to giving enforcement a high priority and assuring that sufficient funds are allocated to train and equip Agency enforcement personnel.

FSIS is currently recruiting to address the 58 percent vacancy rate for supervisory compliance officer positions. Recruitment for these positions is needed to provide proper supervision of reviews and case preparation. It is an Agency priority to fill these positions as soon as possible.

Also, the audit points out that a high number of cases forwarded to DEO headquarters were not referred to OGC or DOJ for action. DEO headquarters is responsible for making determinations as to what case actions meet Agency goals and policies. The headquarters review process is intended to assure that cases are adequately supported, represent serious non-compliance and otherwise warrant referral to the U.S. Attorneys for criminal prosecution or other action. Cases involving minor violations of law are not referred for prosecution, though repetitive violations may be referred for civil injunctive action. During the audit period, the ADME's were encouraged to submit cases to headquarters with recommended dispositions. It also is not unusual for cases to be sent to headquarters for special review or issuance of a headquarters letter of warning. It should not be construed that every case entered in the DEO system for injunction or prosecution should be referred to the U.S. Attorney. Coding cases in this manner enables the Agency to effectively track field activities and aids the various reporting media, i.e., Quarterly Regulatory and Enforcement Reports, Reports to Congress, and other management reports. We would note that during the 15-month period prior to initiation of the audit, less than 25 percent of the cases submitted to DEO for criminal or civil action were closed with a letter of warning. Since March of 1999, less than 9 percent of violation cases submitted to DEO headquarters have been closed with letters of warning.

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### Exhibits

#### Agency Comment:

We believe that all references to actual DEO case file numbers should be deleted from any exhibits to the report. We did not raise this during our exit meeting, but have now advised your Atlanta office and understand they concur. In Exhibit B the names of specific businesses should be deleted.



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## ABBREVIATIONS

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ADME	-Assistant District Manager for Enforcement
DEO	-District Enforcement Operations
DR	-Departmental Regulation
FMIA	-Federal Meat Inspection Act
FSIS	-Food Safety and Inspection Service
FY	-Fiscal Year
HACCP	-Hazard Analysis and Critical Control Point
OGC	-Office of General Counsel
OIG	-Office of Inspector General
OPHS	-Office of Public Health and Science
PCP	-Planned Compliance Program
PPIA	-Poultry Products Inspection Act
USDA	-U.S. Department of Agriculture