U.S. Department of Agriculture
Grain Inspection, Packers & Stockyards Administration
Federal Grain Inspection Service

2011 Annual Report

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Federal Grain Inspection Service: 2011 Annual Report

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The Federal Grain Inspection Service

The U.S. Department of Agriculture's (USDA) Grain Inspection, Packers and Stockyards Administration's Federal Grain Inspection Service (FGIS) establishes quality standards for grains, oilseeds, pulses, and legumes; provides impartial inspection and weighing services through a network of Federal, State, and private entities; and monitors marketing practices to enforce compliance with the U.S. Grain Standards Act, as amended, (hereinafter, the Act) and Agricultural Marketing Act of 1946, as amended (hereinafter, AMA). Through these activities, FGIS facilitates the marketing of grain, oilseeds, and related products. Organizationally, FGIS is aligned with USDA's Marketing and Regulatory Programs mission area.

FGIS administers uniform, national grain inspection and weighing programs established by the Act. Services under the Act are performed on a fee basis for both export and domestic grain shipments. The Act requires generally that export grain be inspected and weighed, prohibits deceptive practices with respect to the inspection and weighing of grain, and provides penalties for violations.

Agency Mission

FGIS' primary mission is twofold: promote the marketing of high-quality grain to domestic and international buyers and maintain objective standards for grain to certify its quality as accurately as practicable. These standards define uniform and descriptive terms to facilitate the grain trade, help determine grain storability, offer users the best possible information to determine end-product yield and quality, provide market incentive frameworks, reflect the economic value-based characteristics to end users, and accommodate scientific advances in testing.

Key Activities

In administering and enforcing the Act, FGIS:

- Establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain;
- Promotes the uniform application of official U.S. grain standards by official inspection personnel;
- Establishes methods and procedures and approves equipment for the official inspection and weighing of grain;
- Provides official inspection and weighing services at certain U.S. export port locations, and official inspection of U.S. grain at certain export port locations in eastern Canada along the St. Lawrence Seaway;
- Delegates qualified State agencies to inspect and weigh grain at certain U.S. export port locations;
- Designates qualified State and private agencies to inspect and weigh grain at interior locations;

- Licenses qualified State and private agency personnel to perform inspection and weighing services;
- Provides Federal oversight of the official inspection and weighing of grain by delegated States and designated agencies;
- Provides review inspection services of U.S. grain in the United States and at certain export locations in eastern Canada;
- Investigates, in cooperation with the USDA Office of Inspector General, alleged violations of the Act and initiates appropriate corrective action;
- Monitors the quality and weight of U.S. grain as received at destination ports, and investigates complaints or discrepancies reported by importers; and
- Helps U.S. trading partners develop and improve their grain inspection and weighing programs.

Mandatory Services

Under provisions of the Act, most grain exported from U.S. export port locations must be officially weighed. A similar requirement exists for inspection, except for grain which is not sold or described by grade. Intercompany barge grain received at export port locations also must be officially weighed. And, the Act requires that all corn exported from the United States be tested for aflatoxin prior to shipment, unless the contract stipulates that testing is not required.

Mandatory inspection and weighing services are provided by FGIS on a fee basis at 36 export elevators (including 4 floating elevators). Five delegated States provide official services at an additional 12 export elevators under FGIS oversight. Under a cooperative agreement with FGIS, the Canadian Grain Commission (CGC) provided official services, with FGIS oversight, at 7 locations in Canada that transship U.S. grain for export. Effective January 1, 2010, CGC withdrew from the agreement and FGIS took responsibility for providing all official services for U.S. grain transshipped in Canada.

Voluntary Services

Under the AMA, FGIS administers and enforces certain inspection and standardization activities related to rice, pulses, lentils, and processed grain products such as flour and corn meal, as well as other agricultural commodities. Services under the AMA are performed upon request on a fee basis for both domestic and export shipments by either FGIS employees or individual contractors, or through cooperative agreements with States.

About This Report

Pursuant to section 87(f-2) of the Act, FGIS respectfully submits this report each year to the United States Congress. Activities described in this report cover fiscal year 2011 (October 1, 2010, to September 30, 2011).

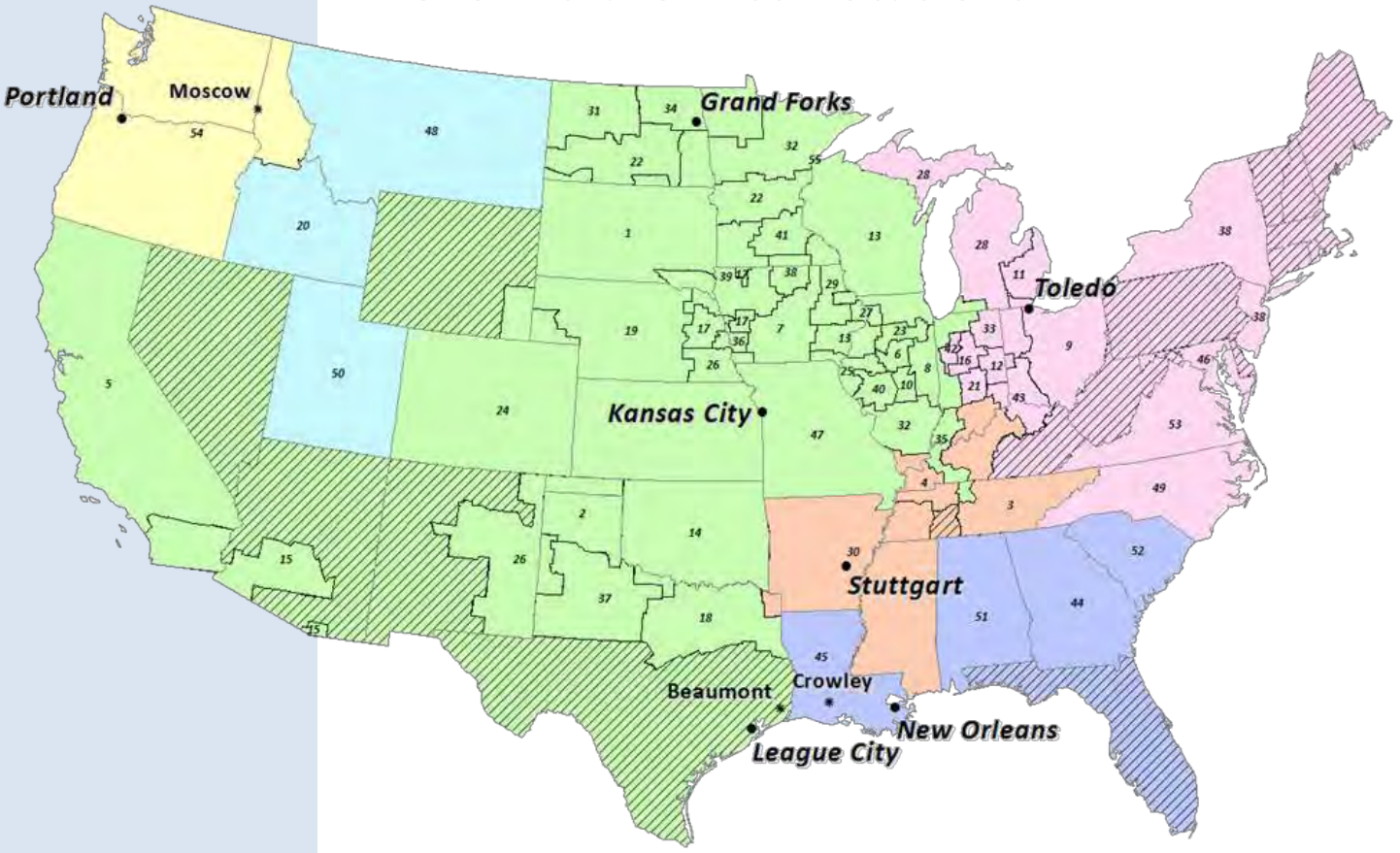
After the introduction, the report is divided into six sections. Sections 2 through 4 represent agency program goals, and the last two sections provide information regarding FGIS' management initiatives and financial position.

Any mention of firm names or trade products does not imply that they are endorsed or recommended directly or indirectly by the U.S. Department of Agriculture.

Employees & Locations

As of September 30, 2011, FGIS was comprised of 451 full-time permanent employees and 104 temporary employees located at headquarters unit in Washington, DC, the National Grain Center in Kansas City, Missouri; 7 field offices, 1 Federal/State office, and 4 sub-offices. Field offices are located in Stuttgart, Arkansas; Cedar Rapids, Iowa; Grand Forks, North Dakota; League City, Texas; New Orleans, Louisiana; Portland, Oregon; and Toledo, Ohio. FGIS also has a Federal/State office in Olympia, Washington. FGIS offers official inspection and weighing services in all areas of the United States.

Official Agency Geographic Areas and FGIS Field Office Locations



Designated Private Agencies

1 - Aberdeen
2 - Amarillo
3 - Barton
4 - Cairo
5 - California Agri
6 - Central Illinois
7 - Central Iowa
8 - Champaign
9 - Columbus
10 - Decatur
11 - Detroit
12 - East Indiana
13 - Eastern Iowa
14 - Enid
15 - Farwell Southwest
16 - Frankfort
17 - Fremont
18 - Gulf Country
19 - Hastings
20 - Idaho
21 - Indianapolis
22 – Jamestown
23 - Kankakee
24 - Kansas
25 - Keokuk
26 - Lincoln
27 - McCrea
28 - Michigan
29 - Mid-Iowa
30 - Midsouth
31 - Minot
32 - North Dakota
33 - Northeast Indiana
34 - Northern Plains
35 - Ohio Valley
36 - Omaha
37 - Plainview
38 - Schaal
39 - Sioux City
40 - Springfield
41 - State Grain
42 - Titus
43 - Tri-State

Designated States

44 - Georgia
45- Louisiana
46- Maryland
47- Missouri
48- Montana
49- North Carolina
50- Utah

Designated and Delegated States

51 -Alabama
52- South Carolina
53- Virginia
54- Washington

Delegated States

55- Wisconsin (Duluth)

Legend

- FGIS Field Offices
- FGIS Sub-Offices
- State Boundaries

Geographic Boundaries

- Official Agency Boundaries
- Unassigned Area

Field Office Circuits

- Domestic Inspection Operations Office (DIOO)* Kansas City
- Grand Forks
- New Orleans
- Portland
- Stuttgart
- Toledo

*Oversight is divided between DIOO (Grain/Processed Commodities), Grand Forks (Pulses), and Stuttgart (Rice).

Section I: Outlook 2012

Review of Official U.S. Standards for Grain

FGIS regularly reviews the official standards for grain to ensure that the standards remain relevant to the marketplace. In 2012, FGIS will continue its review of the U.S. Standards for Wheat, originally promulgated in 1916. FGIS anticipates publication in the *Federal Register* of a Notice of Proposed Rulemaking addressing comments received for a previously published Advance Notice of Proposed Rulemaking.

In 2012, FGIS will continue with a review of the barley standards, which were originally promulgated in 1926. The last revision of the barley standards occurred in 1997. FGIS initiated the barley standards review in 2011 by publishing an Advance Notice of Proposed Rulemaking in the *Federal Register,* inviting stakeholders to comment on whether the barley standards and grading procedures need to be changed.

Farm Gate and Export Quality Assessments

FGIS continues to work with stakeholders to capture inspection data for grain entering the value chain. Through this multi-year initiative, FGIS has collected samples at the first point of sale when producers deliver grain to the elevator during harvest. These samples provide a baseline of quality for grading factors such as damage and foreign material content, plus non-grade factors such as foreign material composition, moisture, oil, and protein. The data gathered from this project allows FGIS to better evaluate the potential impact on the marketplace of proposed changes to the grain standards.

Since beginning farm gate assessments in 2006, over 9,000 samples representing 29 soybean or sorghum-producing States have been submitted. In 2009, FGIS published a report detailing sorghum and soybean quality based on previous years of the study. The report was released publically and provided to stakeholders throughout the respective industries. In 2011, FGIS completed the fifth and final year of the sorghum farm gate assessment and in 2012, FGIS will complete its fifth and final soybean farm gate assessment.

Pesticide Testing and Method Development

FGIS participated in the Pesticide Data Program, a cooperative effort of the USDA, U.S. Environmental Protection Agency, and 10 participating States to monitor pesticide residue levels in fruits, vegetables, grain, dairy products, and other foods. FGIS tests grain and grain-related products that are included in the program and develops new methods of analysis when necessary. In 2010, FGIS developed two new analytical methods for oats and analyzed 300 oat samples. In 2011, FGIS analyzed 300 soybean samples for this program.

Official Moisture Measurement Technology

Moisture measurement remains one of the most important official and commercial grain inspection activities because of moisture content's impact on end-use value (dry matter content) and storability. FGIS research has resulted in the 149 MHz Unified Grain Moisture Algorithm (UGMA)—an approach to grain moisture measurement that has the potential to improve grain moisture measurement by: 1) yielding improved accuracy, 2) permitting multiple manufacturers to design moisture meters that can use common calibrations and give equivalent results, and 3) reducing the cost of on-going calibration maintenance. The FGIS Grain Inspection Advisory Committee has encouraged FGIS to proceed to implement new moisture measurement technology to better serve the Agency's stakeholders. In FY 2012, FGIS will perform and report an evaluation of the effects of moisture gradients within grain samples (such as can occur at harvest) for different moisture technologies and will make a decision regarding whether to implement the new technology. The tentative target dates for implementation are May 2013 and August 2013, with the transition dates for different crops selected to minimize the effects on the value of grain stocks.

GIPSA has developed a new moisture measurement approach that has the potential to improve accuracy and promote competitive procurement.

Sorghum Odor

Sorghum inherently has a range of odors. Sorghum end-users may find different types and levels of odor acceptable based on their preferences and the grain's intended end-uses. This variance poses many challenges for the sorghum industry. FGIS is currently working with industry to ensure that the official system properly recognizes and characterizes these odors.

In the spring of 2009, FGIS established a Sorghum Odor Taskforce with representatives from a cross-section of the sorghum industry. FGIS' goals were to understand the needs of end-users; understand the challenges for producers and handlers; gain data and background information; and achieve a common understanding as to the acceptability of various odors and levels of intensity in grain sorghum. Sorghum "storage musty" odor was identified as a particular problem.

FGIS provided this information to the Grain Inspection Advisory Committee in June 2009 for feedback. At their recommendation, FGIS engaged a sensory expert from Kansas State University (KSU)—who works closely with USDA's Agricultural Research Service—to develop reference materials for use by both inspectors in the official system and by industry to assist in determining the acceptability of grain sorghum odors. Other goals of this collaboration were to better define environmental requirements and testing procedures to enhance odor assessment consistency.

In FY 2010, FGIS assisted KSU researchers in the planned project. KSU successfully identified chemical compounds that could be used to "spike" clean sorghum to create "storage musty" reference samples. KSU conducted shelf-life tests to determine which of the chemical compounds were suitable for use over extended periods. FGIS provided KSU additional samples to represent "clean/okay" and "storage musty" sorghum and participated in an initial experiment to assess the adequacy of KSU's suggestions for "spiked" reference samples.

In the spring of 2011, FGIS conducted two sorghum surveys to assess whether KSU had successfully identified the chemical compounds that mimic "storage musty" sorghum. The surveys were conducted with key sorghum inspection personnel from Texas, Louisiana, Kansas, and Oklahoma. Both surveys confirmed that the combination of the chemical compounds of Geosmine and 1,2,4-Trimethoxybenzene mimicked "storage musty" odor in sorghum.

In the summer of 2011, FGIS reconvened the Sorghum Odor Taskforce to assess the chemical reference sample created by KSU. The results were presented to the Grain Inspection Advisory Committee who resolved that "The Advisory Committee recommends that GIPSA continue working on

sorghum odor. In continuing this effort, reach out for industry and end-user feedback to set a 'storage musty' sorghum odor reference that refers to end-user."

After reviewing the survey results, taskforce results and sorghum end-users by sector, FGIS selected a chemical "recipe" that will be used as the reference for "storage musty" sorghum. The reference sample will be a mixture of the chemical compounds Geosmine and 1,2,4-Trimethoxybenzene added to a base sample of stored sorghum that has an "okay" odor.

In the fall of 2011, with the assistance of KSU, FGIS will create the reference sample and commence training for all official inspection personnel. The training is designed to ensure that all sorghum inspectors are calibrated to the reference sample when assessing whether stored sorghum has a musty odor.

In the spring of 2012, FGIS will distribute the reference samples to all official inspection laboratories that inspect sorghum. During 2012, FGIS will determine the feasibility and value of the routine use of sorghum "storage musty" reference samples for short-term and long-term standardization of official sorghum odor determinations.

Railroad Scale Testing Program

FGIS owns and operates five specially designed and built railroad track scale test cars for testing master scales, grain industry railroad track scales, and other commercial railroad track scales. The test cars are maintained and operated out of the FGIS Master Scale Depot in Chicago, Illinois.

The Master Scale Depot in Chicago is a National Institute of Standards and Technology (NIST)-certified Echelon III Metrology Laboratory where GIPSA annually calibrates three 100,000-pound test car units that are used to calibrate railroad and State-owned master scales and the GIPSA master scale. The GIPSA master scale is used to calibrate railroad test weight cars which are used to calibrate railroad track scales throughout the country. GIPSA also has two other specialized test weight cars that are used primarily to test and calibrate commercial railroad track scales. The Master Scale Depot also maintains weight standards from 500 to 5,000 pounds to calibrate test weights and test weight carts on an hourly fee basis to provide an additional source of revenue. FGIS is recognized by NIST as the authority to do this work and, as such, provides traceability from the NIST to all commercial railroad track scales in the United States. As an accommodation, FGIS also tests a wide variety of large weights and standards for private companies on a cost-recovery basis.

Under an agreement with the Association of American Railroads (AAR), FGIS annually tests all master scales and performs a number of field calibrations associated with the program. In accordance with AAR interchange rules, FGIS must replace rail cars before they reach 50 years of age. Two of the test cars operated by FGIS reached the 50-year mark and were replaced. The first replacement test car was completed in June 2010. The second car will be completed in December 2011. FGIS funded the procurement of both test cars, and the AAR donated one used box car. The AAR also increased FGIS annual funding in a 10-year agreement to continue the Master Scale Calibration Program.

FGIS*online*

FGIS continues to modernize its inspection and weighing program with implementation of two new FGIS*online* applications in 2011. The modernization effort is improving the efficiency and effectiveness of service delivery by streamlining business practices.

The **GIPSA Billing Application** allows FGIS personnel to enter detailed billing information for invoicing through the Department's Financial Management Modernization Initiative (FMMI), and to manage inquiries of bills to their customers. It will allow management to track revenues and improve evaluation of fees. It will also improve the accuracy of invoices and reduce the time required to input the data for the bills. This application is being deployed in conjunction with the Department's FMMI application.

The **Class Y Weigh Certificates** allow users to create and issue certificates for class Y weighing. The data from those certificates is fed to the Inspection Data Warehouse.

The **Inspection Date Warehouse** provides easy access to all official inspection and weighing records for services provided by official service providers. Customers are able to view and access specific inspection and weighing service data for carriers and samples in a secure environment; share inspection and weighing data that they specify with their customers, employees, and others, using our Customer Information Management system; and electronically verify their certificate.

FGIS improved the process of certifying export inspection and weighing services by creating an automated interface between the Inspection, Testing, and Weighing (ITW) application and the Certificates (CRT) application. Information from ITW is automatically sent to CRT upon completion of a lot. This eliminates rekeying of information, reduces errors, and reduces time to complete certificates. This application was released to all of our export offices.

Section II: Providing the Market With Terms and Methods for Quality Assessments

International Society for Electromagnetic Aquametry (ISEMA) Conference

FGIS and the USDA's Agricultural Research Service jointly organized and sponsored the 9 th International Conference of the International Society for Electromagnetic Aquametry, which was held in Kansas City, Missouri, on May 31-June 3 2011. The conference drew over 50 of the world's best-known experts in the field of radiofrequency and microwave moisture measurement from 10 countries. GIPSA scientists contributed five scientific papers and presentations describing advances in grain moisture measurements.

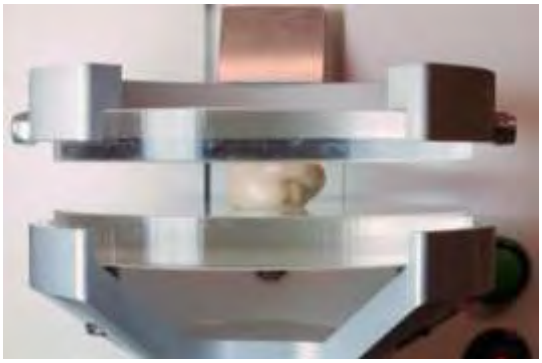
Attendees at the ISEMA Conference in Kansas City

Wheat

Functionality—Protein Quality Assessments: The intrinsic qualities of wheat affect the quality of end products. To best determine the ability of wheat to meet specific end-use needs, accurate test methods are needed to differentiate functional qualities. These methods should also be practical, rapid, and reproducible among different laboratories to provide value transparency from the producer to the processor and provide information that better predicts appropriate end-uses, thereby enhancing the marketability of U.S. wheat.

Farinograph tests are widely used to determine certain quality factors. FGIS studies have shown significant differences in Farinograph test results among commercial laboratories, which can lead to confusion in wheat markets. In 2008, FGIS initiated a multiple laboratory collaboration that included the

instrument manufacturer to identify ways to improve standardization of the Farinograph method among commercial laboratories. In 2009, collaborative studies identified the addition of water and data processing algorithms as additional sources of significant Farinograph method variation. In 2010 and 2011, FGIS continued collaborative studies of the Farinograph method with the manufacturer, who introduced a new Farinograph model that incorporated automated water addition and a more flexible software platform. In 2012, FGIS plans to continue collaborative studies using the new AT model instrument to improve the Farinograph method.



Gluten compression recovery testing

Gluten strength is one of the most important aspects of wheat functionality, but the market lacks a consistent definition of this characteristic. Since 2008, FGIS has worked with USDA's Agricultural Research Service, academia, and industry to develop new standardized methods for precisely and reproducibly describing the viscous and elastic properties of gluten. In 2009, the collaborative work led to private industry's development of a prototype device to test the viscoelastic properties of gluten. This gluten test successfully differentiated gluten strength among and within wheat classes. In 2010, FGIS evaluated the relationships between popular empirical dough rheological tests and the new prototype instrument. Some clear relationships were identified that may pave the way for a single international test for wheat functionality based on gluten strength. In 2011, FGIS continued its collaboration to refine gluten strength tests and assess their suitability, relevance, and value for use in the wheat marketing system with various commercial and academic entities. The private industry collaborator in the project developed new near-commercial visco-elastic test prototypes with advanced technologies and delivered them to the FGIS laboratory for further evaluation. In 2012, FGIS will systematically evaluate the new instruments and participate in collaborative studies to further assess the method's effectiveness and value in describing the functional properties of wheat.

Wheat classing continues to be one of the most difficult challenges within the official inspection system. There is a need for an objective method to perform varietal identification of wheat cultivars (and thereby, classing) to augment subjective visual analyses. FGIS has established a reference High Performance Liquid Chromatography (HPLC) method that is based upon

work performed at the USDA's Agricultural Research Service laboratory in Manhattan, Kansas, and has demonstrated the utility of the method. In 2009, FGIS developed a database of all relevant U.S. wheat varieties and a mathematical algorithm for identifying unknown varieties. For single-variety samples, the varietal identification success rate is near 100 percent. In 2010, FGIS developed a more efficient matching algorithm and investigated the transferability of the method to another HPLC instrument. In 2011, FGIS tested and improved the accuracy and generality of this method for objectively identifying wheat varieties using results obtained from another laboratory. This test is now routinely used to assist official inspectors at the Board of Appeals and Review in classifying challenging wheat samples. In 2012, this method will be further refined to test single kernels of wheat and thereby resolve the individual wheat varieties present within multiple-variety wheat lots.

Mycotoxin and Biotechnology Rapid Test Evaluations

The grain industry needs fast, reliable tests to detect and quantify incidence of fungal-produced mycotoxins in grain and to detect the presence of genetically-engineered (GE) traits in grains. To ensure that commercially available tests provide reliable results, FGIS offers a performance evaluation and certification program.

In FY 2011, a total of 27 evaluations were performed on aflatoxin and deoxynivalenol rapid test kits, of which 19 passed and were granted certificates. One test kit was evaluated and certified for detection of a GE event, T-25 (Liberty Link in corn).

Reference Method Analyses

FGIS maintains reference methods for protein, moisture, oil, fatty acid composition, and mycotoxins. These methods are used to maintain the accuracy of current testing in the official inspection system and to support development of new rapid field tests. The protein, moisture, oil, and fatty acid reference analyses support the near-infrared spectroscopic, dielectric, and nuclear magnetic resonance instruments used for rapid inspection at field locations that perform official testing. The mycotoxin reference analyses support the evaluation and standardization of rapid tests for official and commercial grain inspection, support quality assurance programs to ensure consistent and reliable testing results, and are available for Board Appeals upon request. In 2011, FGIS validated improved reference methods for the determination of aflatoxins in corn, deoxynivalenol in corn and wheat, and zearalenone in corn. In 2011, FGIS continued to provide quality reference method analyses in support of the development of new testing methods and in the maintenance of accurate field testing for official and commercial inspection systems.

Biotechnology Proficiency Program: The USDA/FGIS Biotechnology Proficiency Program now involves 160 organizations on five continents (Africa, Asia, Europe, and North and South America), with more than 80 percent of the participants from organizations outside the United States. This program, which FGIS initiated in 2002, enables organizations to assess and improve their accuracy and precision in identifying GE events in grains and oilseeds. FGIS disseminates blind test samples to participants bi-annually and compiles the results of tests.

Respond to Inadvertent Release of Unapproved Traits into the Marketplace: In recent years, there have been instances of inadvertent releases of unapproved GE events into the U.S. grain handling system. When such an inadvertent release occurs, a rapid response is necessary to identify and validate methods to detect the trait and thereby protect the integrity of U.S. grain and related markets. The testing methods must be highly specific and sensitive to effectively restore confidence in U.S. grain marketing systems. FGIS assists government and private laboratories that use protein- and DNA-based technologies by performing impartial third-party verification of their methods for both qualitative and quantitative detection of transgenic events in GE crops. FGIS involvement in responding to such incidents facilitates harmonization of sampling plans and international testing for GE grains and oilseeds. FGIS provides expertise to USDA's Animal and Plant Health Inspection Service when responding to inadvertent releases of unapproved GE events.

Harmonizing Biotech Reference Methods: There is a need for highly specific and accurate tests for the various GE crops grown in the United States. FGIS has developed intra-laboratory validated real-time polymerase chain reaction methods and has evaluated the accuracy, reliability, and proficiency of publicly available methods used to detect and identify GE grains and oilseeds. FGIS participated on a scientific panel of experts engaging U.S. stakeholders and influencing outcomes on issues related to testing of GE traits in grains with the goal of developing global scientific consensus regarding the analysis of transgenic events.

FGIS continues to collaborate with international organizations such as Codex Alimentarius, International Organization for Standardization, Association of Analytical Communities, American Association of Cereal Chemists, American Oil Chemists' Society, Institute for Reference Materials and Measurements, Canadian Grain Commission, and the National Institute for Standards and Technology to harmonize testing technologies for GE grains and oilseeds. Many of these collaborations result in publications in peer-reviewed scientific journals.

Food and Agricultural Organization/World Health Organization Codex Committee on Methods of Analysis and Sampling: FGIS staff participated as members of the U.S. delegation to the Codex Committee on Methods of Analysis and Sampling meeting held in March 2011 in Budapest, Hungary. The U.S. delegation actively participated in continuing discussion on uncertainty of sampling, conformity assessment, and resolution of disputes. The committee narrowed the discussion to principles of sampling and testing. The U.S. delegation actively participated in the discussions of proprietary methods for Codex use.

Review and Update Mechanical Sampling Equipment Processes

Sampling is critical to the accuracy and integrity of FGIS results. In FY 2011, at the request of the official agencies and the grain industry, FGIS reviewed the processes and procedures for check testing diverter-type mechanical samplers, and developed the drop sample testing procedure as an alternative to current but antiquated methods of check testing. The drop sample method addresses safety concerns associated with the current testing methods and provides a more precise measurement of the performance of the diverter-type sampling system. This testing encompasses the introduction of five separate corn samples with a known percentage of broken corn and foreign material (BCFM) into a delivery system, recovery of the material at the tail end of the system, measurement of BCFM in the recovered samples, and comparison of results to the percentage of BCFM in the original samples. To date, this method has been successfully conducted on diverter-type mechanical samplers at 3 export grain loading facilities and 2 domestic facilities.

Working With International Customers

FGIS personnel frequently meet with delegations visiting from other countries to brief them on the U.S. grain marketing system, our national inspection and weighing system, U.S. grain standards, and GIPSA's mission. Many of these delegations are sponsored by USDA cooperator organizations like U.S. Wheat Associates and U.S. Grains Council, which arrange visits to grain production areas, GIPSA headquarters and field offices, onsite laboratories at export grain elevators, and the National Grain Center in Kansas City, Missouri. At the National Grain Center, delegations sometimes receive technical training on analytical testing procedures and grain inspection methods and procedures.

FGIS' briefings are tailored to address each group's interests and concerns. Presentations include explanations of the various services available from FGIS, the Agency's use of the latest technology to provide grain traders with accurate and reliable inspection and weighing information and, for importers or potential importers new to the U.S. grain market, information on contracting for the quality they desire.

These briefings foster a better understanding of the entire U.S. grain marketing system and serves to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our Nation's harvest to end-users around the globe.

Summary of Briefings With Visiting Trade and Governmental Teams

During 2011, FGIS personnel met with 25 teams from 19 countries.

Canada	Honduras	Peru
China	Japan	Saudi Arabia
Colombia	Jordan	South Africa
Costa Rica	Korea	Suriname
Ecuador	Mexico	Taiwan
Egypt	Panama	Tunisia
Guatemala		

International Outreach

Technical Assistance: In FY 2011, FGIS responded to customers' needs for technical assistance in foreign markets. Exporters, importers, and end- users of U.S. grains and oilseeds, as well as other USDA agencies, USDA cooperator organizations, and other governments, occasionally ask for FGIS personnel to provide expertise. These activities include representing the Agency at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection

methods and procedures. Such activities typically have been funded through various programs administered by USDA's Foreign Agricultural Service (FAS), USDA's Farm Service Agency, or directly by FGIS.

Korea Corn Monitoring Project: Feed buyers in Korea had complained about inferior corn during the past 2 years. In July 2010, the North American Export Grain Association (NAEGA) and the Korean Feed Association in conjunction with GIPSA monitored the levels of broken corn and foreign material, test weight, and moisture in four shipments of U.S. Yellow corn shipped to four Korean ports. A GIPSA representative performed additional sampling of shipholds at loading and traveled to Korea to sample them when they arrived. The study showed that FGIS and Korea obtain similar inspection results when using the same sampling and inspection methodologies.

FGIS and NAEGA representatives sample corn in shiphold for Korea Corn Monitoring Program

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Chinese Soybean MOU: The U.S./China Memorandum of Understanding (MOU), which addressed China's concerns over soybean quality, plant health, and food safety in U.S. soybeans was signed in December 2010. In June 2011, an FGIS representative and representatives of the U.S. soybean value chain, including the seed industry, soybean farmers, and the grain handling/export industry traveled to Beijing, China, to meet with Chinese officials to discuss the next steps for implementing the MOU. Chinese officials were very receptive to implementing the terms of the MOU that were agreed upon last year.

In September 2011, a GIPSA representative traveled with representatives of USDA's Foreign Agricultural Service and the U.S. grain industry accompanying a delegation of Chinese officials touring the United States to learn more about the U.S. soybean marketing system and the role of GIPSA. At the end of their trip, they met with GIPSA, FAS, Animal and Plant Health Inspection Service, and the Food and Drug Administration, in Washington, D.C., to discuss the establishment of the technical working group under the MOU.

China Grain Conference: In May 2011, a GIPSA representative traveled to Hefei, China, to give a presentation on the role of FGIS, grain standards, and rule-making procedures at China's State Administration of Grain (SAG) Grain Quality Control and Inspection Conference.

Promoting Standardization

Since 2002, FGIS has stationed employees in Asia for 1 to 3 months to work with Asian customers and their governments. FGIS has been able to address immediate and long-term issues in the region, promote a better understanding and adoption of U.S. sampling and inspection methods to minimize differences in results, and develop face-to-face relationships with customers, USDA cooperators, and government officials.

In September 2011, GIPSA placed one representative in China on a 2-week temporary duty assignment. The representative met with Chinese inspectors at several port laboratories to give presentations on U.S. grain standards and GIPSA's export inspection procedures and to observe their inspection procedures.

Improving Safety for Railcar Stowage Exams

Eliminating the hazard of falling from a hopper car is a priority of both FGIS and loading facilities. FGIS, in conjunction with cooperating loading facilities, determined that it is feasible for an inspector to perform stowage examinations from inside the inspection lab, using video cameras mounted above the cars a short distance before the loading spout. With this arrangement, the hopper cars are examined a few minutes before they are loaded. When cars do not pass inspection requirements, facility personnel can remove loose debris from cars before they reach the loading spout, but cars that require more extensive cleaning cannot be filled. If the video inspection is inconclusive, the car will be physically inspected in an area where fall protection is installed.

As of October 2011, 58 facilities have been reported to FGIS as having approved video stowage exam systems. This represents an increase of 35 facilities since the 2010 report.

Summary of International Travel for 2010			
Country Visited	**Purpose**	**No. of Travelers**	**Dates of Visits**
Canada	Stowage and Wheat Inspections	1-5 per trip	28 trips; various dates
Egypt	Export Corn Quality Project	1	October 2010
Mexico	APPAMEX/NAEGA Grain Trade Issues Meeting	1	October 2010
Korea	Export Corn Quality Project	1	November 2010
Korea	Export Corn Quality Project	1	January 2011
Hungary	Codex Committee on Methods of Analysis and Sampling	1	March 2011
China	Briefing to China's State Administration of Grain on Standards and Inspection Procedures	1	May 2011
Singapore	Seminar on Recent Developments and Challenges on GE Analysis	1	June 2011
Korea	International Life Sciences Institute International Biotechnology Workshop	1	June 2011
China	MOU Implementation Meeting and Soyatech Symposium	1	June 2011
China	Presented Grain Grading Workshops, Addressed Immediate/Long Term Grain Issues in the Region; Promoted Adoption of U.S. Sampling and Inspection Methods	1	September 2011

Section III: Protecting the Integrity of U.S. Grain and Related Markets

Alleged Violations

At the beginning of fiscal year 2011, five cases involving alleged violations of the Act and the AMA were pending. During the year, FGIS opened nine new cases stemming from allegations of falsifying inspection results and work records, engaging in prohibited or deceptive grain handling practices, performing official functions without being licensed, weighing grain with an unapproved scale, using improper sampling procedures, and providing official services outside of an Official Agency's assigned geographical area. FGIS referred two cases to the Office of Inspector General (OIG) for criminal investigation; referred one case to the Office of the General Counsel (OGC) for civil penalty assessment; issued two warning letters where violations occurred; and issued four information letters where the violations were deemed minor or unintentional. In all, FGIS closed six cases including two from prior years and four from 2011.

Registrants to Export Grain

The Act requires that all persons who buy, handle, weigh, or transport 15,000 metric tons or more of U.S. grain for sale in foreign commerce during the current or previous calendar year must register with FGIS. During 2011, FGIS issued 134 Certificates of Registration to individuals and firms to export grain.

Delegation and Designation

FGIS oversees 55 official State and private agencies that provide official services under the U.S. Grain Standards Act (USGSA). FGIS supervises 43 official private agencies and 7 official State agencies that are designated to provide official inspection and/or weighing services in domestic markets; 4 official State agencies that are delegated to provide mandatory official export inspection and weighing services and designated to provide official domestic inspection and weighing services within the State; and one official State agency that is delegated to provide mandatory official export inspection and weighing services within the State.

The USGSA requires that designations be renewed every 3 years. FGIS renewed 17 agencies for full 3-year designations, amended 1 agency designation to include official weighing services, and renewed 1 agency for a 1-year designation.

Quality Management Program

FGIS manages the Quality Management Program (QMP) as part of the GIPSA Strategic Plan to enhance program delivery, utilization of agency resources, and customer satisfaction. The QMP is an audit-based system that uses modern quality management principles to evaluate Federal, State, and private agencies.

The QMP requires all official Federal, State, and private agencies to establish a program for providing official services based on the principles of quality control, quality assurance, and quality improvement. FGIS expects that implementation of the QMP will further enhance delivery of official services to the grain, feed, and processing industries while supporting FGIS efforts to manage costs and staff resources.

FGIS conducts QMP reviews every 3 years and requires annual internal audits. In fiscal year 2011, FGIS conducted onsite QMP reviews of one FGIS office, one FGIS sub-office, one delegated State, two delegated and designated States, and 14 private agencies. The reviews evaluate all elements of the QMP including legal and management responsibilities; document control; record control and accuracy; communication programs; training, licensing, and supervision programs; equipment; facility reviews; local quality plan; internal audits; customer focus; and continual improvement.

Contract Review Program

In 2009, FGIS initiated a program to assess export shippers' compliance with contractual sales terms. The goal of the program is to ensure integrity and transparency throughout the official inspection system by making certain that shippers do not present false or misleading application for official inspection services. FGIS compares randomly sampled load order instructions (provided by export shippers to official personnel) to the type of inspection specified by the commercial sales contract. FGIS requests load order instructions from official agencies and FGIS field offices that provide official inspection services on selected export grain shipments, and contacts the appropriate export shipper for copies of the sales contract associated with the selected shipments. These associated documents are compared to determine whether the inspection procedures requested in the load order instructions match contract specifications. In the event discrepancies are found, FGIS takes appropriate action to correct the situation, including sending official correspondence to the company officials notifying them of the review findings.

In 2011, FGIS concluded the first phase of the program and found a high level of compliance within the export community with contractual sales terms and official export requirements. Nonetheless, a few problem areas were detected, primarily stemming from some exporters' misunderstanding of official inspection and weighing requirements when shipping grain in

containers. Throughout the program, shippers were informed of the status of the reviews and were informed regarding their legal and regulatory requirements if discrepancies were found. Such communications usually prevented recurrent problems on future shipments. FGIS plans to continue the program but in a more targeted fashion focused on container shipments, which were identified as having the most non-compliance items.

Container Inspection and Weighing Services

The U.S. grain industry has experienced a significant increase in the demand for grain exported in containers. A surplus of empty containers allows grain exporters to capitalize on opportunities to ship grain at a low cost (freight rate) and deliver grain to small business entities.

Expansion of the containerized grain export market has exceeded most forecasts. Inspection of containerized cargo has increased from 0.7 percent of total grain exported (metric tons) in 2005 to 3.6 percent of total grain exported (metric tons) in 2011 and represented 1 percent of total grain officially inspected (metric tons) by FGIS in 2011.

FGIS is challenged to keep up with a growing number of container loading facilities. In 2002, eight facilities exported grain by container. Currently, there are more than 130 loading facilities, with the majority in proximity to the railroad hub in Chicago. Initially, most of the container loading operations was based out of the Pacific Northwest where empty containers were abundant at export container terminals. However in the past 5 years, much of the activity shifted to the Midwest, due to the close proximity to the grain supply and the rail yards that handle containerized cargo.

In order to accommodate the containerized grain trade, FGIS has remained flexible with regard to sampling containerized lots and certification procedures. To ensure that FGIS regulations and service operations effectively address current and evolving market conditions, FGIS in 2011 initiated a comprehensive review of the policies and procedures governing official inspection and weighing services for grain exported in containers, and proposed regulatory changes. FGIS is developing outreach material for current and potential buyers of U.S. grain to enhance understanding of the sampling, inspection, and certification process for grain exported in containers.

Standardizing Commercial Grain Inspection Equipment

In 2011, FGIS continued the cooperative effort between FGIS, the National Conference on Weights and Measures (NCWM), and the National Institute for Standards and Technology to standardize commercial inspection equipment including moisture meters, near-infrared analyzers (for protein, oil, and starch), and test weight modules contained within moisture meters and near-infrared analyzers. FGIS served as the sole evaluation laboratory for grain inspection equipment under the NCWM's National Type Evaluation Program (NTEP). FGIS collected grain moisture meter calibration data for six instrument models as part of the NTEP on-going calibration program. Calibrations developed in this program provide traceability back to the official FGIS moisture program and air oven reference method and are used in the majority of moisture meters used in commercial grain transactions throughout the United States.

The NTEP laboratory completed an evaluation for a new moisture meter model (equipped with a test weight module) and performed testing to extend sample temperature ranges for a previously approved mode. Both of the moisture meter models tested during 2011 were based on a new measurement technology that FGIS proposes to use in the official inspection system. FGIS continues to effectively use NTEP test data and experience with new meter models when evaluating possible updates to official moisture measurement technology. In 2011, FGIS implemented new soybean protein and oil calibrations for use in official inspections. These calibrations were also approved (through NTEP) for use in commercial transactions to help minimize impacts of the change on the grain industry.

In 2012, FGIS will collect grain moisture meter calibration data for seven NTEP models and will conduct NTEP testing for new grain inspection equipment models upon request.

Rice Inspection Equipment

FGIS completed a project begun at the request of the California rice industry to evaluate a different rice sheller for possible official use in grading California-grown short and medium grain rice. Industry experience with the new sheller suggested that its use could potentially improve measurement consistency and reduce analysis time and machine maintenance costs relative to the rice sheller currently approved for official inspection. FGIS conducted research to identify appropriate standardization settings for the sheller and quantify potential differences in rice milling yield that might result from its use. Performance comparisons were made for common California short- and medium-grain rice varieties for a range of head rice yields (a measure of rice quality) and rough rice moisture content. FGIS approved the new sheller exclusively for use on California-production short- and medium-grain rice beginning with the rice harvest of 2011.

Visual Reference Material

FGIS' Visual Reference Image (VRI) system serves as the primary tool to ensure standardization of FGIS' sensory (visual) grain inspection services. In 2011, FGIS updated and replaced all of the current barley, oats, sunflower seed, rye, flaxseed, and pea VRI using new technology and techniques that significantly improved image quality. FGIS also created new visual reference images for split peas (4.2 Whole Dry Pea), safflower (1.1 Stained Safflower – Birdseed), and corn flood damage.

Complaints From U.S. Grain Importers

FGIS administers a formal process for investigating complaints regarding grain quality and weight discrepancies. When an importer of U.S. grain complains about the quality or weight of a shipment, FGIS analyzes samples and/or weight results retained on file from the original inspection and samples submitted from the complainant (if the buyer chooses to submit them) and evaluates the accuracy of the initial inspection. This process allows FGIS to assess whether the original inspection and/or weighing service provided at the time of loading was correct, based on all available information. FGIS then issues a report outlining its findings. In the case of weight claims, scale documentation and scale test records are reviewed to detect any discrepancies that might have occurred during the loading process.

Occasionally, a particular buyer or importing country reports repeated discrepancies that cannot be resolved by a shipment-by-shipment review under this process. In such cases, FGIS may conduct collaborative sample studies or joint monitoring activities to address the discrepancy in a more comprehensive manner.

In FY 2011, GIPSA received nine quality complaints and no weight complaints from importers regarding grain shipments inspected under the U.S. Grain Standards Act, as amended. These complaints involved about 0.6 percent by weight of the total amount of grain exported during the year.

Summary of Complaints Reported by Importers on Inspection and Weighing Fiscal Year 2011

Complainant	Country	Grain/ Commodity	Number of Complaints	Nature of Complaint
Asia	China	Soybeans	2	Treated soybeans
	Taiwan	Soybeans	1	Odor, damage, heat damage
		Wheat	1	Infestation, damage, heat damage, dockage, foreign material
Europe	Spain	Wheat	1	Protein
Middle East	Egypt	Corn	2	Damage, heat damage, broken corn & foreign material, aflatoxin
	Jordan	Wheat	1	Protein
Central/South America	Columbia	Corn	1	Heat damage, broken corn & foreign material

Section IV: Providing Official Grain Inspection and Weighing Services

Partnerships with States and Private Entities

FGIS manages the national inspection and weighing system through a unique network of approximately 2,000 staff members at Federal, State, and private laboratories that serve grain producers, handlers, processors, and exporters across the country. FGIS' State and private partners are authorized to provide official services on FGIS' behalf under the authority of the USGSA and the AMA. FGIS delegates States to provide official inspection and weighing of U.S. grain at export port locations and designates States and private agencies to provide official inspection and weighing services in the domestic market. FGIS has 44 agreements with States and private agencies to provide sampling or inspection services for miscellaneous processed commodities, graded commodities, or rice under the AMA.

FGIS Online

FGIS*online* is a portfolio of online business applications that will change the way FGIS does business, and bring official inspection and weighing to the desktop. The online applications provide customers with fast, accurate services and access to a wealth of official inspection and weighing data. More information about the FGIS*online* applications can be found on the FGIS website at www.gipsa.usda.gov.

Educational Material

FGIS provides educational materials and grading aids to our customers through various outlets, at industry meetings and trade shows, and to the public through the FGIS website. In 2011, FGIS developed the following courses: Rice Sampling, Grading Rough Rice, Grading Brown Rice, and Grading Milled Rice. FGIS also updated the grain grading courses for the 10 types of grain for which FGIS maintains standards under the U.S. Grain Standards Act. All FGIS educational videos can be accessed from the GIPSA website.

Distiller's Dried Grains

As the production of grain-based ethanol has increased in recent years, so too have distiller's grains, the co-products of ethanol production. Distiller's grains are the remaining fraction (protein, fat, and fiber) of grain (corn, sorghum, wheat, etc) after the starch is converted to sugar and then ethanol during the fermentation process. Roughly 17 pounds of distiller's grains can be produced from one bushel of corn (1 bu corn = 56 lbs), since corn is approximately two-thirds starch. Because of the composition of distiller's grains (30 percent protein, 11 percent fat, and 7-9 percent fiber), they remain a very nutritious source of energy for livestock and are used to replace traditional feed grains and meals in limited quantities.

The most common method for transporting distiller's grains overseas is by containers. Mexico, China, Canada, Japan, and Ireland are the top five importers of distiller's grains exported from the United States. USDA-Economic Research Service data (October, 2011) anticipates total exports of distiller's dried grains for fiscal year 2011 at 7.9 million metric tons.

FGIS facilitates the marketing of distiller's grains by providing phytosanitary inspections on behalf of APHIS. During FY 2011, FGIS sampled nearly 47 percent of all exported distiller's grains. Given the expected continued growth in foreign demand, FGIS expects to continue to provide high-quality inspection service for this growing market.

Inspection Program Data
Fiscal Years 2009-2011

Item	Fiscal Years		
	2009	2010	2011
Quantity of Grain Produced[1] (Mmt)[2]	500.4	480.7	464.1
Quantity of Standardized Grain Officially Inspected (Mmt)[3]			
Domestic	168.0	191.5	187.3
Export by FGIS	71.4	77.7	81.2
by Delegated States	25.1	29.2	29.5
by Designated Agencies	10.1	11.5	12.3
Total	274.6	309.9	310.3
Quantity of Non-Standardized Grain Officially Inspected (metric tons)[4]			
Domestic	0	0	0
Export by FGIS	13,295	37,936	62,932
by Delegated States	399	145	253
by Designated Agencies	0	120	0
Total	13,694	38,201	63,185
Delegated States/Official Agencies			
Delegated and Designated States	4	4	4
Delegated States	1	1	1
Designated States	7	7	7
Private Agencies	44	44	43
Total	56	56	55

(continued)

[1]Source: USDA-National Agricultural Statistics Service, Quick Stats. This figure includes production of wheat, corn, sorghum, barley, oats, and soybeans.
[2] Million metric tons.
[3] Includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.
[4] Includes items inspected under the authority of the U.S. Grain Standards Act that do not meet the requirements for grain as set forth in the official U.S. standards for grain, including cracked corn.

Item	Fiscal Years		
	2009	2010	2011
Number of Official Original Inspections[5]			
FGIS	101,630	121,325	134,393
Delegated States/Official Agencies	3,025,970	3,281,034	3,248,868
Total	3,127,600	3,402,359	3,383,261
Number of Grain Reinspections			
FGIS	201	471	457
Delegated States/Official Agencies	27,083	36,185	23,985
Total	27,284	36,656	24,442
Number of Grain Inspection Appeals			
Field Offices	2,555	3,440	3,395
Board of Appeals and Review	274	256	288
Total	2,829	3,696	3,707
Number of Official Commercial			
FGIS	4,095	9,809	12,286
Delegated States/Official Agencies	1,183,086	1,254,536	1,231,825
Total	1,187,181	1,264,343	1,244,111
Number of Barley Protein Inspections			
FGIS	0	373	0
Delegated States/Official Agencies	6,863	7,381	6,590
	6,863	7,754	6,590
Number of Corn Protein, Oil and Starch Inspections			
FGIS	194	3	4
Delegated States/Official Agencies	443	821	899
Total	637	824	903

(continued)

[5] Includes original inspections for grade, factor-only inspections, official criteria, and official commercial inspections.

Item	Fiscal Years		
	2009	2010	2011
Number of Wheat Protein Inspections			
FGIS	19,168	22,458	41,433
Delegated States/Official Agencies	456,994	501,138	547,300
Total	476,162	523,596	588,733
Number of Soybean Protein and Oil Inspections			
FGIS	14,725	16,966	18,765
Delegated States/Official Agencies	27,158	40,829	15,269
Total	41,883	57,752	34,034
Number of Sunflower Seed Oil Inspections			
FGIS	0	0	0
Delegated States/Official Agencies	45,305	45,554	30,675
Total	45,305	45,554	30,675
Number of Grain Aflatoxin Inspections			
FGIS	28,642	28,367	23,819
Delegated States/Official Agencies	107,386	114,046	127,576
Total	136,028	142,413	151,395
Number of Deoxynivalenol Inspections			
FGIS	7,637	15,150	11,690
Delegated States/Official Agencies	51,833	125,624	99,927
Total	59,470	140,774	111,617
Number of Fumonisin Tests			
FGIS	7	83	23
Delegated States/Official Agencies	6,098	10,975	6,101
Total	6,105	11,058	6,124

(continued)

Item	Fiscal Years		
	2009	2010	2011
Qty. of Rice Produced (Mmt) (rough basis)[6]	10.0	11.0	8.5
Qty. of Rice Inspected (Mmt) (rough basis)	3.3	3.9	3.9
Number of Rice Inspections			
FGIS	11,008	13,142	13,162
Delegated States/Official Agencies	20,267	20,436	20,855
Total	31,275	33,578	34,017
Number of Rice Appeals	102	281	333
Number of Rice Board of Review Appeals	1	5	21
Quantity of Pulses Produced (Mmt)[6] (beans, peas, lentils)	2.2	2.5	1.3
Quantity of Pulses Inspected (Mmt)			
FGIS	0.6	0.7	0.6
Cooperators	0.2	0.2	0.2
Total	0.8	0.9	0.8
Number of Pulse Inspections			
FGIS	11,283	13,673	10,936
Cooperators	7,869	10,211	9,905
Total	19,152	23,884	20,841
Number of Pulse Appeals	136	270	294
Number of Pulse Board of Review Appeals	15	22	26

[6]Source: USDA-National Agricultural Statistics Service, Quick Stats

Weighing Program Data
Fiscal Years 2009-2011

Item	Fiscal Years		
	2009	2010	2011
Official Weight Certificates Issued			
FGIS			
Class X[1]	67,943	78,972	67,954
Class Y[2]	1,220	1,125	7,519
Total	69,163	80,097	75,473
Delegated States/Official Agencies			
Class X[1]	149,167	140,699	184,581
Class Y[2]	77,519	82,082	81,105
Total	226,686	222,781	265,686
Exported Grain Weighed (Mmt)			
FGIS	70.3	77.1	80.3
Delegated States	24.8	29.0	29.1
Total	95.1	106.1	109.4
Number of Certified Scales in Service			
Export Elevators	222	210	214
Number of Scales Tested			
Railroad Track Scales	215	220	149
Hopper Scales	520	530	505
Vehicle Scales	300	360	387

[1] Class X weighing involves 100 percent supervision of weighing.

[2] Class Y weighing involves a minimum of 25 percent supervision of weighing.

Volume of Export Grain Inspections by Port Areas October 2010-September 2011

Port Area	Million Metric Tons (MMT)	Percent of Total U.S. Exports
California	0.2	0.2%
Chicago	0.3	0.2%
Columbia River	20.7	16.8%
Duluth-Superior	1.5	1.2%
East Gulf	1.0	0.8%
Interior[1]	13.0	10.5%
Mississippi River	54.8	44.5%
North Atlantic	0.4	0.3%
North Texas	12.9	10.5%
Puget Sound	10.5	8.6%
South Atlantic	2.0	1.6%
South Texas	5.0	4.1%
Toledo	0.7	0.6%
Total	123.0 MMT	100.0%

[1] Figures include all rail and containers loaded in the continental United States destined for export. The primary destination for rail shipments is Mexico with containers shipped worldwide through established ports.

Section V: Management Initiatives

Succession Planning

FGIS continues to take steps to ensure the quantity and quality of our future workforce and current leadership. In FY 2011, 12 FGIS employees completed GIPSA's Leadership Development Program (LDP). The LDP's goal is to get potential new leaders ready educationally and experientially for future leadership challenges and opportunities. The LDP is a competency-based program designed to support GIPSA's succession planning. It prepares selected high-potential employees through building and improving needed skills, as well as applying new approaches to address present and future needs. Graduates are expected to assume supervisory, managerial, and senior technical positions within the Agency taking on new, increased leadership responsibilities throughout the Agency.

FGIS is having success using intern programs to ensure the quantity and quality of our current and future workforce. Eighteen new and current employees were selected in our first intern program that began in January 2011. Our interns were recruited from colleges and universities across the Nation and reflect a cross section of the United States. Individuals selected for the 2-year internships work rotating assignments and participate in the full range of inspection work acquiring on-the-job experience to give them the necessary experience base.

Each intern supplements on-the-job training by attending classroom training and individual development assignments throughout the country. After successful completion of the program, interns will become Agricultural Commodity Graders responsible for a wide variety of grain inspection services.

FGIS is also committed to developing employees currently in management positions. In 2011, 26 new supervisors and managers received training on developing others, cultural transformation, performance management, conduct, leadership and conflict management. The program promotes the best application of leadership and management throughout the agency, which contributes to higher productivity and greater efficiency within FGIS. The New Supervisor training also provides an opportunity to convey the commitment to the USDA cultural transformation.

In 2011, all existing supervisors participated in an Office of Personnel Management (OPM) 360 survey with coaching sessions. Through the survey, all leaders received anonymous feedback from their employees, peers, and supervisors and identified developmental activities such as their individual development plans. The 360-degree assessment was based on the OPM assessment and competency model of 28 leadership competencies. These are measurable patterns of knowledge, skill, abilities, behaviors, and other characteristics that are needed to successfully perform work-related tasks throughout the Federal Government.

Restructuring Domestic Field Offices

New technology offers greater opportunity to change our business practices and improve service delivery. Centralizing quality control programs represents a critical component of a larger reinvention of the official inspection system that FGIS is undertaking to better serve the needs of the grain, oilseed, and commodity markets. This process will not merely move the oversight of quality control processes used today to a central location, but will entail a complete re-engineering of the quality control process using new technology.

FGIS continues to move down the path of centralization of the quality control processes and supervision activities. In FY 2011, FGIS reassessed

the responsibilities of the field offices and their areas of expertise, then realigned field office supervision responsibilities over official inspection agencies to better serve the agencies as well as the grain, rice, and pulse industries. Specifically, the Cedar Rapids Field Office was combined with the Field operations and Support Staff (FOSS) into a single field office, Domestic Inspection Operations Office (DIOO), and is now responsible for supervising the grain inspection, weighing, and commodity inspection activities of 30 official designated inspection agencies. The Stuttgart Field Office, primarily a rice inspection office now provides supervision to the rice inspection activities performed in California. Pulse inspection (edible peas and beans) supervision activity is now directed by the Grand Forks Field Office.

FGIS will continue to maximize use of the official grain inspection and weighing system by implementing and improving operations and services to meet customers' needs.

Customer Survey

FGIS conducted customer surveys in 1996, 2000, and 2007. Survey questions were based on those areas that had been identified by customers as being critical to the official system's success: timeliness, cost-effectiveness, accuracy, consistency, usefulness of services and results, and professionalism of employees. FGIS will conduct a paper and electronic survey by the end of calendar year 2011, seeking feedback from approximately 1,100 customers to evaluate the services provided by the official inspection, grading, and weighing programs.

Survey results are used to make necessary program and policy changes aimed at increasing service delivery. FGIS will share a compilation of the results with employees, customers, and the public via its web site.

Workplace Environment

FGIS has taken a proactive approach to maximize FGIS employee satisfaction which includes maintaining safety, improving operational efficiency and effectiveness of work processes, and fostering an environmentally friendly workplace. FGIS is working with grain industry customers to ensure the location and condition of the grain weighing, inspection, laboratory and office spaces augment employee safety. In 2011 FGIS and industry partners identified and are working toward implementation of enhanced safety measures at 13 facilities to improve the employee working environment. This includes locating, where possible, the laboratory and office facilities in which FGIS employees perform work such that they are at least 100 feet away from the base of tall structures, thereby reducing exposure to potentially hazardous working conditions.

Section VI: Financial Information

FGIS User Fee Accounts[1]	Revenue	Obligations	Profit/Loss	Retained Earnings
U.S. Grain Standards Act				
Inspection & Weighing	$37,652,241	$36,557,052	$1,095,189	$7,993,300
Official Agencies	$2,429,075	$1,829,112	$599,963	$4,074,659
Agricultural Marketing Act				
Rice	$5,415,123	$4,422,896	$992,227	$3,612,885
Processed Commodities	$2,703,674	$2,810,566	$(106,892)	$2,006,530
Total FY 2011	**$48,200,113**	**$45,619,626**	**$2,580,487**	**$17,687,374**

[1] Figures as of 11/7/11 and subject to revision.

FGIS' Appropriated Budget Authority *Dollars in millions*	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Appropriated Funds	$18.19	$17.61	$17.61	$17.93	$18.27	$17.79

Learn more about the
Federal Grain Inspection Service
www.gipsa.usda.gov