



United States  
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Agriculture

March 2001

# 2000 Annual Program Performance Report

## GRAIN INSPECTION, PACKERS AND STOCKYARD ADMINISTRATION



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# GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

## FY 2000 ANNUAL PROGRAM PERFORMANCE REPORT

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established in October 1994 as part of the U.S. Department of Agriculture reorganization. The mission of the Agency is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA is composed of two major programs: (1) Packers and Stockyards Programs and (2) Grain Program.

More information regarding GIPSA's programs can be found in the GIPSA Strategic Plan and Annual Performance plans. Only federal employees were involved in the preparation of this report. The GIPSA website address is: <http://www.usda.gov/gipsa>

The following table provides summary information on GIPSA's achievement of FY 2000 Performance Goals.

GIPSA PERFORMANCE SUMMARY				
Strategic Goal/ Management Initiative	FY 2000 Performance Goals/ Indicators	Performance		
		FY 1999 Actual	FY 2000 Target	FY 2000 Actual
Goal 1: Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.	Promote a fair, open, and competitive marketing environment for livestock, meat, and poultry: Investigations (#). Violations corrected/issues resolved within 1 year of investigation's starting date (%). Monetary recovery to livestock producers and poultry growers resulting from enforcement of the Packers and Stockyards Act (\$Mil).	1,218 98%	1,800 93%	1,898 96%
		\$12.6	\$25.0	\$17.1
Goal 2: Facilitate the marketing of U.S. grain for the benefit of American agriculture.	Increase the efficiency of US grain marketing: Percentage of critical grain quality measurement methods evaluated for improvement (%). Number of new or improved grain quality measurement methods implemented (#).	94% 49	100% 12	107% 18
	Provide a standardized framework for the U.S. grain trade: Statistical accuracy of original inspection results (%). Standards under review (#).	95% 3	93% 3	96% 3
	Provide cost effective and responsive official grain inspection and weighing services: Cost (\$) of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product. Cost (\$) of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product. Satisfied customers (%).	\$0.22 \$0.90 N/A	\$0.24 \$0.87 88.5%	\$0.23 \$0.91 88.5%
	Protect the integrity of U.S. grain marketing: Statistical accuracy of Official Agency inspection results (%). Complaints and violation reports investigated (#). Trade issues resolved (#).	95% 43 10	94% 50 8	95% 32 9
MI 1: Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.	Implementation of workforce plan action items (%).	--	15%	15%
MI 2: Ensure prudent financial management throughout the Agency.	Number of deficiencies and/or nonconformances.	0	0	0

**Goal 1:** Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.

**Objectives:** 1.1 - Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are engaging in any practice with the intent, or with the effect, of limiting or restricting competition. Initiate appropriate corrective action when there is evidence of anti-competitive practices in violation of the Packers and Stockyards Act.

1.2 – Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are engaging in unfair, deceptive, or unjustly discriminatory trade practices in the livestock, meat, and poultry industries. Initiate appropriate corrective action when there is evidence of trade practices in violation of the Packers and Stockyards Act.

1.3- Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are failing to provide financial protection to livestock and poultry producers by ensuring subject firms and individuals comply with the payment, custodial, trust, bonding, and financial provisions of the Packers and Stockyards Act. Initiate appropriate corrective action when there is evidence of financial practices in violation of the Packers and Stockyards Act.

**Key Performance Goals**

Promote a fair, open, and competitive marketing environment for livestock, meat, and poultry:

Investigations (#).

**Target:** 1,800

**Actual:** 1,898

Violations corrected/issues resolved within 1 year of investigation's starting date (%).

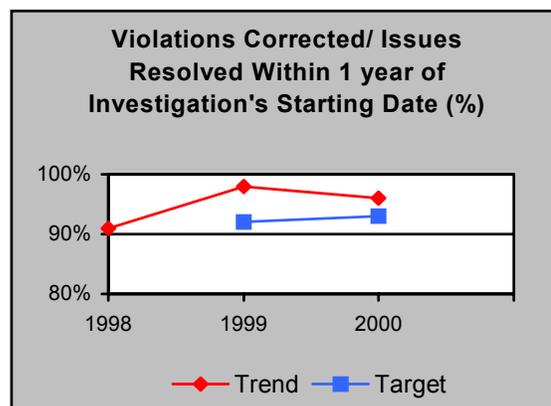
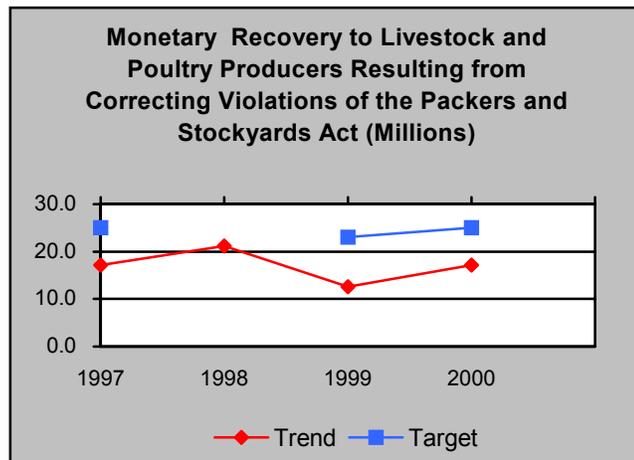
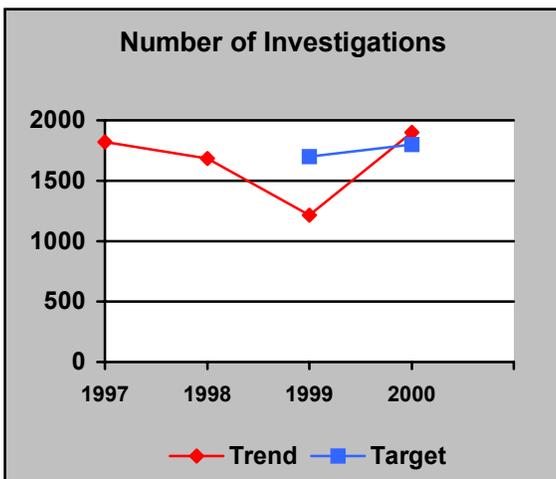
**Target:** 93%

**Actual:** 96%

Monetary recovery to livestock and poultry producers resulting from correcting violations of the Packers and Stockyards Act (Millions).

**Target:** \$25.0

**Actual:** \$17.1



**2000 Data:** Internal Agency procedures are used to measure the number of investigations, the percent of violations corrected/issues resolved within 1 year of the investigation’s starting date, and the dollar value returned to producers resulting from correcting violations of the Packers and Stockyards Act. This on-going tracking process begins when an investigation is opened by a regional office and concludes when the investigation is closed. Guidelines designed to promote uniform recording of this information into an electronic investigation/complaint log have been developed. Each quarter the information recorded in the complaint/investigation log maintained in each regional office is compiled and reviewed. The review includes selection of a representative sample of the investigations for verification and validation with the investigator directly involved in the investigation. The quarterly review promotes consistency and accuracy in reporting the results of investigations.

**Analysis of Results:** Two of the three performance indicators of Goal 1 were met in FY 2000. The initiation of 1,898 investigations exceeded the target of 1,800. The completion within 1 year of 96% of the investigations closed during the fiscal year exceeded the target of 93%. GIPSA’s target was \$25 million in monetary recoveries to livestock and poultry producers. Though actual recoveries were “only” \$17.1 million, this is actually a positive situation. This amount of recovery was considerably less than estimated, due largely to a robust economy in FY 2000, which also resulted in fewer financial failures in the livestock marketing sector.

**Descriptions of Actions and Schedules:** In FY 2000, GIPSA continued to hire new employees to expand the Packers and Stockyards Programs’ economic, legal, and computer expertise to address industry structure and competition issues. The Agency completed most of this hiring initiative by the beginning of FY 2001. As the recently hired employees gain experience, GIPSA expects continuing improvement of its regulatory program, especially in the areas of unfair and anticompetitive practices. GIPSA anticipates meeting its program goal and associated indicators for this program in FY 2001 and beyond.

**Current Fiscal Year Performance:** Increased staffing has enabled GIPSA to meet target levels in two of the three performance indicators this year. Performance indicators remain the same for the current fiscal year. The wording of the third indicator, related to monetary recovery, was modified to more clearly describe the performance measurement.

**Program Evaluations:** Quarterly program performance evaluations are planned for FY 2001.

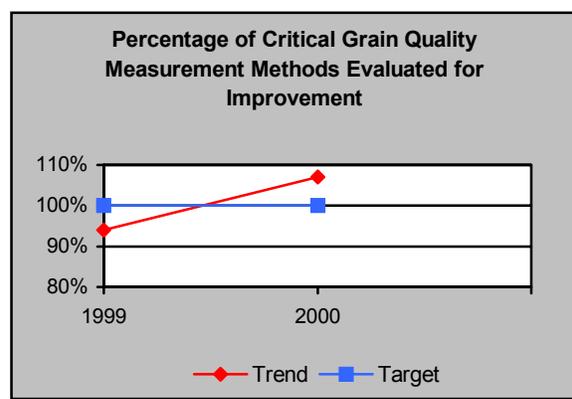
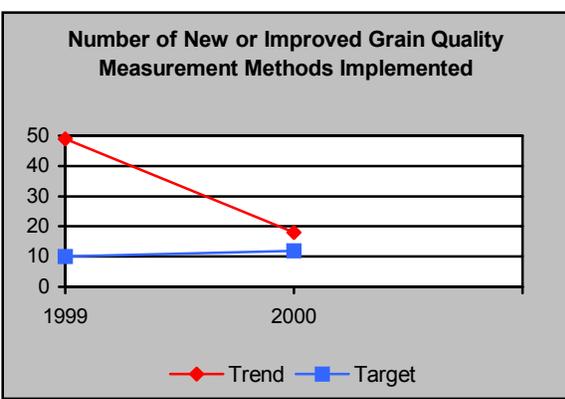
**Goal 2:** Facilitate the marketing of U.S. grain for the benefit of American agriculture.

**Objective 2.1:** Increase the efficiency of U.S. grain marketing.

**Key Performance Goals**

<u>Increase the efficiency of US grain marketing:</u>	
Percentage of planned evaluations of critical grain quality measurement methods.	
<b>Target:</b>	100%
<b>Actual:</b>	107%
Number of new or improved grain quality measurement methods implemented.	
<b>Target:</b>	12
<b>Actual:</b>	18

Year	Number of Completed Evaluations	Number of Planned Evaluations	Percentage of Critical Grain Quality Measurement Methods Evaluated for Improvement	Target
1999	29	31	94	100
2000	31	29	107	100



**2000 Data:** Internal Agency procedures are used to track method evaluations which are completed and the number of new and/or improved methods or tests. At the start of each fiscal year, the Agency's Technical Services Division (TSD) establishes a prioritized list of those methods which, in its assessment, need to be evaluated. Throughout the year, TSD tracks whether the listed methods have been evaluated and calculates the percentage of planned evaluations which have been completed.

TSD and the Agency's Policies and Procedures Branch (PPB) are responsible for tracking new and/or improved methods or tests. Throughout the fiscal year, TSD keeps a running list of new methods and tests introduced by GIPSA or those methods and tests which GIPSA has improved. At the end of the fiscal year, TSD shares the list with PPB for review, and by working together, TSD and PPB agree to a final list of new and/or improved methods or tests. Shortly after the start of the new fiscal year, TSD and PPB submit the validated list to the Office of the Deputy Administrator for the Grain Program. Existing documentation within the Agency validates and verifies that action items were completed.

**Analysis of Results:** The performance goal was exceeded. Beginning in FY 2001, the wording pertaining to the annual performance goal and corresponding indicator, as shown in the FY 1999 Annual Program Performance Report, was changed somewhat to provide for a more meaningful description, and better reflect what is actually being tracked.

The Agency's Technical Services Division has developed a prioritized list of methods which, in its assessment, need to be evaluated. Even though the Agency exceeded its target for the number of new and/or improved methods or tests, it is also re-evaluating its target for FY 2001, and beyond, in an attempt to continue to bring projections and actual levels of performance more in line.

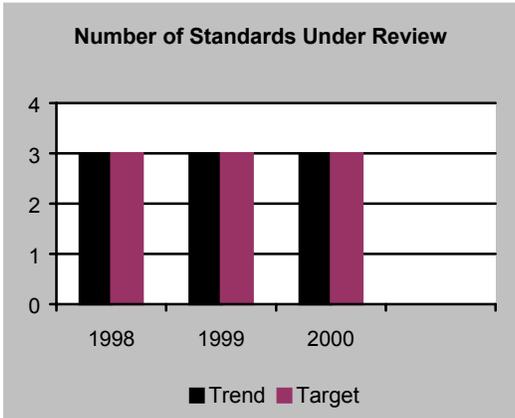
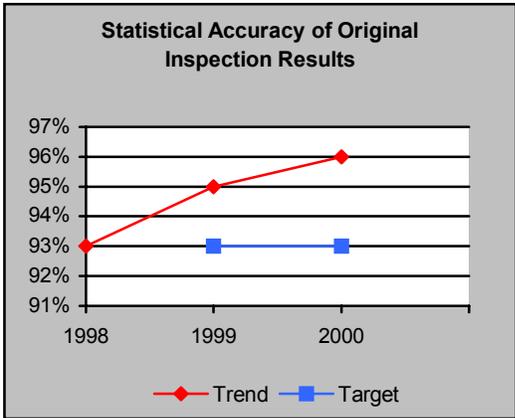
**Current Fiscal Year Performance:** As mentioned above, the Agency is reevaluating targeted levels of performance for FY 2001 and beyond based on actual levels of performance in FY 1999 and 2000. The Agency anticipates completing this re-evaluation in March 2001. At that time, the Agency will be in a better position to determine whether adjustments are needed in targeted levels of performance.

**Program Evaluations:** Other than internally tracking method evaluations which are completed and the number of new and/or improved methods or tests, GIPSA did not conduct any program evaluations.

**Objective 2.2:** Provide a standardized framework for the U.S. grain trade.

### Key Performance Goals

Provide a standardized framework for the U.S. grain trade:	
Statistical accuracy of original inspection results (%).	
<b>Target:</b>	93%
<b>Actual:</b>	96%
Standards under review (#).	
<b>Target:</b>	3
<b>Actual:</b>	3



**2000 Data:** The Agency’s inspection result accuracy is determined by statistically selecting samples from a random number generator program. Records of the random numbers are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored.

Each year in the Agency’s Annual Report to Congress, the Agency’s Policies and Procedures Branch reports on activities related to the grading standards. The information provided in the report is used to determine how many grading standards were reviewed during the previous fiscal year.

**Analysis of Results:** The performance goal was met. GIPSA met its target of reviewing 3 standards in FY 2000. The Agency’s actual level of performance, 96% for the statistical accuracy of original inspection, exceeded its target of 93% for FY 2000.

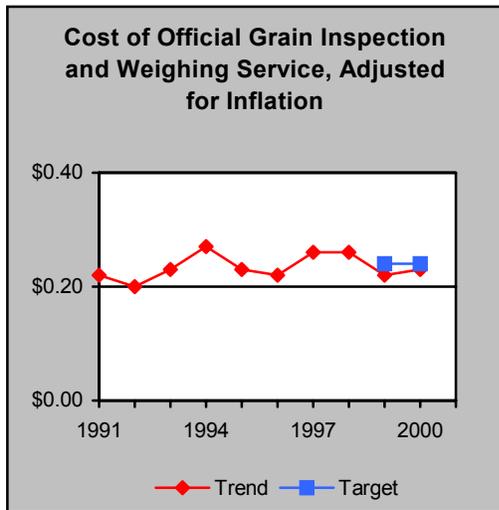
**Current Fiscal Year Performance:** Since GIPSA successfully met or exceeded its targeted levels of performance in FY 2000, the Agency anticipates meeting its targeted levels of performance for FY 2001 as given in its performance plan for FY 2001.

**Program Evaluations:** Other than determining its actual level of performance for the two performance indicators under this performance goal, GIPSA did not conduct any additional program evaluations.

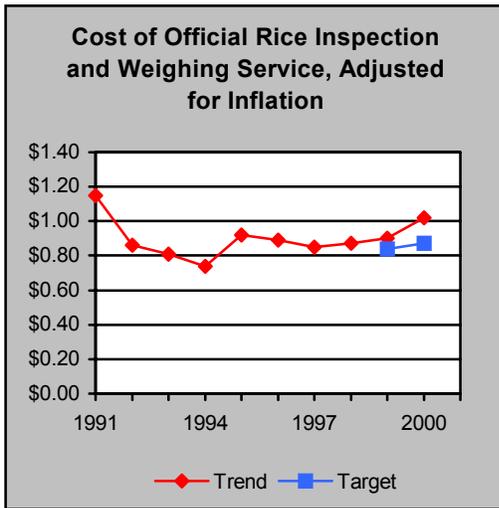
**Objective 2.3:** Provide all segments of American agriculture with cost-effective and responsive official grain inspection and weighing services.

**Key Performance Goals**

<u>Provide cost effective and responsive official grain inspection and weighing services:</u>	
Cost (\$) of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product.	
<b>Target:</b>	\$0.24
<b>Actual:</b>	\$0.23
Cost (\$) of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product.	
<b>Target:</b>	\$0.87
<b>Actual:</b>	\$0.91
Satisfied customers (%)	
<b>Target:</b>	88.5%
<b>Actual:</b>	88.5%



Year	Account Expense (000)(\$)	Million Metric Ton Inspected	FY Deflator	Cost of Official Grain I & W Adjusted for Inflation (\$ per Metric Ton)	Target (\$ per Metric Ton)
1991	\$19,160	91.4	.972	\$0.22	
1992	\$18,814	92.1	1.0	\$0.20	
1993	\$21,632	92.4	1.027	\$0.23	
1994	\$21,415	76.7	1.051	\$0.27	
1995	\$24,015	97.1	1.077	\$0.23	
1996	\$23,285	94.4	1.098	\$0.22	
1997	\$22,972	79.0	1.118	\$0.26	
1998	\$23,021	77.2	1.132	\$0.26	
1999	\$22,866	91.2	1.144	\$0.22	\$0.24
2000	\$24,146	90.9	1.161	\$0.23	\$0.24



Year	Account Expense (000)(\$)	Million Metric Ton Inspected	FY Deflator	Cost of Official Rice I & W Service, Adjusted for Inflation (\$ per Metric Ton)	Target (\$ per Metric Ton)
1991	\$3,473	3.1	.972	\$1.15	
1992	\$3,347	3.9	1.0	\$0.86	
1993	\$3,848	4.6	1.027	\$0.81	
1994	\$4,022	5.2	1.051	\$0.74	
1995	\$4,275	4.3	1.077	\$0.92	
1996	\$3,715	3.8	1.098	\$0.89	
1997	\$3,343	3.5	1.118	\$0.85	
1998	\$3,821	3.9	1.132	\$0.87	
1999	\$4,106	4.0	1.144	\$0.90	\$0.84
2000	\$4,035	3.8	1.161	\$0.91	\$0.87

**2000 Data:** The per metric tons cost of the official grain and rice inspection and weighing services are calculated annually, using constant 1992 dollars indexed on the Gross Domestic Product. Inspection volume data are reported in the Agency’s Grain Inspection and Weighing Information System and Export Grain Information System (for grain) and the Agricultural Marketing Act Output Report (for rice). Inspection volume data originate at the Agency’s inspection sites, are reported on official inspection and weighing certificates, and are downloaded into these systems. The validity of the data, therefore, can be traced to the official inspection and weighing certificates and the related work records.

GIPSA relies upon the National Finance Center’s (NFC) Central Accounting System and the Marketing and Regulatory Program Area’s Washington Financial Services Branch (WFSB) for its financial data. WFSB obtains monthly financial data from NFC, and, in turn, WFSB prepares monthly financial statements for GIPSA. Each GIPSA manager is responsible for reviewing his/her work units’ monthly financial statement. If a manager questions any of the financial data, it is incumbent upon that manager to contact the Agency’s Executive Resources Staff (ERS). In turn, ERS contacts WFSB which is responsible for contacting NFC to make any necessary corrections. Because of the “checks” built into the system, GIPSA is confident in the year-end expense figures for the grain and rice inspection and weighing accounts that are used in the calculation of the cost per metric ton performance indicators.

**Analysis of Results:** Overall, the performance goal was met, because the targeted level of performance for the most significant (as indicated by revenues) performance indicator under the performance goal was exceeded. For the performance indicator, “cost of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product,” GIPSA’s actual level of performance, \$0.23, exceeded its targeted level of performance of \$0.24.

For the performance indicator, “cost of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product,” GIPSA’s actual level of performance, \$0.91, did not meet its targeted level of performance of \$0.87. This occurred because export tonnage and the number of rice inspections were greater than projected. Although the Agency was able to maintain some costs at the FY 1999 level, overtime, travel, and other costs increased during FY 2000.

A customer service survey was conducted from August through October 2000. The results, just completed in February 2001, indicated a customer satisfaction rate of 88.5%.

**Descriptions of Actions and Schedules:** It is important to note that based on evaluation of the rice account, GIPSA revised its targeted level of performance from \$0.84 to \$0.87 per metric ton as adjusted for inflation. The revised figures appeared in the Agency’s Annual Performance Plans for FY 2000 and 2001. The Agency will continue to carefully monitor the rice account, paying special attention to revenue, cost, and workload data. The intent of this analysis is to identify program areas where efficiency could be improved. Based upon this analysis, GIPSA will determine if further modification to the current program and performance indicator is necessary.

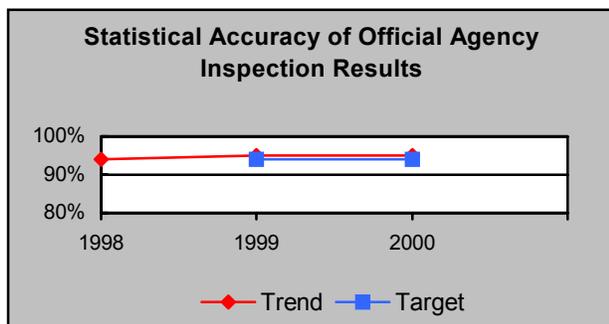
**Current Fiscal Year Performance:** Based upon GIPSA’s analysis of the rice program, the Agency will consider whether modification to the current program and performance indicator is necessary.

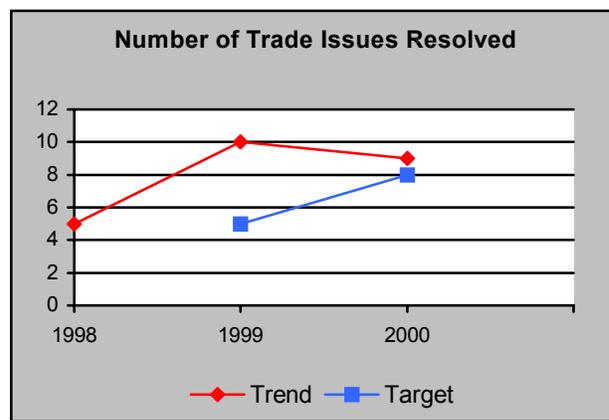
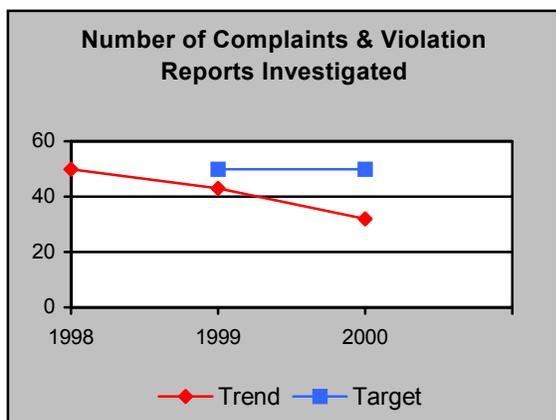
**Program Evaluations:** During FY 2001 and on an on-going basis, GIPSA program managers, and staff specialists familiar with the rice program, will continue to carefully analyze all rice account revenue, cost, and workload data. No other evaluations were conducted.

**Objective 2.4:** Protect the integrity of U.S. grain marketing by regulating grain weighing and handling practices, and regulating the providers of official grain inspection and weighing services.

**Key Performance Goals**

<u>Protect the integrity of U.S. grain marketing:</u>	
Official Agency compliance with designation criteria (%)	
<b>Target:</b>	100%
<b>Actual:</b>	100%
Statistical accuracy of Official Agency inspection results (%)	
<b>Target:</b>	94%
<b>Actual:</b>	95%
Complaints and violation reports investigated (#)	
<b>Target:</b>	50
<b>Actual:</b>	32
Trade issues resolved (#)	
<b>Target:</b>	8
<b>Actual:</b>	9





**2000 Data:** Official Agencies are designated for up to 3 years. During this time period, these agencies receive at least one operational review to verify that they are meeting all the designation criteria. In addition to providing accurate inspection services, the official agencies must meet all the criteria cited in the U.S. Grain Standards Act. If they do not meet this criteria, their designation is not renewed. GIPSA prepares written performance reports of the Agencies’ operations, and electronically monitors the actions initiated by the Agencies to address all needed corrections.

The Official Agencies’ inspection accuracy is determined, in large part, by statistically selecting samples from a random number generator program. Selections are made only after the original results have been provided to producers or marketers. Records of the random number are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored. Completion of the original inspection results database will allow GIPSA to perform this operation electronically rather than manually. This should also enhance the verification and validation process.

All reported violations of the U.S. Grain Standards Act, as well as complaints, are investigated thoroughly, including conducting on-site evaluations, if appropriate. All complaints and reported violations are logged in, and the progress of the actions taken are electronically monitored until each situation is resolved. Upon resolution, the complainants are advised of the actions taken by GIPSA.

The Agency’s Office of International Affairs (OIA) keeps track of all trade issues in which it has involvement via a simple database. Throughout the year, (OIA) tracks whether issues have been resolved and shares this information with the Office of the Administrator.

**Analysis of Results:** The performance goal was met. The Agency exceeded its targeted levels of performance for the performance indicators, “statistical accuracy of Official Agency inspection results (95%),” “complaints and violation reports investigated (32),” and “trade issues resolved (3).” The “complaints and violation reports investigated” indicator is favorable because conditions were such in the economy and industry that complaints and subsequent violations actually decreased.

**Current Fiscal Year Performance:** Since GIPSA successfully met or exceeded its targeted levels of performance in FY 2000, the Agency anticipates meeting its targeted levels of performance for FY 2001 as given in its performance plan for FY 2001.

**Program Evaluations:** No program evaluations were conducted.

**Management Initiative 1:** Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.

**Baseline:** In Fiscal Year 1999, GIPSA conducted a detailed workforce analysis resulting in a workforce plan for Fiscal Years 1999-2004. The plan includes workforce goals, strategies, and action items for the Agency which may be reflected in future iterations of the Agency’s strategic and annual performance plans.

PERFORMANCE GOALS AND INDICATORS	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
Implementation of workforce plan action items (%).	--	15%	15%

**Discussion of Annual Performance Goals:** Meeting the target of this annual performance indicator helps support the achievement of USDA Management Initiative 1, to ensure that all customers and employees are treated fairly and equitably, and with dignity and respect. This initiative is consistent with the Department’s civil rights and workforce planning policies, and provides a comprehensive management process to develop a working environment where all employees are supported to their full potential.

**Means and Strategies:** GIPSA's workforce plan includes a list of action items, responsible parties, and targeted completion dates. In FY 2000, the Agency's Office of the Administrator began reviewing each division's and staff's quarterly progress in achieving those action items for which it is responsible. In FY 2001, the Agency began reviewing its 5-year workforce plan, and is attempting to develop better measures to quantify overall progress in this area. As a result, the Agency is discontinuing the current output-based performance measure, "implementation of workforce plan action items (%)," as shown above.

**Verification and Validation:** The Office of the Administrator will be involved in monitoring any newly developed goals and indicators. This will be accomplished as part of the Agency's established quarterly updating process. Each division director and staff head submits to the office of the Administrator a quarterly update of his/her work unit's progress in achieving program initiatives. As part of this process, each division director and staff head will also report on his/her work unit's progress in achieving the action items as given in the workforce plan and for which the unit is responsible. The Office of the Administrator will keep track of all action items via a simple database. Each division director and staff head will also be asked to report upon his/her work unit's progress as part of his/her annual performance evaluation.

**Management Initiative 2:** Ensure prudent financial management throughout the Agency.

**Key Performance Goals**

Number of deficiencies and/or nonconformances.	
Target:	0
Actual:	0

**2000 Data:** It is the GIPSA management team's responsibility to identify any material weaknesses in the Agency's program or nonconformance in GIPSA's financial management systems. Should deficiencies and/or system nonconformance be identified during the course of review, audits, or evaluations, GIPSA includes in its annual report to the Secretary of Agriculture, in accordance with the Federal Managers' Financial Integrity Act (FMFIA), such findings, a corrective action plan for resolving the identified areas, and the progress the Agency has made towards resolving such deficiencies and/or nonconformances or any significant previously identified problem areas.

**Analysis of Results:** The performance goal was met. GIPSA identified no deficiencies and system nonconformances, as indicated in the FY 2000 FMFIA report.

**Current Fiscal Year Performance:** Since GIPSA successfully met its targeted level of performance in FY 2000, the Agency anticipates meeting its targeted level of performance for FY 2001 as given in its performance plan for FY 2001.

**Program Evaluations:** In accordance with the FMFIA, GIPSA has established internal accounting and administrative controls in the Agency's programs and financial management system according to procedures and standards prescribed by the Comptroller General and annually reports to the Secretary on the condition of the Agency's internal controls. More specifically, GIPSA reviews its programs and financial management systems to ensure that: controls and security measures are adequate, clientele information collected and generated is managed properly; and financial management systems comply with management, financial, accounting, budget, and information resources management standards.