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Audit Report

FOOD SAFETY AND INSPECTION SERVICE'S IN-PLANT PERFORMANCE SYSTEM

Report No. 24601-0006-Ch
March 2006



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



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REPLY TO

ATTN OF: 24601-0006-Ch

TO: Barbara J. Masters, D.V.M.
Administrator
Food Safety and Inspection Service

ATTN: William C. Smith
Assistant Administrator
Office of Program Evaluation, Enforcement, and Review

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

SUBJECT: Review of Food Safety and Inspection Service's In-Plant Performance System

This report presents the results of our audit of the Food Safety and Inspection Service's (FSIS) In-Plant Performance System (IPPS). Our audit evaluated the adequacy of agency policy and procedures related to preparing for, executing, and monitoring the IPPS process.

The FSIS response to the official draft report is included in Exhibit A, with excerpts and the Office of Inspector General's position incorporated into the Findings and Recommendations sections of the report. Based on the response, we have reached management decisions on Recommendations 1, 2, 3, 4, 5 and 6. Please follow your agency's internal procedures in forwarding documentation for final action to the Office of the Chief Financial Officer.

Management decision has not been reached for Recommendations 7 and 8. Management decision can be reached on these recommendations once you have provided the additional information outlined in the report section, OIG Position.

In accordance with Departmental Regulation 1720-1, please provide a reply within 60 days describing the corrective action taken and planned, including timeframes for their implementation. Please note that the regulation requires that management decisions be reached on all recommendations within a maximum of 6 months from report issuance.

Executive Summary

Food Safety and Inspection Service's In-Plant Performance System

Results in Brief

Over the past several years, FSIS has been confronted with some of the largest product recalls in our nation's history. As a result of these recalls, the Government Accountability Office (GAO) and the Office of Inspector General (OIG) conducted audits to assess management efforts to oversee the inspection process and make recommendations to strengthen agency management controls. In response to these audits, FSIS is developing a management control system that will provide assurance that the agency is accomplishing its mission of protecting consumers from unsafe and unwholesome food products.

A key component of FSIS' management control system is the In-Plant Performance System (IPPS), which was established to strengthen supervision and improve inspector accountability. In response to several OIG audits, FSIS has cited IPPS reviews as a critical measure to improve monitoring of food safety at meat and poultry establishments. To gain support for and feedback on the new management control system, FSIS headquarters officials have made presentations to field management and frontline supervisors (supervisors). The officials also made a presentation to OIG and solicited our input on the proposed management control system.

We performed this audit to evaluate the adequacy of agency policy and procedures related to preparing for, executing, and monitoring IPPS reviews. Our audit found that FSIS' policies and procedures were generally adequate and that the system improved supervision and inspector accountability. We did find, however, that the review process could be strengthened in the areas of written guidance and management oversight.

Of primary concern, supervisors were not always completing the entire IPPS assessment sheet (review form) when evaluating inspectors. For instance, we found that supervisors had not completed all sub-elements on the IPPS review forms for 84 percent of the inspectors (100 of 119) we examined. In many cases, supervisors had completed only one or two sub-elements out of five or six within a performance element. Many of the incomplete sub-elements related to critical aspects of an inspector's duties, such as Hazard Analysis and Critical Control Point (HACCP) Procedures and Sanitation Standard Operating Procedures (SSOP). They had also not performed the required number of IPPS reviews for 13 percent of the inspectors, and had not completed all required performance elements for 22 percent of the inspectors.

We attributed this to agency guidance that either lacked clarity or did not require supervisors to perform specific tasks. Also, FSIS had no system to schedule and track the completion of IPPS reviews. As a result, FSIS had reduced assurance that inspectors were properly performing their duties and enforcing food safety regulations.

We also found that, while FSIS had developed extensive guidance regarding data sources and system reports for supervisors to use when preparing for IPPS reviews, the guidance did not identify critical reports and require supervisors to use them. As a result, we found that supervisors had not used significant segments of the guidance to enhance their on-site review of consumer safety inspectors.

Additionally, we noted that the review process would be improved if supervisors were required to write a narrative description for all performance findings, including when inspector performance meets expectation. We found that it was difficult to determine the adequacy of reviews without narrative to support performance findings. Although FSIS does require supervisors to include narrative when an inspector's performance is deficient or exceeds expectations, those findings were minimal on the IPPS forms we analyzed. The majority of findings fell into the "meets expectation" category, for which no narrative was required.

FSIS could further improve inspector performance and professional development by analyzing IPPS review data. Currently, FSIS analyzes only establishment data to identify nationwide trends that affect food safety and sanitation. Using IPPS data to identify deficiencies with inspector performance could lead to specific training that would directly impact the quality of inspections at establishments.

Overall, we concluded that by refining IPPS oversight and guidance, FSIS can increase its assurance that inspectors are properly performing their duties and enforcing food safety regulations.

Recommendations In Brief

We recommended that FSIS management more closely monitor the activities of field managers and supervisors involved in the IPPS review process, analyze IPPS review data, and use the Office of Program Evaluation, Enforcement, and Review to periodically evaluate the IPPS review process. We further recommended that FSIS revise its guidance to require supervisors to: examine specific data sources and system reports prior to performing an IPPS review; complete all sub-elements on IPPS review forms during an inspector's rating period; and provide narrative description for IPPS review elements when inspector performance meets expectation.

Agency Response

In their response dated February 23, 2006, FSIS officials generally agreed with the findings and recommendations contained in this report. Actions on some recommendations have been completed, while others are in process. We have incorporated applicable portions of FSIS' response, along with our position, in the Findings and Recommendations section of this report. The agency's response is included in its entirety as Exhibit A of the report.

OIG Position

We agree with FSIS officials' response to the recommendations and have reached management decisions on Recommendations 1, 2, 3, 4, 5, and 6. Management decisions have not been reached for Recommendations 7 and 8. Management decisions can be reached on these recommendations once we receive the information specified in the OIG Position section for each recommendation.

Abbreviations Used in This Report

EARO	Executive Associate for Regulatory Operations
FSIS	Food Safety and Inspection Service
GAO	Government Accountability Office
HACCP	Hazard Analysis and Critical Control Point
IPPS	In-Plant Performance System
OFO	Office of Field Operations
OIG	Office of Inspector General
OPEER	Office of Program Evaluation, Enforcement, and Review
PBIS	Performance Based Inspection System
PH/OCF	Public Health to Other Consumer Protection
SSOP	Sanitation Standard Operating Procedures
USDA	United States Department of Agriculture

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Background and Objectives

Background

The Food Safety and Inspection Service (FSIS) was established to ensure that the nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged, as required by law.¹ To accomplish its mission, FSIS inspects meat, poultry, and egg products sold in the United States and in foreign commerce, including imported products. FSIS has more than 7,500 inspectors performing this activity at approximately 6,300 establishments nationwide.

The In-Plant Performance System (IPPS) is a tool supervisors use to assess the work of non-supervisory in-plant inspection program personnel. IPPS provides a first-hand, on site observation of how well an employee conducts FSIS inspection and verification procedures in federally inspected establishments. FSIS developed the IPPS review process to ensure that its public health regulatory mission is being properly carried out by its inspection force. The IPPS review process identifies and addresses the need to improve employee's knowledge of job requirements, ensures consistency in the application of inspection methods and regulatory decision-making, identifies performance problems, and recognizes on target and noteworthy performance by inspection program personnel.

Supervisors are required to perform IPPS reviews of non-supervisory inspection program personnel at least twice a year. FSIS officials suggest that these visits be conducted, if possible, between the months of August and December, and between the months of March and May, each year. During visits, supervisors are required to evaluate inspector performance in five areas: Hazard Analysis and Critical Control Point (HACCP) Procedures, Sanitation Standard Operating Procedures (SSOP), Inspection and Sampling Procedures, Liaison and Administrative Duties, and Ante-mortem and Post-mortem Inspection Procedures.

In past years, the Office of Inspector General (OIG)² and the Government Accountability Office (GAO)³ have issued reports that identified serious food safety issues and recommended improved monitoring of inspector activities. To address these issues, FSIS Office of Field Operations (OFO) implemented the initial phase of a new management control system in May 2005. FSIS plans to develop and

¹ The Federal Meat Inspection Act, dated March 4, 1907, the Poultry Products Inspection Act, dated August 28, 1957, and the Egg Products Inspection Act, dated December 29, 1970.

² Audit Report No. 24601-6-KC, "Food Safety and Inspection Service Oversight of Production Process and Recall at ConAgra Plant," dated September 2003.

³ GAO Report No. 02-902, "Better USDA Oversight and Enforcement of Safety Rules Needed to Reduce Risk of Foodborne Illness," dated August 2002.

implement additional phases of the system in the next fiscal year. The purpose of this system is to provide multi-layered, in-depth management oversight of public health activities carried out through OFO.

FSIS Headquarters officials stated that the IPPS review process will be a key element in the management control system. The management control system will provide OFO with assurance that it is protecting public health by achieving and maintaining specific levels of performance in its daily food safety and security operations. As part of the management control system, IPPS reviews will ensure that supervisors focus on whether or not inspection personnel are verifying that establishments have taken corrective action and preventative measures in response to noncompliance issues.

Objectives

Our objective was to determine if FSIS had adequate guidelines and directives to prepare for, execute, and monitor IPPS reviews.

Findings and Recommendations

Section 1. IPPS Guidance

The FSIS inspection process is critical in accomplishing the agency's mission of protecting consumers from unsafe and unwholesome food products. To enhance inspection effectiveness, FSIS implemented the IPPS review process, which is designed to assist supervisors in evaluating inspector performance and adherence to agency standards. Our audit disclosed that agency guidance related to implementing IPPS, while generally adequate, could be strengthened to improve the review process.

In particular, FSIS guidelines need to require that managers and supervisors: (1) more closely monitor the IPPS review process, (2) examine specific data sources and system reports prior to performing an IPPS review, (3) complete all sub-elements on IPPS assessment sheets⁴ (review forms) during an inspector's rating period, and (4) provide narrative description for IPPS review elements when inspector performance meets expectation. These measures, if implemented, would provide agency managers with greater assurance that inspectors are performing their critical food safety role in accordance with agency standards.

Finding 1

Supervisors Need To Complete IPPS Reviews

Supervisors had not completed comprehensive IPPS reviews. Specifically, they had not completed all of the sub-elements on IPPS review forms for 84 percent of the inspectors in our analysis, had not performed the required number of IPPS reviews for 13 percent of the inspectors, and had not provided narrative for deficient or exceptional performance for 17 percent of the IPPS reviews, as required. We attributed this to agency guidance that lacked clarity and did not require supervisors to perform specific tasks. Further, FSIS had no system to schedule and track the completion of IPPS reviews. As a result, FSIS has reduced assurance that inspectors properly performed their duties and enforced food safety regulations.

IPPS Forms Not Fully and Accurately Completed

The IPPS form contains five elements related to an area of inspector responsibility, such as HACCP procedures, SSOP, and inspection and

⁴ FSIS Form 4430-8.

sampling procedures. Within each element are five to seven sub-elements, which relate to specific skills that inspectors perform. Our review of IPPS forms for 119 inspectors found that supervisors had not completed all sub-elements for 100 of those inspectors, or 84 percent.

FSIS directive 4430.3.X.2a states that supervisors should select a “sufficient number of sub-elements” when performing IPPS reviews to cover all applicable elements for the annual review period. Like the directive, the IPPS review guidelines do not specify the number of sub-elements that must be completed; however, they do state that supervisors must verify that inspection personnel are applying the appropriate inspection methodology, utilizing effective decision-making, documenting their findings, and implementing enforcement actions. Thus, in order to comply with the IPPS review guidelines, supervisors would need to perform a thorough evaluation using all sub-elements on the IPPS form. It is important that supervisors review all the sub-elements to ensure that inspectors understand and implement the requirements for each element, and that inspectors are thoroughly evaluated in all tasks identified by those elements.

Our review disclosed, however, that some supervisors completed only one or two sub-elements, out of five to seven for each element, on IPPS forms. For example, we found multiple instances where supervisors completed only two of the six sub-elements within the HACCP element, which is a critical element, for the entire rating period. We question whether supervisors can adequately assess inspector performance using only two sub-elements, especially for critical elements such as HACCP. The district manager for these supervisors stated that the agency directive did not require the completion of all sub-elements.

We discussed the IPPS guidelines concerning sub-elements with a key headquarters official who stated that the directive and guidelines were intended to require the completion of all sub-elements during an inspectors rating period. The official acknowledged, though, that the directive was unclear regarding the completion of the sub-elements. In order to ensure that inspectors are accurately evaluated in all areas of responsibility, the IPPS directive and guidelines need to clearly state that all sub-elements must be completed by the end of each rating period.

Our analysis also found that supervisors had not completed all required performance elements for 22 percent (26 of 119) of the inspectors. FSIS directives state that the IPPS review performance elements for HACCP, SSOP, Liaison, and Sampling, must be completed for each inspector during a rating period.

We also found 43 instances (from 250 IPPS reviews) where supervisors had rated a performance element for an inspector as deficient or exceeds expectations, but had not provided the required narrative to support the findings. FSIS guidance⁵ requires that supervisors provide narrative description for deficiencies and exceptional performance on IPPS review forms. In our view, sufficient documentation is needed for managers to verify that supervisors adequately evaluated inspector performance in these critical circumstances.

The managers at both district offices we visited informed us they required supervisors to submit completed IPPS reviews, and that if time permits, they generally examined those reviews for accuracy. They pointed out that there was no requirement to do so. However, our review found they had not detected that many supervisors had not completed all performance elements on the forms, and had not provided narrative for performance elements rated as deficient.

IPPS Reviews not Performed

Our audit found that supervisors had not performed the required number of IPPS reviews during a rating period and had not always completed the forms correctly. These problems were not detected by district managers. FSIS directives require that each inspector receive two IPPS reviews during a rating period. Agency supervisors are responsible for performing the reviews and ensuring that all required reviews are completed during a rating period. We analyzed IPPS reviews for 119 inspectors that were completed during the rating period from March 1, 2004, to June 30, 2005. Our analysis identified 15 inspectors (13 percent) that had received only one IPPS review during the rating period.

District managers stated that since there was no agency policy requiring them to ensure the completion of IPPS reviews; they did not always do so. We also noted that they had no system to schedule IPPS reviews and track the completion of those reviews. For these reasons, they had not detected that supervisors failed to complete all required IPPS reviews.

The Executive Associates for Regulatory Operations (EARO) are responsible for overall planning, leadership, administration, and evaluation of district offices. However, we found no evidence that they monitored the activities of district managers who were overseeing the IPPS review process. Based on our discussion with FSIS officials during the audit, they informed us that revisions will be made to the proposed management control system that will require district managers to examine ten percent of all IPPS reviews,

⁵ FSIS Directive 4430.3 X.A.4, dated June 17, 2002.

and EARO to examine two percent of those examined by district offices.

These proposed measures would strengthen monitoring of the IPPS review process, and reduce some of the errors disclosed during our audit. However, agency officials were unable to provide timeframes for implementing the proposed changes. Furthermore, the proposed measures will not correct some errors, such as uncompleted reviews, which would be better detected using a scheduling and tracking system.

Recommendation 1

Revise the IPPS directive and guidelines to state that all sub-elements must be completed during each inspector's rating period.

Agency Response

On November 18, 2005, FSIS officials issued FSIS Directive 4430.3, Rev. 1, which stated that, "supervisors are to select a sufficient number of elements (and their subsets) to cover during the IPPS assessment so the supervisor has covered all applicable elements for the position before the end of the annual rating." Additionally, section VIII.D states that, "supervisors at their discretion may conduct more than two IPPS assessments during the rating year and should do so if they cannot thoroughly assess the entire performance element over the two assessments."

FSIS officials further stated they are in the final stages of revising IPPS training which will be completed by March 2006.

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when the training revision is completed.

Recommendation 2

Strengthen monitoring by establishing a system to schedule and track the completion of IPPS reviews.

Agency Response

FSIS Directive 4430.3, Rev. 1, issued on November 18, 2005, instructs supervisors to conduct at least two IPPS reviews. One review is to be conducted after issuance of performance standards and before the beginning of the rating cycle. The second review is to be conducted

after the midyear performance progress review and the annual performance appraisal.

In addition, FSIS is currently working with a contractor to develop an application called AssuranceNet, which will allow FSIS to track the completion of IPPS reviews. Implementation is expected by July 2006.

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when the tracking system is completed.

Recommendation 3

Require district managers to examine IPPS reviews to ensure that the narrative clearly describes the supervisor's findings, particularly when deficiencies are noted or exceptional performance is observed; and ensure that all performance elements are completed for inspectors during the rating year.

Agency Response

In their response, FSIS officials stated that the FSIS Office of Field Operation's Management Control System requires the Frontline Supervisor to review 10 percent of IPPS assessments and District Managers to review 10 percent of IPPS assessments (at least one percent by direct observation) conducted by Frontline Supervisors. In addition, AssuranceNet will report if the required IPPS assessments were completed for each employee and that the required elements were fully completed. Implementation of AssuranceNet is expected by July 2006.

In addition, FSIS Directive 4430.3 Rev. 1, section IX.C states that "subsequent levels of supervision, up to and including the District Office management, may have additional procedures in place and require copies of the IPPS Assessment Sheet for supervisory review or management control."

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when AssuranceNet is implemented.

Finding 2

Supervisors Need To Use Critical Data When Preparing for IPPS Reviews

Supervisors had not used critical data sources and system reports when preparing for IPPS reviews. Although FSIS issued extensive guidance regarding preparation for the reviews, it did not highlight key data sources as critical and require supervisors to use them. As a result, we questioned whether supervisors were adequately preparing for IPPS reviews and accurately assessing inspectors' performance.

FSIS provides extensive guidance⁶ regarding data sources and system reports available to supervisors as they prepare for IPPS reviews. The guidance states that prior to conducting an IPPS review, the supervisor must become thoroughly familiar with the establishment's history, production procedures, and validation and verification activities. To assist supervisors in their preparation, the guidance lists numerous types of data and reports available through agency databases.

FSIS updates the guidance periodically, and it included 44 sources at the time of our audit. However, it does not identify which of these data sources require examination prior to performing an IPPS review. Further, some of the data sources and system reports remain constant and never change. An FSIS Headquarters official stated that all of the sources listed in the guidance were considered critical and that supervisors were expected to use them.

Although our analysis of the agency's guidance found that most, if not all, of the data sources and reports were useful in preparing for IPPS reviews, the guidance was so extensive that many supervisors found it difficult to examine all of it prior to performing a review. In fact, our interviews with 10 of the 21 supervisors at two district offices disclosed that the supervisors did not generally review data sources suggested in the agency guidance, primarily because it was too voluminous. Several supervisors stated that they used data appropriate for the inspector and establishment, and that they would be more likely to review a shorter list of data sources and system reports. However, even the supervisors who told us that they had used all of the guidance, could not provide documentation to substantiate their assertion.

Even worse, most of the supervisors were not using the nine system reports listed below which we identified as critical based on our analysis and discussion with an FSIS Headquarters official.

⁶ The *In-Plant Performance System Supervisory Guidelines*, dated February 2004, and the FSIS Directive number 4430.3, *In-Plant Performance System Reviews*, dated June 17, 2002.

Specifically, of the 10 supervisors we interviewed:

- None had reviewed the Random Sample Request Tracking report;
- 9 had not examined the Current Testing Status report;
- 7 had not reviewed the Plant Profile, the Non-Responder, and the Results Not Entered reports;
- 6 had not reviewed the PH/OCP report;
- 3 had not reviewed the Procedures Not Performed report; and
- 1 had not reviewed the Non-Compliance Record Summary report, which we believe should be used in all instances to prepare for an IPPS review.

In our view, these reports should be classified as critical in FSIS' guidance because they would best assist supervisors in evaluating inspector performance. The Non-Compliance Record Summary report is arguably the most critical of these reports because it identifies instances where inspectors have cited establishments for deficiencies. Supervisors can and should use this report to identify anomalies with inspector activities. The lack of non-compliance determinations should lead supervisors preparing for IPPS reviews to determine whether plant problems, material and otherwise, are not being identified and documented by inspection personnel. For instance, an OIG audit⁷ found that an inspector knew of recurring sanitation deficiencies at an establishment, but was not citing it for non-compliance. The establishment later had to recall over 4.2 million pounds of ready-to-eat poultry product because of sanitation issues. In this case, the lack of noncompliance records was an indicator of a serious inspector performance problem.

Similarly, the Non-Responder report identifies inspectors who are not taking samples for pathogen testing. We analyzed non-responder data for the period April 1, 2005, through June 30, 2005, for one of the districts in our audit, and found that inspectors had not responded to 22 percent of the requests for *E. coli* 0157:H7 samples on raw ground beef. Inspectors also had not responded to 24 percent of the sample requests for *Listeria monocytogenes* testing on ready-to-eat products. This may or may not be a problem. However, supervisors should follow up during IPPS review to ensure that inspection personnel have not neglected their sampling duties.

We had similar reasons for including the other seven reports on our list. Those reports, in our view, would provide the greatest value in detecting consumer safety inspector performance weaknesses and

⁷ OIG Report No. 24601-0002-HY, "Food Safety and Inspection Service Oversight of the *Listeria* Outbreak in the Northeastern United States," dated June 2004.

supervisors should be required to examine them prior to performing an IPPS review. The remaining data sources and system reports included in FSIS' guidance should be optional and used by supervisors depending on the circumstances surrounding the establishment or inspector.

Recommendation 4

Revise the IPPS review guidance to identify as critical the nine data sources and reports cited above, and require supervisors to use these sources when preparing for IPPS reviews.

Agency Response

FSIS officials responded that the revised FSIS Directive 4430.3, Rev. 1, In-Plant Performance System (IPPS), Section X.A.3, instructs supervisors to research and review relevant data that applies to the element(s) being assessed to identify potential problem areas to focus on during the IPPS assessment.

FSIS officials stated that the revised guidelines identify a number of data sources supervisors should use in preparation for an IPPS assessment and specifically how these data might apply. Therefore, we instruct supervisors to use the applicable data sources that apply to the occupation being assessed, but cannot be prescriptive about it since applicability depends on the occupation, the assignment of the employee to be assessed, and the specific aspects of the job that are being assessed on a given IPPS visit.

FSIS officials further stated that, in the next version of the supervisory guide, they will strengthen and emphasize the references to using available data in PBIS and other systems. They will also include an example of a completed IPPS Form that will further emphasize the importance of identifying data sources used when performing IPPS assessments and documenting IPPS results. The next revisions of the guides are expected in the next 6 months.

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when the guides are revised to address the above issues in the next 6 months (August 2006).

Recommendation 5

Require supervisors to document their preparatory process for IPPS reviews.

Agency Response

FSIS officials stated in their response that the revised guidelines require documenting the process used to prepare for and conduct an IPPS review, including the development of a plan and outline for the visit. FSIS officials further stated that their revised IPPS training will emphasize the importance of preparation and will be completed by March 2006.

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when the revised training is completed.

Finding 3

Narrative Not Required When Performance Met Expectation

Supervisors had not provided narrative description for IPPS review elements when inspector performance met expectation. We attributed this to agency directives that require narrative descriptions for only deficiencies or exceptional performance. Consequently, we were unable to determine if supervisors had adequately assessed inspector performance for some IPPS reviews.

FSIS guidance⁸ requires that supervisors provide narrative description for deficiencies or exceptional performance on IPPS review forms. It does not require narrative when performance meets expectations. Our examination of 250 IPPS reviews found that it was difficult, if not impossible, to determine the adequacy of the reviews without narrative to support the performance findings. At one district office, we were unable to determine, in most cases, what the supervisor evaluated or the results of the evaluation. For example, the narrative for one review only listed the establishment number, the two SSOP procedure numbers, and a statement that the inspector "is very good at documenting non-compliances and taking regulatory action." Another review only noted the establishment number and one sentence on the verification of HACCP plans.

We noted that IPPS reviews at a second district office generally had narrative description when performance met expectation. This allowed us to make conclusions regarding the adequacy of the evaluations that we were not always able to do at the first district office. In general, the additional narrative demonstrated the supervisors' thoroughness in

⁸ FSIS directive 4430.1 IV.B, dated January 15, 1988.

performing the reviews. This included how the supervisors determined that inspectors met performance requirements.

The manager at the second district office stated that they had recently requested supervisors to include more narrative even though it exceeded agency requirements. They did this to provide better oversight of IPPS reviews. This action should be required throughout the agency to improve the effectiveness of IPPS reviews.

Recommendation 6

Require narrative description on IPPS review forms for performance that meets expectation.

Agency Response

FSIS officials stated that the revised guidelines instruct supervisors to document narrative describing what was observed or reviewed, what was concluded and the indications that demonstrate why the performance is on-target, off-target, or noteworthy. The instructions for the revised IPPS forms also instruct supervisors to clearly describe what they reviewed, observed and discussed; what they concluded; and what indications demonstrated why the performance was on target, off target, or noteworthy.

In addition, they reiterated that the revised IPPS training is mandatory for all field supervisors by March 2006, and will include the revised instructions for IPPS forms noted above.

OIG Position

We accept FSIS' management decision for this recommendation. Final action can be reached when the revised training is completed.

Section 2. Oversight of IPPS Reviews

FSIS implemented the IPPS review process to assist supervisors in evaluating inspector performance and ensuring adherence to agency standards. Our audit disclosed that FSIS could improve its monitoring of the IPPS review process. Specifically, FSIS needs to analyze IPPS review data and use OPEER to independently evaluate the IPPS review process. These measures, if implemented, would provide agency managers with greater assurance that the IPPS review process was functioning as intended, and that inspectors were performing their critical food safety role in accordance with agency standards.

Finding 4

IPPS Review Data Not Analyzed

FSIS does not analyze IPPS review data to identify areas in which inspector performance could be improved. Headquarters officials informed us that they rely on supervisors and analysis of establishment data to identify performance issues. These measures, while capable of identifying some performance issues, are not, in our view, as valuable in detecting serious substandard performance trends as an analysis of IPPS review data. An analysis of IPPS data at the national level would allow agency managers to identify in a timely manner the critical training needs of inspection personnel.

IPPS reviews contain a wealth of information related specifically to inspector performance, including data about inspectors' ability to identify and document non-compliance issues at establishments and to test product to ensure food safety. This information, if compiled and analyzed, could greatly improve managers' ability to identify specific trends in substandard performance. However, FSIS does not compile IPPS review information into a database to monitor completion of reviews or to analyze that information to identify inspector performance trends.

Instead, headquarters officials informed us that they analyze several agency databases, such as the Performance Based Inspection System (PBIS), to identify nationwide trends with inspectors and establishments. However, the agency has no procedures to compile IPPS review information into a database, or to analyze that information to identify inspector performance trends. Our view is that FSIS is analyzing data that reflects deficiencies identified at particular establishments, which do not necessarily correlate to deficiencies with inspector performance. PBIS, for example, contains data on establishment deficiencies and regulatory violations. One concern is that this information is input into the system by inspection program

personnel, who may not be identifying and documenting all problems. The headquarters officials also informed us that they rely on supervisors to evaluate inspection personnel and provide feedback on performance issues. They use this feedback to determine inspector training needs. In our view, this approach is more valuable than analyzing PBIS data and other information related to regulatory deficiencies at establishments. However, since FSIS does not have a coordinated system for obtaining supervisor feedback, it may not be getting a nationwide perspective on inspector performance, especially in regard to specific inspection and verification activities.

Recommendation 7

Develop policy and procedures for analyzing IPPS review data to identify needed operational changes and inspector training.

Agency Response

FSIS officials stated that OFO has begun the process of developing AssuranceNet, an application to support its Management Control System, and IPPS is one of the control activities in this system that will be continuously monitored. They stated that the data resulting from IPPS assessments can be analyzed to assess organizational performance in given areas and allow OFO and other agency program offices to rapidly identify and act when data shows a pattern or trend indicating performance in given areas is below established standards. Full AssuranceNet implementation is expected by July 2006.

OIG Position

While we agree with the proposed action, the response does not say whether the data will be analyzed. To reach management decision, we need to know whether that the data will be analyzed, not that it can be analyzed.

Finding 5

OPEER Needs To Monitor the IPPS Process

FSIS was not using OPEER to routinely evaluate the IPPS review process and to independently monitor district office compliance with IPPS policy and procedures. Headquarters officials stated that OPEER had not developed a routine oversight program of IPPS because those results were related to individual inspectors' performance. Consequently, district office deficiencies, such as non-compliance with, and inconsistent application of, agency policies and procedures, may not have been identified and corrected by headquarters managers.

FSIS implemented IPPS to assist supervisors in monitoring non-supervisory inspection program personnel's performance of assigned duties. Because IPPS will be an integral part of FSIS' management control system, the process should be periodically examined to evaluate agency policies and procedures and to ensure field office compliance with those guidelines.

OPEER's Program Evaluation and Improvement Staff performed a one-time evaluation of the IPPS review process in 2004. The evaluation examined administrative issues such as whether the review form was user friendly and the process was sufficiently automated to assist managers. The evaluation also covered compliance issues such as whether supervisors had (1) completed IPPS reviews in a timely manner, (2) appropriately marked the review forms, and (3) included narrative descriptions for all deficient or exceptional performance. The evaluation identified procedural and supervisory errors, and recommended actions to correct system weaknesses. Specifically, the OPEER evaluation raised several important issues such as the incorrect use and understanding of IPPS findings, the lack of instructions for completing review forms, and the quality and timing of reviews.

The OPEER review demonstrated the value that can be obtained from periodic and regular examinations of the IPPS process. As a result of the review, the agency is in the process of updating IPPS guidance and incorporating suggestions from the review. However, headquarters officials informed us that this was a one-time examination, and they had no plans for OPEER to examine the IPPS review process on a recurring basis. This is unfortunate because many of the errors and lack of compliance we identified during our audit could be uncovered by periodic OPEER examinations. For example, we found instances where supervisors had not completed the required number of IPPS reviews for the rating period and where they had not completed all sub-elements for inspection program personnel. (See Finding 1.)

We also identified areas where management could improve its operations. For example, we noted that the IPPS review process could be improved by requiring supervisors to use specific information when preparing for a review (see Finding 2), and that a tracking system would assist managers in monitoring the completion of IPPS reviews. (See Finding 1.) OPEER could readily identify these and other similar issues, and make recommendations to correct systemic weaknesses.

Recommendation 8

Develop policy and procedures to use OPEER to evaluate and monitor the IPPS review process on a recurring basis.

Agency Response

OFO, in partnership with OPEER, conducted an evaluation of IPPS in August 2004. OPEER has begun an evaluation of OFO's Management Control System, of which IPPS is a key component. The management control system, particularly once AssuranceNet is available, will provide an excellent tool for on-going monitoring of the IPPS review process. The OPEER review of OFO management controls is expected to be completed by October 2006.

OIG Position

While we agree with OPEER's plan to review OFO's Management Control System, the response did not indicate whether a review of IPPS would be included in a review plan as priorities allow. To reach a management decision, we need a commitment that IPPS will be reviewed on a recurring basis.

Scope and Methodology

We conducted fieldwork at FSIS Headquarters in Washington, D.C., and at 2 of the agency's 15 district offices: District 50 in Lombard, Illinois, and District 45 in Madison, Wisconsin. We judgmentally selected the district offices based on our view that they were representative of the agency's overall operations. We performed our audit from March 2005 through September 2005.

We reviewed 250 IPPS review forms for 119 inspectors. We randomly selected every other inspector on each district's Assignment Sheet, and we obtained all available 2004–2005 annual performance year IPPS review forms for each selected inspector. This included 155 review forms for 74 of 143 inspectors in the Chicago district office, and 95 review forms for 45 of 89 inspectors in the Madison district office. The 2004-2005 annual performance evaluation periods extended from March 1, 2004, to June 30, 2005.

We interviewed 10 of the 21 district office supervisors responsible for performing IPPS in the two districts. To accomplish our audit objectives, we also performed the following procedures:

- Reviewed agency policy and procedure manuals for IPPS reviews.
- Analyzed IPPS guidelines and training documents.
- Reviewed agency actions related to prior OIG and GAO audit reports.
- Interviewed headquarters officials responsible for IPPS policies and procedures.
- Interviewed district office managers, deputy district managers, and analysts.
- Reviewed IPPS assessment sheets for completion of elements and sub-elements, and to ascertain details of each supervisory review.

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Exhibit A – FSIS’ Response to Draft Report

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United States
Department of
Agriculture

Food Safety
and Inspection
Service

Washington, D.C.
20250

FEB 23 2006

TO: Robert W. Young
Assistant Inspector General for Audit
Office of Inspector General

FROM: Barbara J. Masters, D.V.M. *Barbara Masters*
Administrator

SUBJECT: Office of Inspector General (OIG) Official Draft Audit Report – Review
of the Food Safety and Inspection Service In-Plant Performance System
(IPPS) Audit Number 24601-0006-Ch

We appreciate the opportunity to review and comment on this report. The Food Safety and Inspection Service (FSIS) has reviewed the draft report with great interest and has responded to each of the eight audit recommendations.

Recommendation No. 1

Revise the IPPS Directive and guidelines to state that all sub-elements must be completed during each inspector’s rating period.

Agency Response

FSIS Directive 4430.3, Rev. 1, *In-Plant Performance System (IPPS)*, was issued on November 18, 2005, and describes the updated processes and procedures for Field Operations Supervisors to follow when conducting IPPS assessments. The requirement that all sub-elements must be completed during each inspector’s rating period is specifically addressed in Sections X.A.1, and VIII.D of the revised Directive. Section X.A.1 states in part, “supervisors are to select a sufficient number of **elements (and their sub-sets)** to cover during the IPPS assessment so the supervisor has covered all applicable elements for the positions before the end of the annual rating. Further, supervisors are instructed to cover the position’s mandatory critical mission support and other critical elements first as these elements identify the most critical aspects of the job.” Additionally, Section VIII.D states “Supervisors at their discretion may conduct more than two IPPS assessments during the rating year and should do so if they cannot thoroughly assess **all the performance elements** over two assessments.”

FSIS is in the final stages of revising its IPPS training. The above requirement has been included and will be emphasized in the training materials. The revised IPPS training will be mandatory for all field supervisors and will be available via electronic means or by CD by March 2006.

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Recommendation No. 2

Strengthen monitoring by establishing a system to schedule and track the completion of IPPS reviews.

Response

The FSIS Directive 4430.3, Rev.1, has been revised and instructs supervisors to conduct at least 2 IPPS assessments for each covered employee during the rating cycle. This directive also provides guidance to supervisors as to when IPPS assessments are to be conducted - usually between issuing performance standards at the beginning of the rating cycle and the midyear performance progress review and again between the midyear performance progress review and the annual performance appraisal. FSIS is in the final stages of revising the IPPS training. The revised IPPS training will also provide the above general guidance concerning when IPPS assessments should be conducted. The IPPS training will be mandatory for all field supervisors and will be available via electronic means or by CD by March 2006.

The FSIS Office of Field Operations (OFO) is currently working with a contractor to develop an application called AssuranceNet, which will allow FSIS to track the completion of IPPS reviews. This nationwide system will include electronic records regarding each IPPS review so it will be possible to determine if the required IPPS assessments were completed for each employee and it will enable individuals in the supervisory chain to review the IPPS assessment results online to assess the findings as well as the quality of the IPPS assessments conducted and the completeness of the documentation on the IPPS findings.

The OFO Management Control System currently requires the Front Line Supervisor to review 10% of IPPS assessments and the District Manager to review 10% of IPPS assessments (at least 1% by direct observation) conducted by Frontline Supervisors and/or Supervisory Public Health Veterinarians/Supervisory Consumer Safety Inspectors. Districts accomplish these reviews using their own processes, currently. They do have to document accomplishment of IPPS assessments and of oversight reviews of IPPS assessments in our interim management control tool called SharePoint. However, at this stage, the reporting in the data system is at a summary level only. Once AssuranceNet is launched, this oversight process will be much easier and will be documented and traceable in AssuranceNet. It will be traceable by assessment and by individual reviewer. AssuranceNet implementation, including the above mentioned web-based functionality, is expected by July 2006.

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Recommendation No. 3

Require district managers to examine IPPS reviews to ensure that the narrative clearly describes the supervisor’s findings, particularly when deficiencies are noted or exceptional performance is observed; and ensure that all performance elements are completed for inspectors during the rating year.

Response

The newly issued FSIS Directive 4430.3, Rev.1, *In-Plant Performance System (IPPS)*, Section IX.C, sets out the expectation that there will be oversight. It states “subsequent levels of supervision, up to and including the District Office management, may have additional procedures in place and require copies of the IPPS Assessment Sheet for supervisory review or management control.”

In addition, the expectation that the narratives will be comprehensive is set out in the instructions for completing the revised IPPS Forms. IPPS Forms were revised and made available in concert with the release of the revised IPPS Directive, 4430.3, Rev. 1, on November 18, 2005. These instructions direct supervisors to clearly describe what they reviewed, observed and discussed; what they concluded; and what indications demonstrated why the performance was on target, off target, or noteworthy. They also instruct that, where applicable, the comments should also include what remedial action should be taken to improve performance.

The OFO Management Control System currently requires the Front Line Supervisor to review 10% of IPPS assessments and District Manager to review 10% of IPPS assessments (at least 1% by direct observation) conducted by Frontline Supervisors and/or Supervisory Public Health Veterinarians/Supervisory Consumer Safety Inspectors. Districts accomplish these reviews using their own processes, currently. They do have to document accomplishment of IPPS assessments and of oversight reviews of IPPS assessments in our interim management control tool called SharePoint. However, at this stage, the reporting in the data system is at a summary level only. However, OFO is currently working with a contractor to develop an application called AssuranceNet, which will allow the IPPS assessments to be reviewed online and will have reporting capabilities. This nationwide system will include electronic records regarding each IPPS assessment so it will be possible to determine if the required IPPS assessments were completed for each employee, and that the required elements and sub-elements have been assessed. AssuranceNet will also enable individuals in the supervisory chain to review the IPPS assessment results online to assess the findings, as well as the quality of the IPPS assessments conducted and the completeness of the documentation on the IPPS findings.

Once AssuranceNet is launched, this oversight process will be much easier and will be documented and traceable in AssuranceNet. It will be traceable by assessment and by individual reviewer. AssuranceNet implementation, including the above mentioned web-based functionality, is expected by July 2006.

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Recommendation No. 4

Revise the IPPS review guidance to identify as critical the nine data sources and reports cited above, and require supervisors to use these sources when preparing reviews.

Response

FSIS Directive 4430.3, Rev. 1, *In-Plant Performance System (IPPS)*, Section X.A.3, instructs supervisors to research and review relevant data that applies to the element(s) being assessed to identify potential problem areas to focus on during the IPPS assessment.

The IPPS Supervisory Guidelines were revised in November 2005. Separate Supervisory Guides were issued for the Public Health Veterinarian Occupation, Consumer Safety Inspector Occupation, Food Inspector (Egg Products) Occupation, and Food Inspector (Slaughter) Occupation. The IPPS Supervisory Guides identify a number of data sources supervisors should utilize in preparation for an IPPS assessment and specifically how these data might apply. These data sources include the Performance Based Inspection System (PBIS), the Laboratory Electronic Application for Results Notification (LEARN), the electronic Animal Disposition and Reporting System (eADRS), ProClarity, the Pathogen Reduction Enforcement Program (PREP), etc. These data can be useful as a prompt for the supervisor to focus on certain aspects of the inspection personnel’s work during an IPPS assessment. However, it should be noted that all of the data sources may not be applicable to all occupations/positions, or may not be required for the element or subset that is being assessed on a given IPPS assessment visit. Moreover, much of the data is not traceable back to a specific employee and cannot be relied on to draw any particular conclusion about the employee’s performance.

For these reasons, we instruct supervisors to utilize the applicable data sources that apply to the occupation being assessed, but cannot be prescriptive about it since applicability depends on the occupation, the assignment of the employee to be assessed, and the specific aspects of the job that are being assessed on a given IPPS visit.

In the next version of the supervisory guide, we will strengthen and emphasize the references to using available data in PBIS and other systems. We will also include an example of a completed IPPS Form that will further emphasize the importance of identifying data sources utilized when performing IPPS assessments and documenting IPPS results. The next revisions of the Guides are expected in the next 6 months.

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Recommendation No. 5

Require supervisors to document their preparatory process for IPPS reviews.

Response

FSIS Directive 4430.3, Rev.1, requires the documenting of results to include a description of **what the supervisor observed/reviewed**, what the supervisor concluded and the indications that demonstrate why the performance is on-target, off-target, or noteworthy.

Further, section X.A.1 through X.A.5 require the supervisor to select the appropriate occupation and a sufficient number of elements (and their sub-sets) to cover during the IPPS assessment; review the supervisory guides and identify questions for discussions, the activities to conduct, and other items for the assessment; research and review relevant data that applies to the element being assessed (PBIS, LEARN, etc.); review feedback from previous IPPS assessments; and develop a draft plan and outline for the visit and include the method of assessment (observation, record review, discussion).

The revised IPPS training will emphasize the importance of preparing for the IPPS review and reinforce the requirement to include in the documentation the method of assessment (for example, if PBIS reports were the records reviewed, that information should be included in the documentation of the IPPS assessment). The revised IPPS training is mandatory and will be available to all field supervisors via electronic means or by CD by March 2006.

Recommendation No. 6

Require narrative description on IPPS review forms for performance that meets expectation.

Response

FSIS Directive 4430.3, Rev. 1, *In-Plant Performance System (IPPS)*, Section X.C.4, instructs supervisors to document narrative describing what was observed/reviewed, what was concluded and the indications that demonstrate why the performance is **on-target**, off-target, or noteworthy. Further, comments should also include the remedial action that is taken to improve performance, if that is applicable.

The instructions for the revised IPPS forms instruct supervisors to clearly describe what they reviewed, observed and discussed; what they concluded; and what indications demonstrated why the performance was **on target**, off target, or noteworthy. Revised IPPS forms were made available when the revised directive was released.

The revised IPPS training is mandatory for all field supervisors and will provide the instruction above. The training will be available via electronic means or by CD by March 2006.

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Recommendation No. 7

Develop policy and procedures for analyzing IPPS review data to identify needed operational changes and inspector training.

Response

FSIS Directive 4430.3, Rev. 1, *In-Plant Performance System (IPPS)*, Section IX.C states “subsequent levels of supervision, up to and including the District Office management may have additional procedures in place and require copies of the IPPS Assessment Sheet for supervisory review or management control purposes.”

OFO has begun the process of developing AssuranceNet, an application to support its Management Control System. IPPS is one of the control activities in this system that will be continuously monitored. The data resulting from IPPS assessments can be analyzed to assess our organizational performance in given areas and it will allow OFO and other Agency program offices to rapidly identify and act when data shows that there is a pattern or trend indicating performance in given areas is below established standards. Full AssuranceNet implementation is expected by July 2006.

Recommendation No. 8

Develop policy and procedures to use OPEER to evaluate and monitor the IPPS review process on a recurring basis.

Response:

OFO, in partnership with the Office of Program Evaluation, Enforcement and Review (OPEER), conducted an evaluation of IPPS in August 2004. OPEER has begun an evaluation of OFO’s Management Control System, of which IPPS is a key component. The management control system, particularly once Assurance Net is available, will provide an excellent tool for on-going monitoring of the IPPS review process. The OPEER review of OFO management controls is expected to be completed by October 2006.

Informational copies of this report have been distributed to:

Administrator, Food Safety Inspection Service, Attn: Agency Liaison Officer	20
Government Accountability Office	1
Office of Management and Budget	1
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