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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Selected Aspects Of The Administration Of The Meat And Poultry Inspection Program

Department of Agriculture

The Department of Agriculture administers its own meat and poultry inspection program in federally inspected plants and enters into cooperative agreements with States to conduct such programs at Talmadge-Aiken plants which can ship their products interstate. The Federal Government pays 50 percent of the States' inspection costs.

The information contained herein includes

- a comparison of annual review reports on Talmadge-Aiken and federally inspected plants,
- an assessment of the timeliness in correcting deficiencies, and
- a discussion of the Department's controls over disbursements.

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AUG. 25, 1976

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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20546

B-163450

The Honorable Neal Smith
House of Representatives

Dear Mr. Smith:

In your letter of September 11, 1975, supplemented by subsequent letters, you raised questions about the legality of certain actions taken or planned by the Department of Agriculture in carrying out the Federal meat and poultry inspection program and asked that we review the Department's administration of the program. You indicated particular interest in the program's Talmadge-Aiken plants.

Talmadge-Aiken plants are those at which, under Federal-State cooperative agreements authorized by the Talmadge-Aiken Act (Public Law 87-718, approved Sept. 28, 1962, 76 Stat. 663, 7 U.S.C. 450 (1970)), federally trained and licensed State inspectors conduct inspections for the Federal Government. The plants are subject to periodic reviews by Federal supervisors. These plants are permitted to ship their products interstate. The Federal Government pays 50 percent of the States' inspection costs.

Our letter of June 1, 1976 (B-163450), responded to your legal questions. This report covers our review of selected aspects of the Department's administration of the program. During a meeting with your office in November 1975, it was agreed that we would:

- Review the Department's annual review reports to see if they showed any differences in conditions and operations between Talmadge-Aiken plants and federally inspected plants.
- Determine if there were delays in taking corrective action on deficiencies Federal supervisors noted during reviews of Talmadge-Aiken plants.
- Determine the adequacy of the Department's controls over funds disbursed to the States for meat and poultry inspections.

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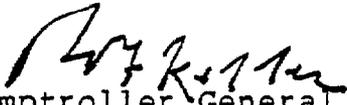
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We reviewed applicable laws and regulations; discussed the meat and poultry inspection program with officials of the Department's Animal and Plant Health Inspection Service, the administering agency; and reviewed the Service's circuit supervisors' reports on their annual plant reviews made during fiscal year 1975 in Illinois, Maryland, Michigan, and Virginia. We also reviewed the Service's controls over funds disbursed for State inspection programs. As agreed with your office, we discussed the matters included in this report with Department officials.

To summarize our findings, which are discussed in more detail in appendix I, the Service's records showed that (1) conditions at Talmadge-Aiken plants were comparable to federally inspected plants and Federal meat and poultry requirements generally were being maintained in both types of plants and (2) deficiencies Federal supervisors noted during reviews of Talmadge-Aiken plants in Virginia generally were corrected within a reasonable time. Also, we concluded that the Service's controls over funds disbursed to the States for meat and poultry inspections were generally adequate but that some improvement was needed to insure that all States comply with audit requirements. The Service said action on this matter would be taken.

Senators Dick Clark and Philip A. Hart also asked us to review selected aspects of the Department's administration of the Federal meat and poultry inspection program. Therefore, the information included in this report has also been included in our replies to them.

Sincerely yours,


ACTING Comptroller General
of the United States

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ABBREVIATION

APHIS Animal and Plant Health Inspection Service

SELECTED ASPECTS OF THE
ADMINISTRATION OF THE MEAT AND
POULTRY INSPECTION PROGRAM

MEAT AND POULTRY INSPECTION PROGRAM

The Federal Meat Inspection Act, as amended (21 U.S.C. 601 et seq.), and the Poultry Products Inspection Act, as amended (21 U.S.C. 451 et seq.), are designed to protect the consumer from adulterated or misbranded meat and poultry products. The Animal and Plant Health Inspection Service (APHIS), Department of Agriculture, which is responsible for administering these acts, conducts its own meat and poultry inspection program in federally inspected plants. APHIS also enters into cooperative agreements with the States to conduct meat and poultry inspection programs (1) at Talmadge-Aiken plants and (2) at intrastate plants in States that have inspection programs which are equal to the Federal standards. As in the Talmadge-Aiken program, the Federal Government pays 50 percent of the costs of the States' intrastate programs.

At federally inspected plants, APHIS employees--called inplant inspectors--make the inspections. Except for the costs of overtime and holiday inspections which are charged to the plants, the Federal Government pays for the inspections. Federally inspected products and products inspected at Talmadge-Aiken plants can move in interstate commerce. At Talmadge-Aiken and intrastate plants, State inspectors conduct inspections under State and Federal supervision. Federal circuit supervisors examine the plants periodically. As of April 1976 there were about 7,000 federally inspected plants, 4,800 State-inspected plants, and 200 Talmadge-Aiken plants.

Federal circuit supervisors' functions include annual reviews of each federally inspected and Talmadge-Aiken plant in their circuits. Each plant is rated acceptable or unacceptable in seven requirement areas: ante-mortem and post-mortem inspection, reinspection, sanitation, potable water, pest control, sewage and waste disposal control, and condemned and inedible material control. (See app. II for a description of these requirements.) In addition, an overall plant rating of acceptable or unacceptable is assigned to each plant on the basis of the conditions in the seven requirement areas. The decision to rate a plant unacceptable or to rate plant conditions unacceptable in any of the seven

requirement areas is based largely on the circuit supervisor's subjective judgment.

A compliance staff, which reports directly to APHIS's Deputy Administrator for Meat and Poultry Inspection Field Operations, also reviews randomly selected federally inspected and Talmadge-Aiken plants. It reviews plant conditions, including the adequacy of facilities, sanitation, procedures, and controls. The results are used as part of APHIS management's efforts to determine the effectiveness of the meat and poultry inspection program. Plants are given a rating of 1 to 4, according to the significance of the deficiencies noted. Category 1 plants have the most significant deficiencies while category 4 plants have no significant deficiencies. (See app. III for the compliance staff's criteria for rating plants.)

COMPARISON OF ANNUAL REVIEW REPORTS ON
TALMADGE-AIKEN AND FEDERALLY INSPECTED PLANTS

During fiscal year 1975 APHIS circuit supervisors made annual reviews at 370 plants (55 Talmadge-Aiken and 315 federally inspected plants) in the 4 States included in our review. Some plants were reviewed more than once during the fiscal year because the annual reviews are not always exactly 12 months apart. The supervisors' reports showed unacceptable ratings for two Talmadge-Aiken plants (4 percent) and nine federally inspected plants (3 percent), as shown in the following table. None of the unacceptable plants was considered as endangering the public health.

<u>APHIS region and State</u>	<u>Talmadge-Aiken plants</u>		<u>Federally inspected plants</u>	
	<u>Reviewed</u>	<u>Unacceptable</u>	<u>Reviewed</u>	<u>Unacceptable</u>
Northeastern:				
Maryland	12	0	41	2
Virginia	28	0	90	0
North central:				
Illinois	6	2	113	7
Michigan	<u>9</u>	<u>0</u>	<u>71</u>	<u>0</u>
Total	<u>55</u>	<u>2</u>	<u>315</u>	<u>9</u>

During their reviews the circuit supervisors inspected plant conditions for a total of 2,954 requirement areas-- operations or work areas which must comply with Federal

regulations. As the following table shows, the supervisors found that plant conditions were unacceptable in 15 (2.6 percent) of the requirement areas in Talmadge-Aiken plants and in 54 (2.3 percent) of the requirement areas in federally inspected plants. These were conditions which, if not corrected, could affect the wholesomeness of the product being produced. Plant sanitation was the condition most frequently rated unacceptable.

	Requirement areas (note a)					
	Talmadge-Aiken plants			Federally inspected plants		
	Number inspected	Unacceptable Number	Percent	Number inspected	Unacceptable Number	Percent
Ante-mortem and post-mortem inspection (note b)	28	1	3.6	74	2	2.7
Reinspection (processing)	90	2	2.2	369	6	1.6
Sanitation	91	7	7.7	390	34	8.7
Potable water	90	0	.0	383	1	.3
Sewage and waste disposal control	91	0	.0	389	0	.0
Pest control	91	3	3.3	389	7	1.8
Condemned and inedible material control	<u>91</u>	<u>2</u>	2.2	<u>388</u>	<u>4</u>	1.0
Total	<u>572</u>	<u>15</u>	2.6	<u>2,382</u>	<u>54</u>	2.3

a/Some plants were reviewed more than once during fiscal year 1975. Conversely, some requirement areas may not be examined during a review.

b/Many plants did not have this operation.

The tables show that the circuit supervisors' annual review reports showed that conditions in Talmadge-Aiken plants were comparable to conditions in federally inspected plants. Such comparability was also shown in independent reviews by APHIS's compliance staff.

During fiscal year 1975 the compliance staff made initial inplant reviews nationwide at 68 Talmadge-Aiken plants and at 1,931 federally inspected plants. The staff's plant ratings are shown in the following table.

Compliance staff category rating (note a)	Talmadge-Aiken plants		Federally inspected plants	
	Number	Percent	Number	Percent
1	0	0	90	4
2	19	28	403	21
3	31	46	1,001	52
4	<u>18</u>	<u>26</u>	<u>437</u>	<u>23</u>
Total	<u>68</u>	<u>100</u>	<u>1,931</u>	<u>100</u>

a/The criteria used in assigning categories is listed in appendix III.

The table shows that the compliance staff's ratings placed no Talmadge-Aiken plants in category 1--the category with the most significant deficiencies. However, the ratings placed about the same percentage of Talmadge-Aiken and federally inspected plants in each of the other categories.

APHIS operating officials and field supervisors believed that Talmadge-Aiken and federally inspected plants were about equal in complying with Federal meat and poultry inspection requirements. They attributed this to the APHIS inspections and followup efforts.

TIMELINESS IN CORRECTING DEFICIENCIES

APHIS's records of corrective action taken on deficiencies circuit supervisors noted during their fiscal year 1975 reviews of Talmadge-Aiken plants in Virginia 1/ showed that corrective actions were generally taken within a reasonable time.

APHIS regional officials told us that, due to the various types and significance of potential deficiencies, APHIS had not found it practicable to establish programwide deadlines for corrective actions other than requiring immediate correction of deficiencies affecting product wholesomeness. On other types of deficiencies, the APHIS circuit supervisor is

1/We originally selected two States--Virginia and Maryland--in which to analyze the time taken to correct deficiencies; however, the Talmadge-Aiken plants in Maryland had not received any unacceptable ratings in the seven requirement areas during fiscal year 1975.

to work with plant management to correct the deficiencies or agree on a completion date for corrective action. The inplant inspector and the circuit supervisor are responsible for seeing that corrective actions are taken. After all corrective actions are completed, the area supervisor is to send a record of them to the regional director.

The results of our analysis of APHIS regional office records on the 141 deficiencies circuit supervisors noted at Talmadge-Aiken plants in Virginia during fiscal year 1975 are summarized below. As shown, 68 percent of the deficiencies were corrected within 30 days and 95 percent were corrected within 90 days.

<u>Number of days</u>	<u>Percent of deficiencies reported as corrected</u>
30 or less	68
31 to 90	27
91 to 180	2
Over 180	<u>1</u>
	98
No record	<u>2</u>
Total	<u>100</u>

The corrective actions which took longer than 90 days related primarily to construction-type improvements, such as resurfacing a floor and installing a new ceiling.

Our analysis of the time taken to correct the 556 deficiencies the circuit supervisors reported during fiscal year 1975 at federally inspected plants in Virginia and Maryland showed the following.

<u>Number of days</u>	<u>Percent of deficiencies reported as corrected</u>
30 or less	24
31 to 90	25
91 to 180	20
Over 180	<u>15</u>
	84
No record	<u>16</u>
Total	<u>100</u>

A comparison of the percentages indicates that it took longer to correct deficiencies at federally inspected plants than at Talmadge-Aiken plants. However, regional office records were not sufficiently detailed for us to conclusively determine that the significance of deficiencies at the two types of plants were identical and, therefore, should have been corrected in comparable times.

CONTROLS OVER DISBURSEMENTS

APHIS's controls over funds disbursed to the States under the cooperative meat and poultry inspection programs were generally adequate. Some improvement was needed, however, to insure that all States comply with audit requirements.

Under the authority of the (1) Federal Meat Inspection Act, (2) Poultry Products Inspection Act, and (3) Talmadge-Aiken Act, APHIS enters into agreements with State agencies to participate in Federal-State cooperative meat and poultry inspection programs. The current Federal contribution to State inspection programs under the three acts is 50 percent.

Before October 1973 the States periodically submitted to APHIS cost reports and requests for funds showing a breakdown of costs by the cited authorizing act. In October 1973 APHIS implemented the provisions of Office of Management and Budget Circular A-102 (later superseded by Federal Management Circular 74-7) and adopted the standardized forms prescribed in the circular for States' financial reporting. To simplify reporting APHIS eliminated the requirement that the States report expenditures for each type of cooperative agreement. Instead, they were to request and account for Federal funds on a consolidated basis.

APHIS regional and headquarters fiscal personnel told us that they did not need a cost breakdown for each program and that such a breakdown would only create more work. As stated in our June 1, 1976, letter responding to your legal questions, APHIS's practice of having the States request and account for Federal funds on a consolidated basis does not seem illegal.

Currently APHIS requires each State to submit an application for Federal assistance annually, a financial status report and a report of Federal cash transactions quarterly, and a request for advance or reimbursement monthly. These documents are received at the regional offices for provisional approval and copies are sent to APHIS headquarters. An approved copy of the request for advance or reimbursement is sent to the APHIS Finance Division for payment.

Through fiscal year 1975 APHIS had two methods for determining whether the States used Federal funds to pay authorized expenses. First, each State was required to have its inspection program audited annually or as the applicable State law or regulations required. These audits were to be made by the State auditor or a certified public accountant. Second, the Department's Office of Audit periodically audited State programs, including a review of the operations of State-inspected meat and poultry plants and an examination of the States' financial records supporting program expenditures. These audits were made on a 2- or 3-year cycle basis.

The Office of Audit told us that in fiscal year 1976 it began phasing out its cycle audits. Audit coverage of State programs, including Talmadge-Aiken plants, is now provided by the Office of Audit's regional reviews of the Federal-State meat and poultry inspection program. Although the use of cooperative meat and poultry inspection program funds is not covered during these reviews, the auditors determine whether State grantees are making the required audits. An official of the Office of Audit told us, however, that they would audit a State's use of cooperative meat and poultry inspection program funds if APHIS requested such an audit. The phasing out of audits of cooperative meat and poultry inspection program funds was done to comply with the spirit and intent of Federal Management Circular 74-7 which outlines standards for grantee financial management systems, including State audits of cooperative programs.

Our review of the most recent audit reports submitted by eight States disclosed such deficiencies as excessive per diem and travel reimbursements of \$425 and an overreimbursement by APHIS of \$8,631. In addition, we noted that five States had not made the required audits and that other States had not made audits at the required intervals. APHIS's efforts to have the States make audits have been unsuccessful. APHIS officials said that some States were reluctant to spend program funds on audits. Also, APHIS had been reluctant to strictly enforce the audit requirements because, according to APHIS officials, it did not want to antagonize the States into giving up their inspection programs. An APHIS official told us, however, that APHIS would contact the States again and request that the required audits be made. The official also said that the Office of Audit had audited the inspection programs of the five States which had not made the required audits.

We reviewed nine audit reports the Office of Audit issued during fiscal year 1975. They did not show any major deficiencies. The deficiencies that were reported included unsupported salary and travel expenses and improper charges to the inspection program of about \$1,200.

APHIS's Field Review and Analysis Branch is responsible for analyzing the deficiencies found during both types of audits and determining what action APHIS should take. APHIS procedures call for billing the State or adjusting future advances to the State to recover unsupported or improper payments.

APHIS REVIEW REQUIREMENTS

APHIS uses the following requirements for reviewing Federal and State meat and poultry slaughter and processing plants.

Ante-mortem and post-mortem inspection--Ante-mortem and/or post-mortem inspection procedures must be accomplished in a manner that will detect and remove any unwholesome carcass, part, or organ from human food channels.

Reinspection (processing)--Inspection and control of processed products must assure that only sound, wholesome products are distributed into human food channels.

Sanitation--Operational sanitation must permit production of wholesome products and must also permit product handling and processing without undue exposure to contaminants. Facilities and equipment must be properly cleaned at regular intervals. All personnel must practice good personal hygiene and management must provide necessary equipment and materials to encourage such hygiene. Particular emphasis should be placed on the product and the product zone. Reviewers should consider the significance of individual instances in arriving at a judgment of the overall sanitation of a plant.

Potable water--When water is used in areas where edible products are slaughtered, eviscerated, dressed, processed, handled, or stored, it must be potable.

Sewage and waste disposal control--Sewage and waste disposal systems must effectively remove sewage and waste materials, prevent undue accumulation or development of odors, and must not serve as harbors for rodents or insects.

Pest control--The plant's pest control program must be capable of preventing or eliminating product contamination.

Condemned and inedible material control--Condemned and inedible products or materials must be controlled to prevent their diversion into human food channels.

APHIS COMPLIANCE STAFF'S CRITERIA FOR RATING PLANTSSIGNIFICANCE OF FINDINGS

Individual review findings on plant conditions are assigned a significance factor denoting the likelihood that, as a result of the condition, adulterated, misbranded, un-inspected, or improperly inspected products would leave the plant. The factors are as follows.

- Significance 1. Probable: certain, or highly likely, from the observations of both cause and effect.
- Significance 2. Possible: likely; cause observed but effect not observed to a degree sufficient to identify the deficiency as probable.
- Significance 3. Potential: latent or conceivable; neither cause nor effect observed but deficiencies found in measures used to prevent occurrences.

PLANT CATEGORIES

A category number is assigned to each plant reviewed to identify the frequency of followup reviews. Categories are as follows.

- 1. At least one finding of significance 1. Compliance staff to make followup review semiannually.
- 2. At least one finding of significance 2. Compliance staff to make followup review annually.
- 3. At least one finding of significance 3. Compliance staff to make followup review within 2 years.
- 4. No findings of significance. Compliance staff to make followup review within 3 years.