



United States
Department of
Agriculture

Grain Inspection,
Packers and
Stockyards
Administration

Federal Grain
Inspection
Service

1995 Annual Report to Congress



Authority

The United States Grain Standards Act, as amended, requires the Administrator of the USDA Federal Grain Inspection Service, now the Administrator of the USDA Grain Inspection, Packers and Stockyards Administration, to submit to the Senate and House Committees on Agriculture on December 1 of each year a report on the effectiveness of the official grain inspection and weighing system for the prior fiscal year, and to develop recommendations for legislative changes to accomplish the objectives of the Act.

The Act also requires the Administrator to submit a summary of valid complaints received from foreign purchasers and prospective purchasers of U.S. grain and of their resolution by the U.S. Department of Agriculture during the prior fiscal year. That summary is included as part of this Annual Report.

Mission

The mission of the Grain Inspection, Packers and Stockyards Administration is to facilitate the marketing of grains, livestock, poultry, and meat for the overall benefit of consumers and American agriculture. More specifically, GIPSA's Federal Grain Inspection Service facilitates the marketing of grain, rice, oilseeds, pulses, and related commodities.

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Italics denote graphics.



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

P.O. Box 96454
Washington, D.C.
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December 1, 1995

Honorable Pat Roberts
Chairman, Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

Honorable Richard Lugar
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairmen:

In compliance with the United States Grain Standards Act, as amended, the Federal Grain Inspection Service (FGIS) is submitting its fiscal year 1995 Annual Report to Congress. The report summarizes FGIS' responsibilities, accomplishments, activities, and financial status during the fiscal year.

In October 1994, FGIS, once an independent agency of the United States Department of Agriculture, was merged with the Packers and Stockyards Administration to form one of USDA's newest agencies, the Grain Inspection, Packers and Stockyards Administration (GIPSA). FGIS is now a program area of GIPSA.

Fiscal year (FY) 1995 was a year of organizational strengthening and preparing for the future. First, FGIS implemented a plan to streamline our organizational structure. The plan resulted in fewer FGIS offices that are more efficiently staffed and better equipped to meet our customers' needs.

These streamlining efforts were complemented by a long-term quality improvement process called Excellence through Continuous Improvement (ECI) that FGIS initiated in FY 1994 and rolled out to its workforce in FY 1995. ECI focuses on strengthening FGIS' organizational culture and making quality and customer service priorities. During FY 1995, the process included identifying our organizational strengths and weaknesses; developing an annual quality improvement plan; and training employees on the continuous improvement process and the skills they need to successfully implement change.

Honorable Pat Roberts
Honorable Richard Lugar

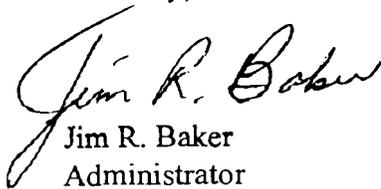
On the program side, GIPSA continued to respond to the needs of our domestic and international customers. Key program accomplishments included: expanding a pesticide residue testing service to quantitatively measure 31 pesticides in wheat, 31 in barley, 41 in corn, and 41 in soybeans; working with the Canadian Grain Commission to harmonize standards and establish mutually-beneficial working relationships; and, amending the Official U.S. Standards for Soybeans and for Beans to respond to changing market needs and facilitate the marketing of these products.

FGIS' operating revenues from fees during FY 1995 were \$33.5 million, with obligations of \$35.8 million, yielding a negative net operating margin of \$2.3 million and an overall operating reserve of \$6.83 million. The \$2.3 million operating loss is attributable to one-time costs associated with streamlining efforts.

Administrative and supervision costs represented 23 percent of total program costs, which is below the statutory limit of 40 percent. Appropriated obligations of approximately \$10.5 million, plus revolving fund obligations of \$35.8 million totaled \$46.3 million. The fee-supported activities ended fiscal year 1995 at 77 percent of the total obligations.

FGIS remains committed to quality and to ensuring that the customers of the official grain inspection and weighing system receive service that is of the highest quality. We are continually striving to attain our vision of being the leader in meeting the quality and quantity measurement needs of those who produce, market, and process U.S. cereals and oilseeds.

Sincerely,



Jim R. Baker
Administrator

Outlook 1996

Test Weight Review

The Federal Grain Inspection Service (FGIS) will continue its review of issues relating to the importance of test weight standards for Soft Red Winter wheat and the market's use of this information. Some Soft Red Winter wheat producers have voiced support for lowering the test weight grading standards because they believe the grain market assesses unfair discounts for low-test-weight wheat. An evaluation conducted by the USDA Economic Research Service (ERS) concluded that market pricing is established by competitive market forces and not the official wheat standards. FGIS will further evaluate the testing methodologies for measuring test weight to determine if changes are needed and also will continue to encourage the development of end-use value tests for wheat.

Pilot Programs

FGIS will conduct two pilot programs that will provide it with information on the effect of allowing more than one designated official agency to inspect or weigh grain in a single area. The programs start on November 1, 1995, and end on October 31, 1996.

The first pilot focuses on providing timely service. This program will allow official agencies to provide official services to facilities outside their assigned geographic area on a case-by-case basis when official services cannot be provided within the following timeframes. For official sampling services, "timely service" is provided by the official agency within 6 hours when a service request is received between 6 a.m. and noon Monday through Friday, and within 12 hours when a service request is received any other time. For official inspection and/or weighing results, timely service is notification of results by telephone, telefax, or other electronic means within 12 hours from the completion of sampling or weighing of the units. This does not apply to certification. Customers of the official system who cannot obtain service within these time limits may request such service from another official agency.

The second pilot establishes an "open season" during which official agencies may offer their services to facilities outside their assigned geographic area where no official sample-lot or official weighing services have been provided in the previous 6 months.

FGIS will monitor and evaluate these pilot programs throughout FY 1996. If a pilot program is negatively impacting the official system, the Agency may modify or discontinue it.

Inspection and Weighing Fees

FGIS is proposing to change the manner in which it assesses fees for its inspection and weighing account. The new fee concept under consideration would establish fees for specific services (i.e., individual tests), thus providing customers with information to better assess the value of specific inspection services and tests.

Technical Services Division

To improve program operations and service delivery to our customers, effective August 6, 1995, the Kansas City-based Quality Assurance and Research Division (QARD) underwent an innovative restructuring. To reflect the consolidation and restructuring of program functions and reassignment of personnel, QARD changed its name to the Technical Services Division (TSD). The organizational restructuring included reorganization of all branch functions, the formation of new cross-functional work groups, and a transformation in the basic philosophies influencing how business is conducted. The restructuring includes transferring the functions of the Commodity Testing Laboratory (CTL), currently located in Beltsville, Maryland, to TSD by June 1996.

The restructuring of QARD into the new TSD, including the consolidation of CTL functions, will benefit both our employees and our customers. Increased personnel efficiency and cross-utilization will provide employees with new opportunities for development. For our customers, the new division's flexible organizational structure will be better able to meet service needs and to provide increased uniformity in reporting data and information.

Official Moisture Measurements

In FY 1995, FGIS stated its intent to adopt new moisture measurement technology for the official inspection system. FGIS will select one or more moisture meter models that best meet official inspection needs from those models that meet the National Type Evaluation Program (NTEP) specifications and tolerances. FGIS' target date for beginning implementation of a new moisture meter is May 1997.

Garlic in Wheat

In FY 1995, FGIS initiated a 2-year study to determine if the wheat standards are current with respect to garlic tolerances. The study involves the collection of two crop years' samples to evaluate the ability to remove garlic from wheat prior to milling, the negative financial impact of garlic on the milling process, and the potential economic implications of changing the garlic tolerances for wheat.

Functions and Responsibilities

Federal Grain Inspection Service

FGIS was created by Congress in 1976 to manage the national grain inspection system, which initially was established in 1916, and to institute a national grain weighing program. The goal of creating a single Federal grain inspection entity was to ensure development and maintenance of uniform U.S. standards, to develop inspection and weighing procedures for grain in domestic and export trade, and to facilitate grain marketing. In October 1994, as part of the U.S. Department of Agriculture's reorganization, FGIS was combined with the Packers and Stockyards Administration to form a new USDA agency, the Grain Inspection, Packers and Stockyards Administration (GIPSA). FGIS is now a program of GIPSA.

FGIS administers uniform, national grain inspection and weighing programs established by the U.S. Grain Standards Act, as amended (hereinafter, the Act). Services under the Act are performed on a fee basis for both export and domestic grain shipments. The Act requires generally that export grain be inspected and weighed; prohibits deceptive practices and criminal acts with respect to the inspection and weighing of grain; and provides penalties for violations.

In administering and enforcing the Act, FGIS:

- * establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain;
- * promotes the uniform application of official U.S. grain standards by official inspection personnel;
- * establishes methods and procedures, and approves equipment for the official inspection and weighing¹ of grain;

¹ Official Inspection. The determination by original inspection, reinspection, and appeal inspection and the certification by official personnel of the kind, class, quality, or condition of grain under standards provided for in the Act; or, the condition of vessels and other carriers or receptacles for the transportation of grain insofar as it may affect the quality of such grain under other criteria approved by the Secretary (the term "officially inspected" shall be construed accordingly).

Official Weighing. (Class X Weighing). The determination and certification by official personnel of the quantity of a lot of grain under standards provided for in the Act, based on the actual performance of weighing or the physical supervision thereof, including the physical inspection and testing for accuracy of the weights and scales, the physical inspection of the premises at which weighing is performed, and the monitoring of the discharge of grain into the elevator or conveyance. (The terms "official weight" and "officially weighed" shall be construed accordingly.)

- * provides official inspection and weighing services at certain U.S. export port locations,² and official inspection of U.S. grain at certain export port locations in eastern Canada along the St. Lawrence Seaway;
- * delegates qualified State agencies to inspect and weigh grain at certain U.S. export port locations;
- * designates qualified State and private agencies to inspect and weigh grain at interior locations;
- * licenses qualified State and private agency personnel to perform inspection and weighing services;
- * provides Federal oversight of the official inspection and weighing of grain by delegated States and designated agencies;
- * provides review inspection services³ of U.S. grain in the United States and at certain export port locations in eastern Canada;
- * investigates, in cooperation with the USDA Office of Inspector General, alleged violations of the Act and initiates appropriate corrective action; and
- * monitors the quality and weight of U.S. grain as received at destination ports, and investigates complaints or discrepancies reported by importers.

Mandatory Services

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

² Export Port Locations. Commonly recognized ports of export in the United States or Canada, as determined by the Secretary, from which grain produced in the United States is shipped to any place outside the United States. Such locations include any coastal or border location, or any site in the United States that contains one or more export elevators and is identified by FGIS as an export port location.

³ Review Inspection Service. A reinspection, appeal inspection, or Board appeal inspection service performed when discrepancies are alleged between the true quality of the grain and the inspection results.

Mandatory official inspection and weighing services are provided by FGIS on a fee basis at 46 export elevators. Under a cooperative agreement with FGIS, the Canadian Grain Commission provides official services, with FGIS oversight, at 6 locations in Canada exporting U.S. grain. Eight delegated States provide official services at an additional 21 export elevators under FGIS oversight.

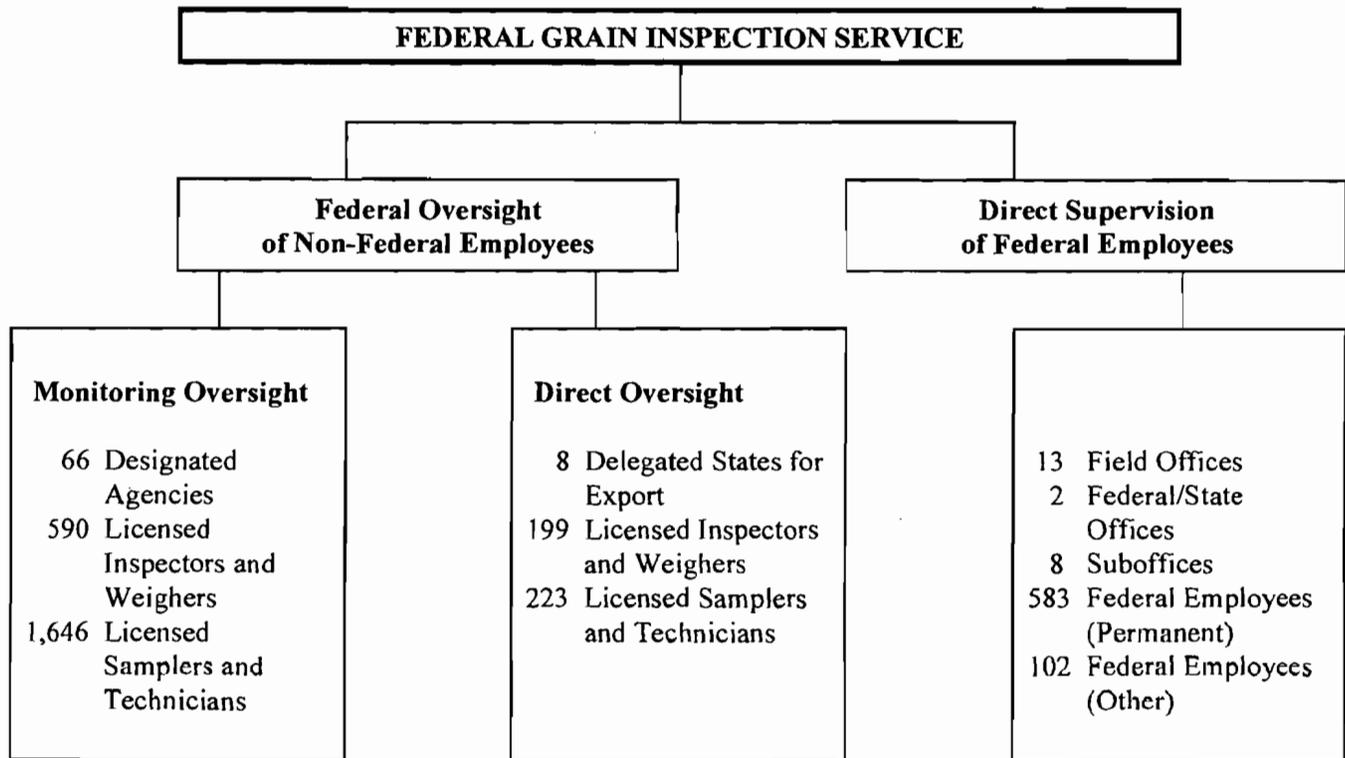
Grain exporters shipping less than 15,000 metric tons of grain abroad annually are exempt from mandatory official inspection and weighing requirements. Grain exported by train or truck to Canada or Mexico also is exempt from official inspection and weighing requirements.

Permissive Services

Official inspection and weighing of U.S. grain in domestic commerce are performed upon request and require payment of a fee by the applicant for services. Domestic inspection and weighing services are provided by 66 designated agencies that employ personnel licensed by FGIS to provide such services in accordance with regulations and instructions. FGIS supervisory and administrative costs have been funded by user fees since October 1, 1981.

Under the Agricultural Marketing Act of 1946 (hereinafter, the AMA), FGIS administers and enforces certain inspection and standardization activities related to rice, pulses, lentils, and processed grain products such as flour and corn meal, as well as other agricultural commodities. Services under the AMA are performed upon request on a fee basis for both domestic and export shipments by either FGIS employees or individual contractors, or through cooperative agreements with States.

Oversight Responsibilities

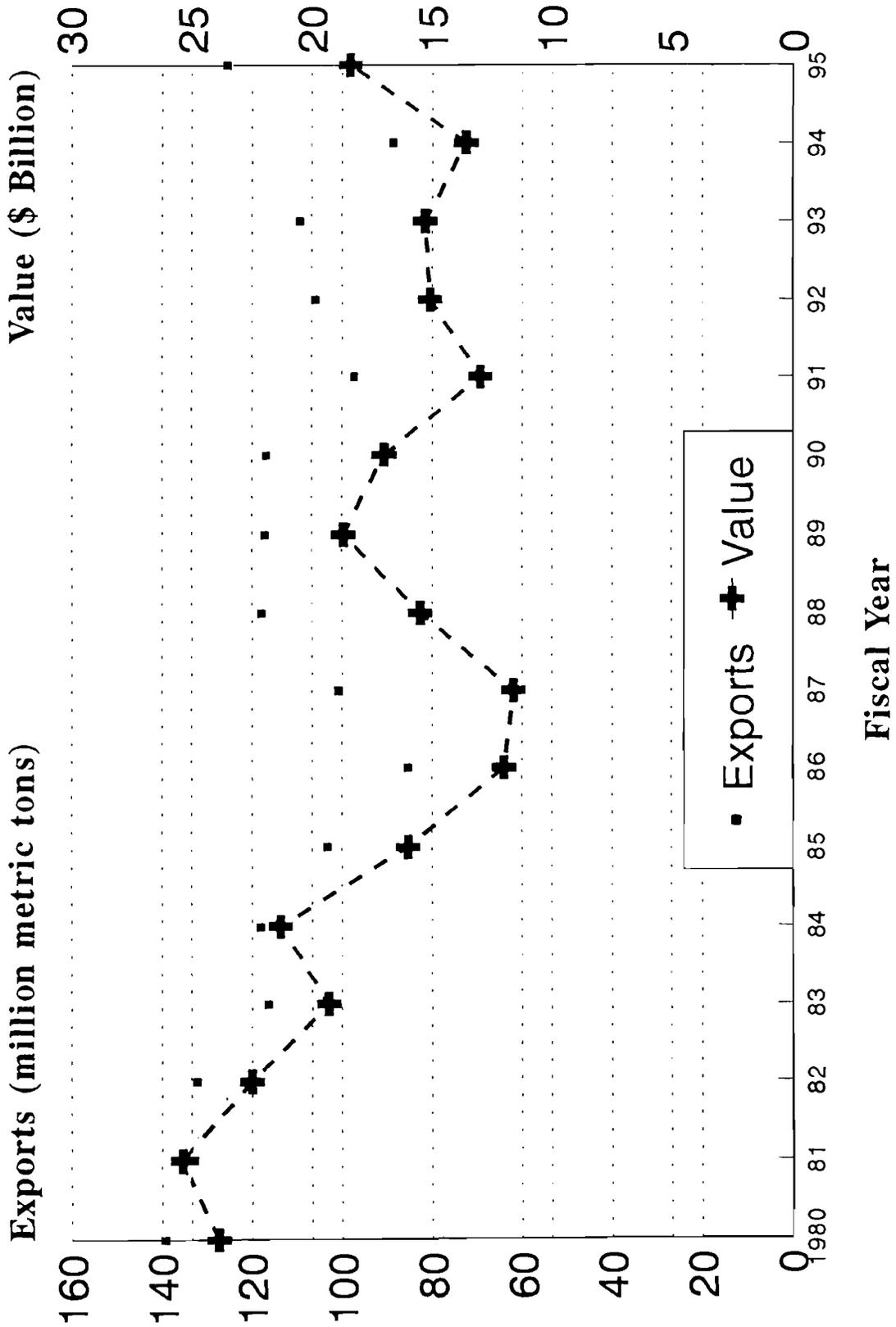


Services By State

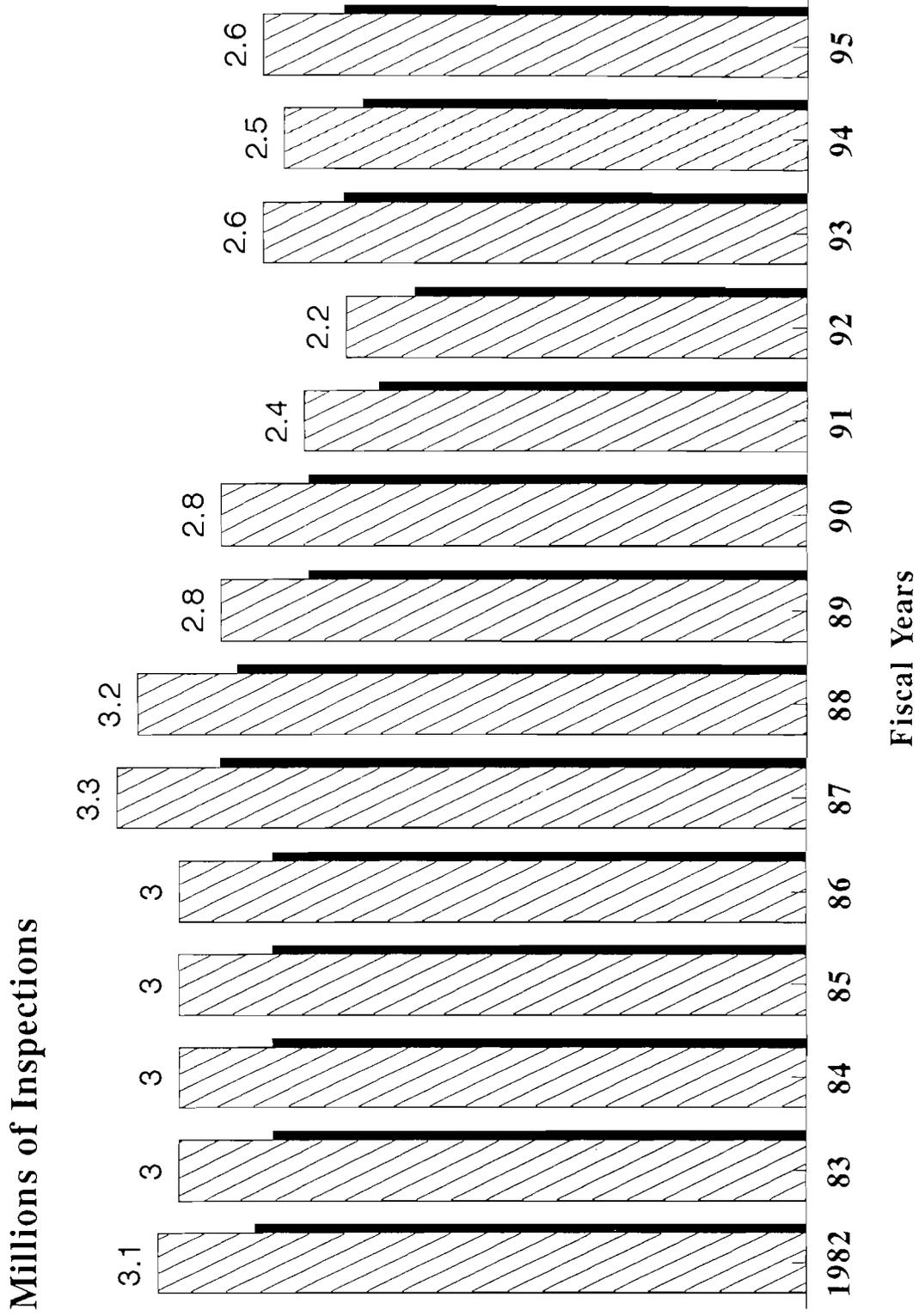
State	State Agencies		Private Designated Agencies	FGIS Locations
	Delegated	Designated		
Alabama	-	-		
Alaska				
Arizona				
Arkansas			-	-
California	-	-	-	* -
Colorado			-	
Connecticut				
Delaware				
Florida				
Georgia		-		-
Hawaii				
Idaho			-	-
Illinois			-	-
Indiana			-	-
Iowa			-	-
Kansas		-		-
Kentucky			-	
Louisiana		-		-
Maine		-		
Maryland				-
Massachusetts				
Michigan			-	
Minnesota	-	-		-
Mississippi	-	-		-
Missouri		-		-
Montana		-		
Nebraska			-	-
Nevada				
New Hampshire				
New Jersey				
New Mexico			-	
New York		-		
North Carolina		-		
North Dakota			-	-
Ohio			-	-
Oklahoma			-	
Oregon		-		-
Pennsylvania				
Rhode Island				
South Carolina	-	-		
South Dakota			-	
Tennessee			-	
Texas			-	-
Utah		-		
Vermont				
Virginia	-	-		
Washington	-	-		* -
West Virginia				
Wisconsin	-	-		
Wyoming			-	

* Federal/State office.

U.S. Grain, Oilseed, and Rice Exports: Volume and Value

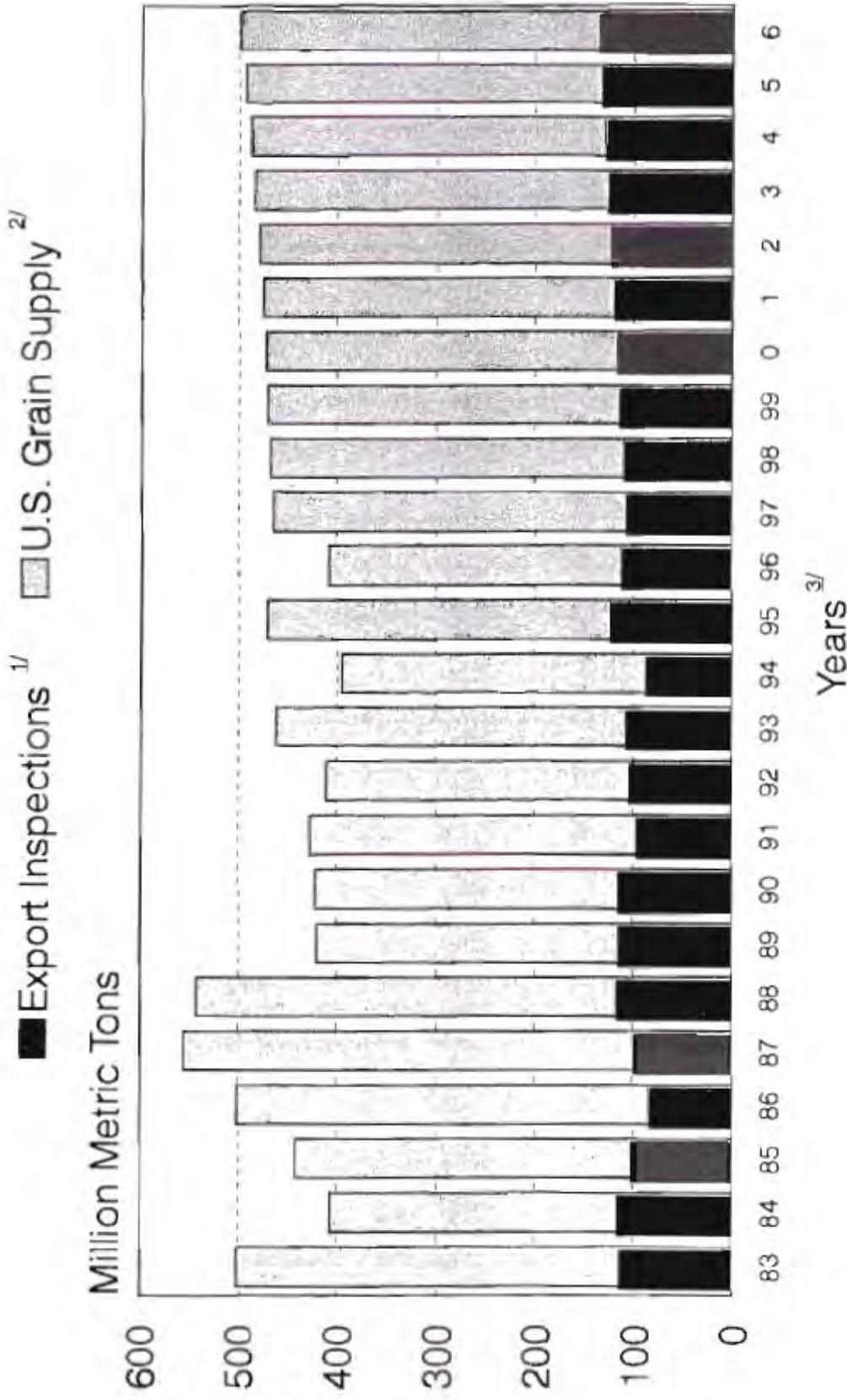


Number of Inspections Performed Under U.S. Grain Standards Act



Source: EGIS

U.S. EXPORT GRAIN INSPECTIONS



Source:

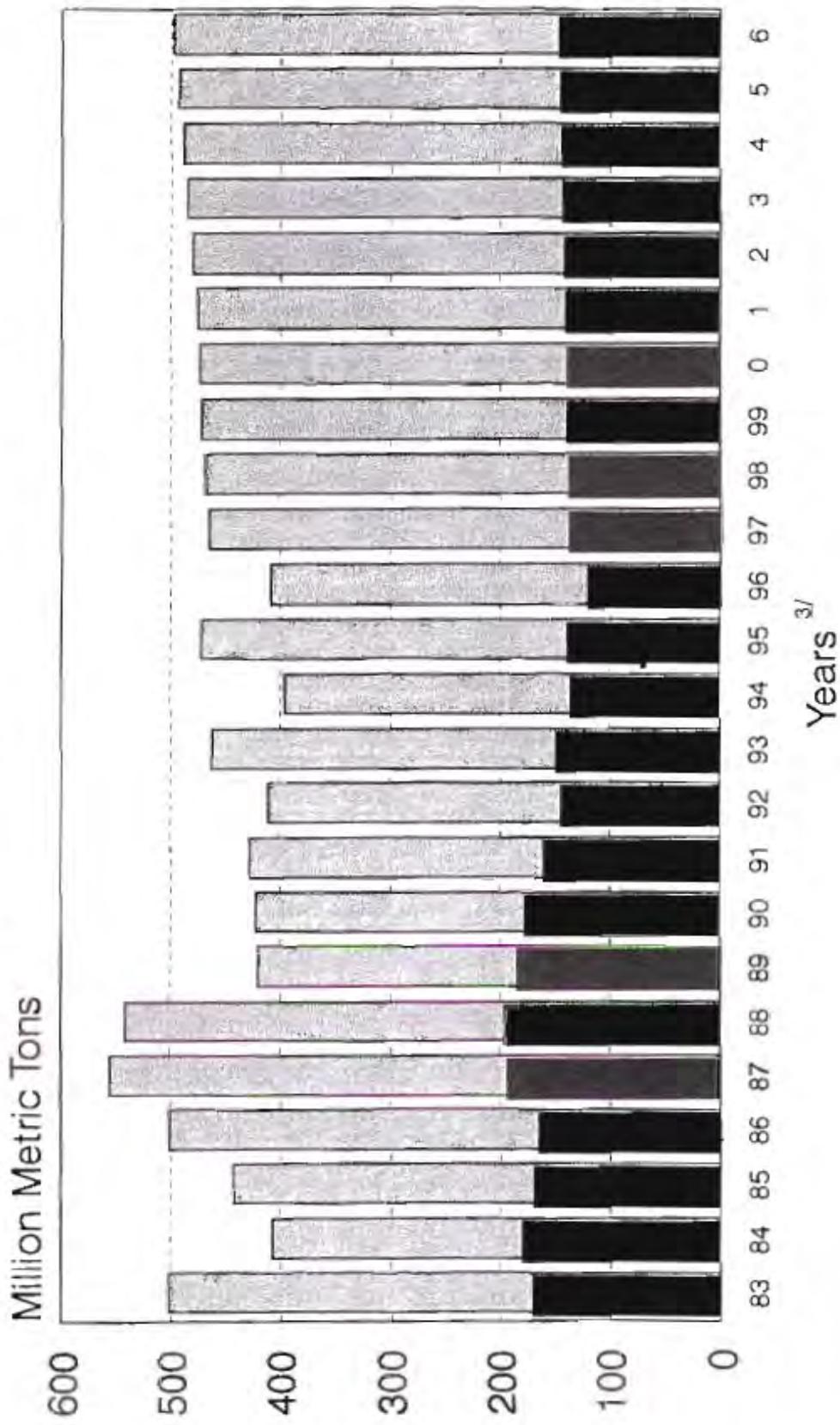
1/ FGIS, EGIS for 1983 - 95; USDA, WASDE (Oct. 11, 1995) for 1996 and WAOB baseline projections for 1997 - 2006.

2/ USDA, ERS market year figures for 1983 - 94, WASDE (Oct. 11, 1995) for 1995 - 96, and WAOB baseline projections for 1997 - 2006.

3/ Export inspections are reported by fiscal years and U.S. grain supplies are by marketing years.

U.S. DOMESTIC GRAIN INSPECTIONS

Officially Inspected ^{1/}
 U.S. Grain Supply ^{2/}



Source:

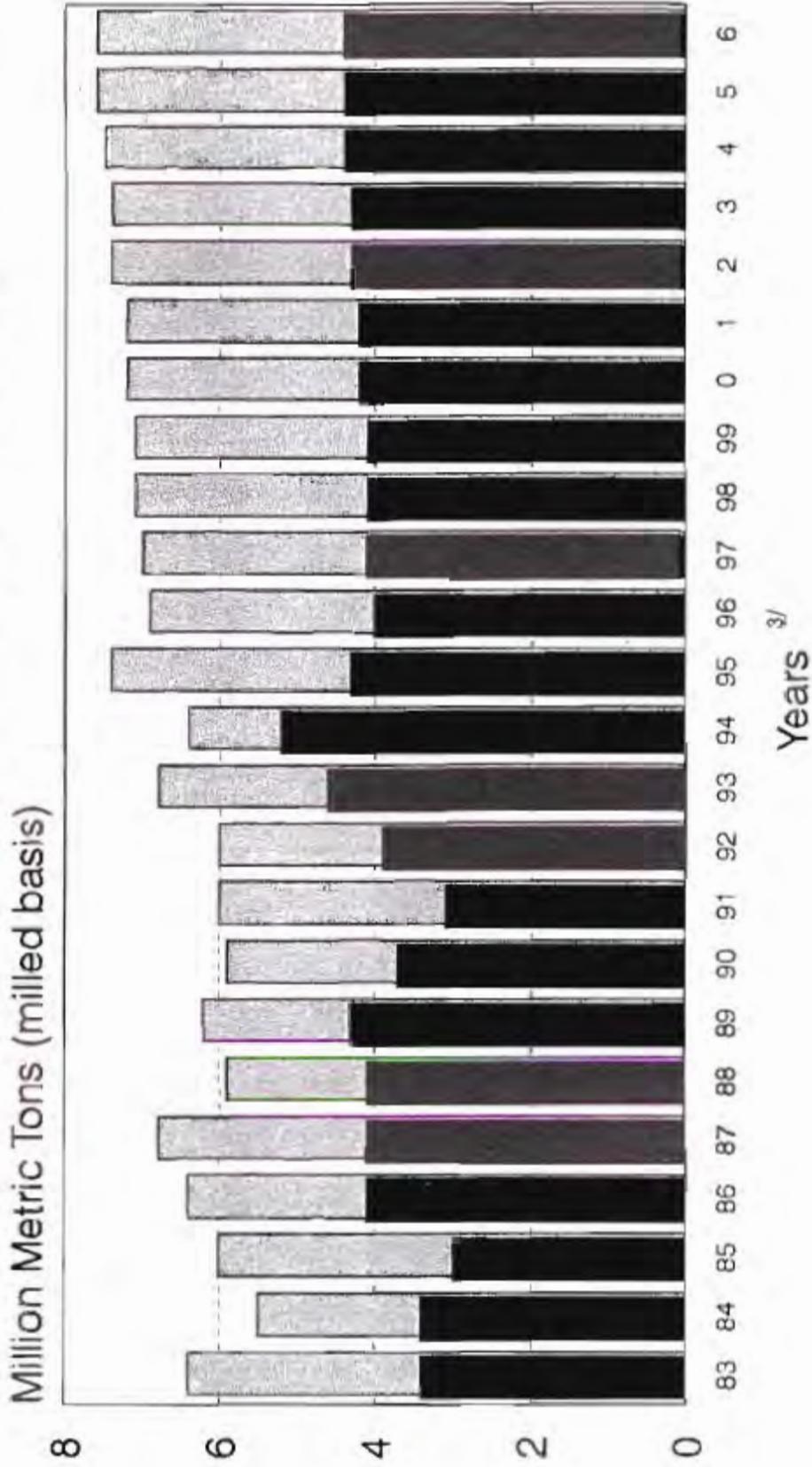
1/ FGIS, GIWIS for 1983 - 95 and 1995 inspection rate (29.3%) applied to estimated supplies for 1996 - 2006.

2/ USDA, ERS market year figures for 1983 - 94, WASDE (Oct. 11, 1995) for 1995 - 96, and WAOB baseline projections for 1997 - 2006.

3/ Domestic inspections are reported by fiscal years and U.S. grain supplies are by marketing years.

U.S. RICE INSPECTIONS

■ Officially Inspected ^{1/} □ U.S. Rice Supply ^{2/}



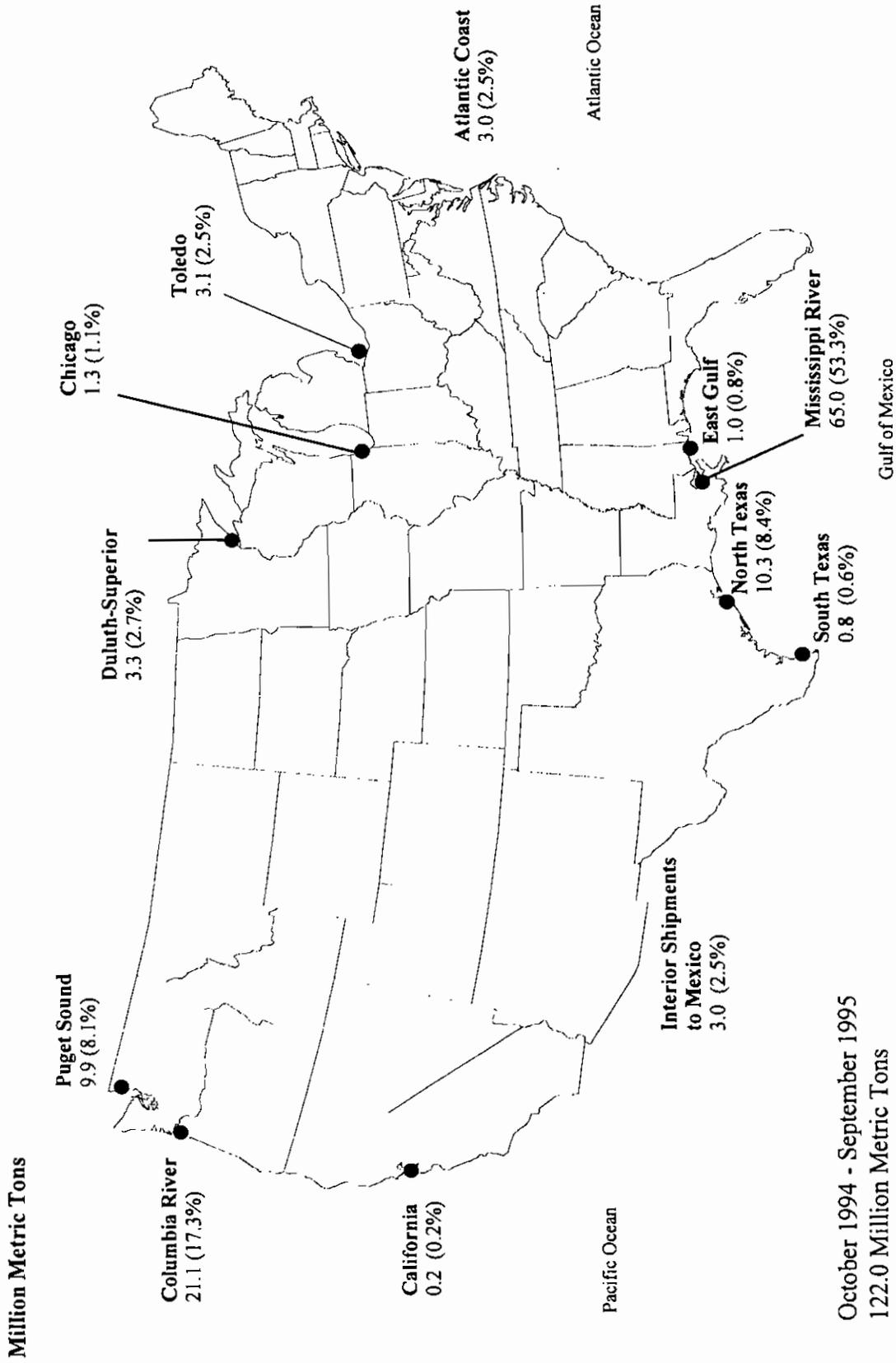
Source:

1/ FGIS, AMA Output Reports for 1983 - 95 and 1995 inspection rate (58.1%) applied to estimated supplies for 1996 - 2006.

2/ USDA, ERS market year figures for 1993 - 94, WASDE (Oct. 11, 1995) for 1995 - 96, and WAOB baseline projections for 1997 - 2006.

3/ Inspections are reported by fiscal years and U.S. rice supplies are by marketing years.

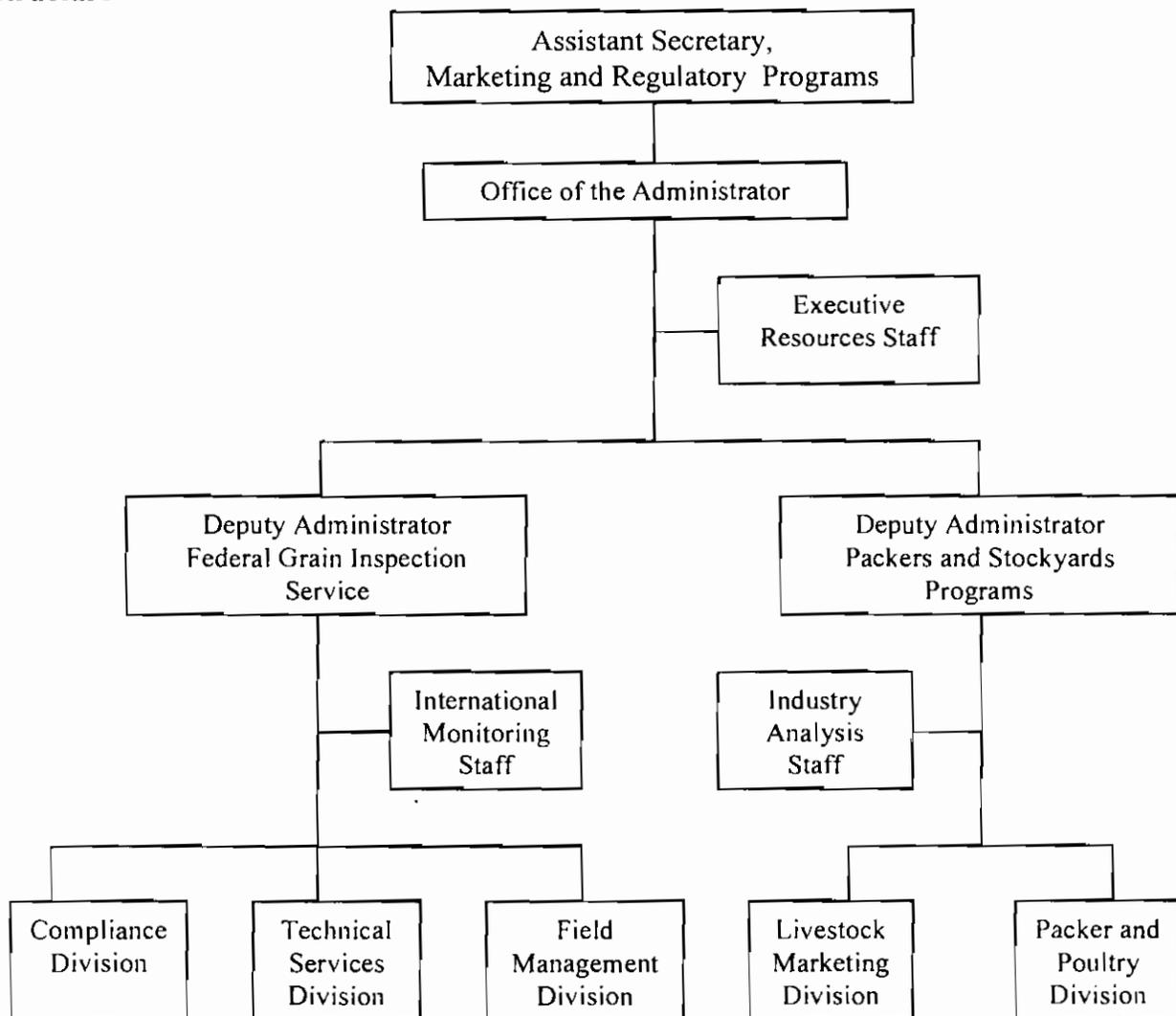
Volume of U.S. Grain Inspected for Export by Area Fiscal Year 1995



Organizational Structure

In October 1994, as part of the USDA reorganization, FGIS was combined with the Packers and Stockyards Administration to establish a new USDA agency, the Grain Inspection, Packers and Stockyards Administration. GIPSA reports to the Assistant Secretary for Marketing and Regulatory Programs, U.S. Department of Agriculture. FGIS, once an independent agency, is now a program of GIPSA.

GIPSA Organizational Structure



FGIS currently is comprised of a headquarters unit, 13 field offices, 2 Federal/State offices, and 8 suboffices. Two of the program's three headquarters divisions -- Compliance and Field Management -- are located in Washington, D.C. The third -- the Technical Services Division -- is located in Kansas City, Missouri.

Compliance Division

The Compliance Division ensures that the Act, applicable provisions of the AMA, and applicable regulations are implemented accurately and uniformly. The Division:

- * evaluates alleged violations and initiates preliminary investigations, and assists USDA's Office of Inspector General on investigations involving criminal violations of the Act and applicable provisions of the AMA;
- * initiates enforcement/administrative actions for violations of the Act and applicable provisions of the AMA;
- * administers the program for delegating State agencies and designating State and private agencies to provide official inspection and weighing, and monitors their performance;
- * reviews and, when appropriate, approves official agency fee schedules;
- * identifies and monitors official agency and licensee conflicts of interest;
- * registers firms that export U.S. grain;
- * conducts management evaluations and operational reviews of FGIS' programs, and monitors appropriate corrective actions;
- * responds to audits and surveys of FGIS programs;
- * coordinates litigation proceedings involving FGIS personnel and/or records; and
- * administers the program to ensure that management control and accountability comply with governmental standards.

Field Management Division

The Field Management Division, the largest division within FGIS, directs and oversees the operation of all FGIS field offices, Federal/State offices, and delegated and designated agencies. The Division also:

- * establishes U.S. standards for grain, rice, and pulses;
- * develops inspection and weighing policies and procedures;
- * performs original inspection and weighing of export grain;

- * licenses official agency personnel;
- * manages all field operations carried out through 23 offices (13 field offices, 2 Federal/State offices, and 8 suboffices) and the Commodity Testing Laboratory in Beltsville, Maryland;
- * provides quality assurance functions for the USDA Consolidated Farm Services Agency (CFSA) and the Department of Defense Personnel Support Center; and
- * samples, inspects, and tests processed grain products for producers, school lunch programs, military rations, and shipments to needy countries throughout the world.

Technical Services Division

The Technical Services Division is responsible for research, methods development, technical training, and quality control programs. The Division:

- * develops new or improved tests and methods for determining grain quality;
- * provides reference standards for FGIS methods;
- * develops criteria and specifications for instruments to improve the reliability of grain inspection;
- * develops and maintains an agencywide quality control program covering all aspects of grading and inspection;
- * maintains the uniform application of grain and commodity standards;
- * renders final decisions on inspection appeals;
- * conducts technical training for field personnel;
- * briefs representatives of importing countries on FGIS' functions and activities; and
- * performs analytical and reference testing for grain and processed commodities.

International Monitoring Staff

The International Monitoring Staff (IMS) is part of the Office of the FGIS Deputy Administrator. The IMS:

- * monitors the quality and weight of grain shipments between origin and destination ports;

- * responds to grain quality or weight complaints received through the Foreign Agricultural Service and other sources;
- * briefs representatives of importing countries (agricultural officials, buyers, end users, and others), both in the United States and abroad, on the roles and responsibilities of FGIS; and
- * works closely with USDA sister agencies, the Food and Drug Administration, and USDA cooperator organizations to increase awareness of FGIS' role and responsibilities in the United States and abroad.

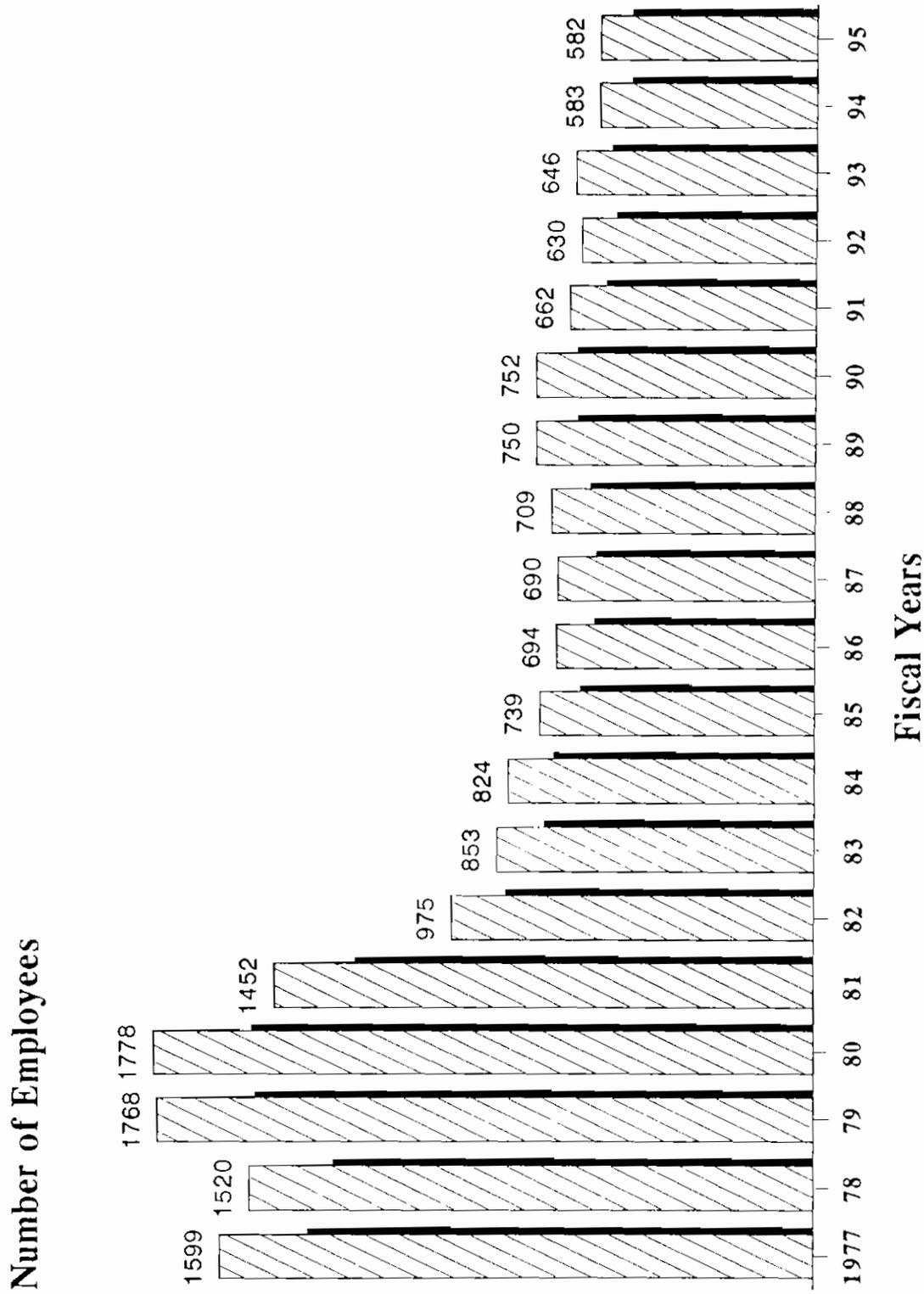
Executive Resources Staff

The Executive Resources Staff, which reports directly to the GIPSA administrator, provides budget and financial services for the Agency. The Staff coordinates, evaluates, and negotiates resources needed to provide administrative support services for FGIS operations. FGIS personnel and administrative services are provided by the Animal and Plant Health Inspection Service.

FGIS Field Structure

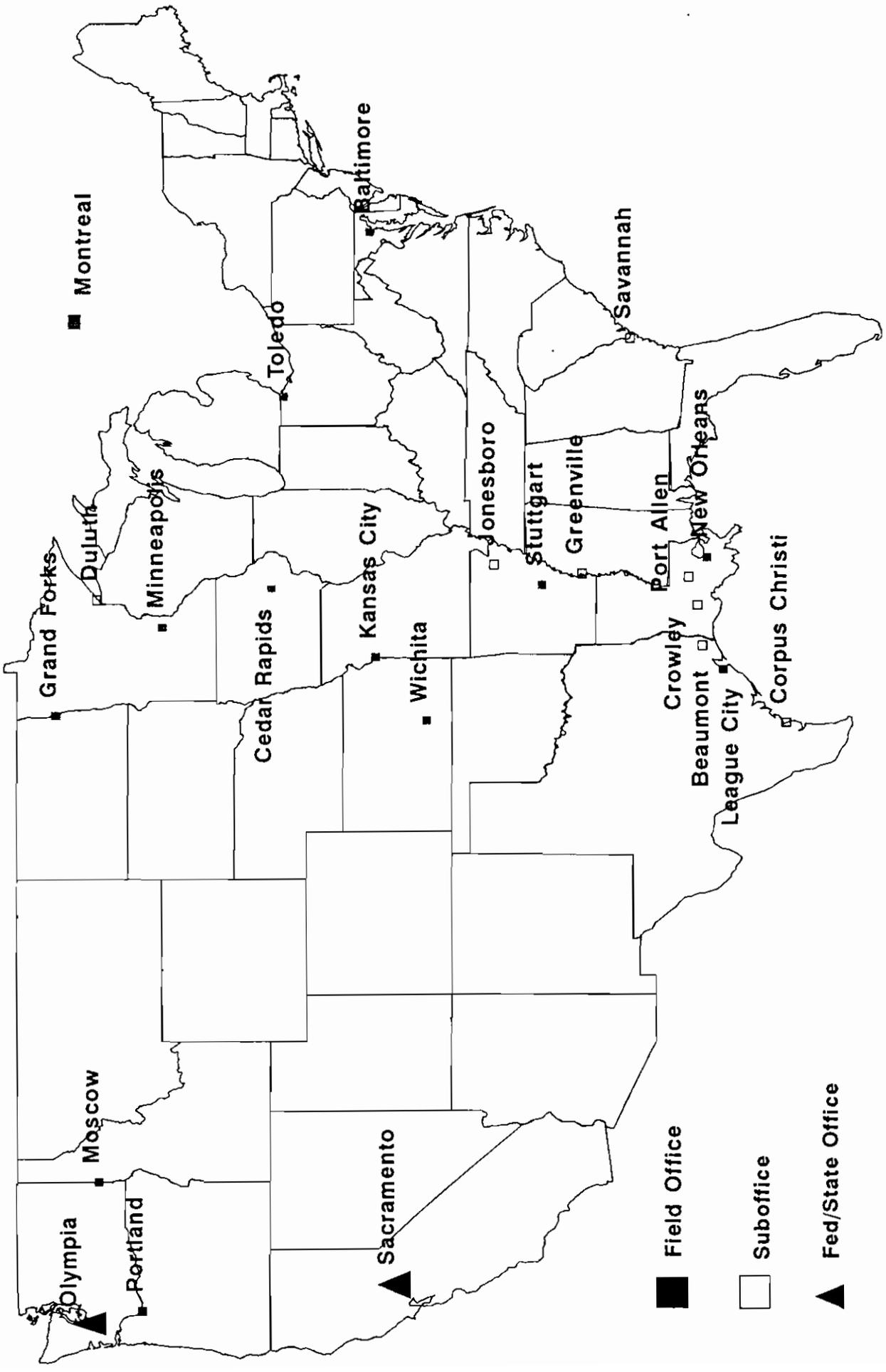
FGIS field personnel are located across the Nation, thus ensuring the availability of official inspection and weighing services anywhere in the United States. FGIS personnel also are located in eastern Canada to provide inspection of U.S. grain at Canadian ports.

Federal Grain Inspection Service Full-Time Permanent Employment, FY 1977-95



Federal Grain Inspection

Performance of Weighing and Inspection Services



Organizational Development and Management

Advisory Committee

The FGIS Advisory Committee is comprised of 15 members and 15 alternate members representing all segments of the U.S. grain industry including producers, domestic and export elevators, official grain inspection and weighing agencies, scientists, merchandisers, and processors. Members of the committee are appointed to 3-year terms. The committee met on May 10-11, 1995, and offered several resolutions, including the following: the Committee should meet at least twice annually; FGIS should expand the pilot program that was developed to foster competition among official agencies with the goal of improving service delivery; the standards should encourage value-based marketing; and FGIS should convert grain measurement to the metric system.

Customer Service Standards

During FY 1995, FGIS published its first customer service standards. These standards respond to the needs and expectations of our customers. FGIS pledges that our customers can expect courtesy and respect, fairness, clarity, accessibility, timeliness, and responsiveness. We promise to provide professional treatment from a polite, responsive, and knowledgeable staff. Our services will be objective, whatever role our customers play in American agriculture and regardless of race, color, religion, sex, age, national origin, disability, or sexual orientation. We will clearly explain what we do, how our programs work, and whom to contact for further assistance. We are available to serve our customers and to talk to individuals and organizations about our programs. We will provide an official grain inspection and weighing certificate within 1 full business day after completing an inspection. In our regulatory role, we will respond to our customers' concerns and work to ensure fairness and equity in the marketplace. And, finally, we will continue to seek our customers' views, listen to their needs, and take action based on them. Based on our customers' input, FGIS will update and refine our customer service standards.

Strategic Planning

As the new GIPSA develops a strategic plan under the guidelines of the Government Performance and Results Act (GPRA), FGIS is reaffirming its mission, vision, and guiding principles for the future. GIPSA's overall strategic plan incorporates the tenets of FGIS' Excellence through Continuous Improvement (ECI), a long-term quality management process that started in the fall of 1994. This process will continue to strengthen FGIS' organizational culture and help make quality and customer service top priorities.

In undertaking the ECI process, FGIS developed the simple but powerful vision to be: "The proven leader in meeting the quality and quantity measurement needs of those who produce, market, and process U.S. cereals and oilseeds." In attaining its vision, FGIS, through the use of focus groups, an employee survey, and customer interviews, has assessed and will continue to determine customer satisfaction and expectations, and work to meet and exceed these expectations.

Internal and external customer feedback has been and will continue to be used to address areas of concern. For example, as a result of feedback from employees, a team of FGIS employees developed an idea hotline. Any employee can submit an idea at any time, and the idea is guaranteed to receive full and prompt consideration by top management. To date, 41 percent of employee ideas have been implemented and employees from 93 percent of field offices have participated.

Another improvement team was a cooperative effort between FGIS employees and representatives of the official inspection and weighing system. This team reviewed policies, procedures, and recordkeeping requirements with the goal of identifying those that may be eliminated and/or modified to improve the official inspection system.

At the request of our partners in the official inspection system, an FGIS team developed a means for official agencies to directly access quality control data for wheat protein. Each wheat protein testing location now has direct access to wheat protein data for quality control purposes. With this change, all service locations receive quality control data sooner and are afforded a broader view of the system's overall performance. This will improve the system's ability to provide high-quality testing service.

ECI is a continuous process whereby employees continuously learn and strive to attain the vision of becoming the leader in meeting the market's quality and quantity measurement needs.

Field Restructuring

In FY 1995, FGIS undertook a major restructuring of its field operations to respond to changes in customer demands, the structure of the U.S. grain marketing system, and internal FGIS operational needs. Throughout FY 1995, FGIS streamlined the field structure from 31 field locations (21 field offices, 8 suboffices, and 2 Federal/State offices) to 23 field locations (13 field offices, 8 suboffices, and 2 Federal/State offices). The entire field restructuring was implemented without reductions in force. All affected personnel were offered positions within FGIS, which resulted in employee relocations, as well as resignations and retirements.

The restructuring improves the performance of the national inspection system, contains the costs to users of the system, and enhances service delivery by streamlining managerial and administrative operations. New monitoring and quality control methodologies are being employed to enhance oversight of the national inspection system with a leaner organizational structure.

**Labor/Management
Partnership Council**

FGIS and the National Council of Federal Grain Inspection Locals have formed a national partnership council. The Council is comprised of union and management representatives who are working from the premise that informed employees and union involvement add value and quality to FGIS' decision-making. During FY 1995, the Council met five times to address numerous issues facing FGIS and the workforce. This partnership has been a valuable means of channeling FGIS' efforts and limited resources toward cooperatively solving problems of mutual concern. As this relationship matures, the partnership will contribute to a more efficient and effective organization.

Regulatory Reform

Executive Order 12866 (September 30, 1993) and subsequent direction from the Administration required government agencies to "...conduct a page-by-page review of all your agency regulations now in force and eliminate or revise those that are outdated or otherwise in need of reform."

FGIS undertook an extensive regulatory review effort, which included holding focus groups with diverse customer and industry representatives. In addition, FGIS conducted a detailed review of 160 pages of regulations. Of the 160 total pages, FGIS designated 44 pages, or 28 percent, for elimination and 78, or 49 percent, for reinvention. Overall, 77 percent of FGIS' total regulations are designated for reinvention or elimination.

Inspection and Weighing Activities

Automation Initiatives

FGIS is pursuing various automation initiatives that are designed to improve the quality and delivery of our service, improve efficiency, and lower costs. FGIS is actively participating with the National Grain and Feed Association (NGFA) on Electronic Data Interchange (EDI), an electronic commerce project that is designed to automate the exchange of financial transaction documents among businesses in a standard format. The project is intended to reduce paperwork and significantly speed the transaction process. FGIS has worked closely with NGFA's standards task force to develop "maps" of documents that will be included in an EDI pilot, and will continue to play a key role in this long-term, multi-year project.

Major export elevators continue to integrate automation into the official inspection and weighing programs. Three fully automated weighing supervision systems have been approved, four systems are being installed, and FGIS continues to receive inquiries from other elevators regarding automation initiatives.

FGIS completed the first phase of its efforts to automate the export inspection statistical shiploading plan (better know as Cu-Sum). In FY 1995, FGIS identified the hardware and software to be used, and developed an overall automation strategy for a pilot to be run at the end of FY 1996. The automated Cu-Sum system will improve accuracy and efficiency of the official system by minimizing manual data collection and calculations, and permitting direct data sharing with customers and remote FGIS offices.

To automate the data collection and analysis aspects of various processes used in grain quality evaluation at the FGIS Technical Center in Kansas City, Missouri, FGIS is procuring a Laboratory Information Management System (LIMS) software package that will provide for both automated data collection from electronic instruments and manual data entry. Database functions will provide for storage, and criteria based selection and retrieval for reporting and statistical analysis purposes. Incorporation of the LIMS system will allow automation of functions such as tracking of numerous calibration/validation samples. The system will provide greater accuracy in our processes and enhance responsiveness through the use of commercial software and existing computer equipment. Implementation of the LIMS system is scheduled to begin in October 1995.

The New Orleans export field office, FGIS' largest field location, successfully pilot-tested and currently is installing an automated time and attendance system. By providing data that allows the field office management to accurately monitor and analyze work schedules, the system promotes efficient and effective scheduling of work assignments. The automated system will be expanded to directly interface with the computer applications at the National Finance Center, which will significantly reduce the cost of keypunching and maintaining time and attendance information. This system will eventually be installed at field offices nationwide.

In FY 1995, FGIS conducted a customer survey that showed substantial interest in more highly-automated official inspection. Our customers indicated that getting official results more frequently using automated measurements and electronic data interchange would increase the value of official inspection. Electronic delivery of results from existing inspection processes is a first step. Automated measurements will be added incrementally as technologies are developed or adapted to official inspection needs.

In FY 1995, GIPSA posted its first home page on the Internet. The page, which is linked with the United States Department of Agriculture's home page, provides extensive information on FGIS' programs and services. It is located on the Internet at: <http://www.usda.gov/gipsa>.

Canada/United States Service Agreement

As part of efforts to streamline and improve official services, FGIS signed a joint agreement with the Canadian Grain Commission (CGC) authorizing the CGC to perform services on FGIS' behalf. Under the agreement, the CGC and its personnel will provide grain sampling, stowage examination, inspection, weighing, and related services on American grain shipped by vessel through the St. Lawrence Seaway at various locations in Canada. The services will be provided under FGIS oversight and in accordance with FGIS instructions and procedures. This mutually beneficial agreement allows FGIS to further contain operating costs while ensuring that our customers continue to receive high quality official services.

CFSA Empty Bag Inspections

At the request of Consolidated Farm Service Agency (CFSA), on January 1, 1995, FGIS began inspecting empty bags purchased to accompany Commodity Credit Corporation (CCC) export bulk shipments. CFSA requested the inspection based on complaints received from overseas recipients. FGIS examines the bags to ensure they are properly marked, of the correct size, and that there are proper numbers of bags per lot.

CFSA Observation of Loading Service

Working with CFSA, in August 1994, FGIS developed and initiated a modified observation of loading service for vessels loading overseas food assistance products shipped in paper bags. The service was developed at the request of CFSA to reduce the amount of damaged products being shipped overseas, to enhance the appearance of U.S. agricultural products in the international arena, and to improve the integrity of the foreign food assistance programs. CFSA has approved the continuance of this program based on the favorable information obtained from their internal evaluation.

Commodity Testing Laboratory Fees

Effective September 11, 1995, FGIS increased fees charged by the FGIS Commodity Testing Laboratory (CTL) at Beltsville, Maryland, under authority of the Agricultural Marketing Act of 1946. FGIS also established a test and unit fee for vomitoxin testing at the laboratory. The overall cost of operating the laboratory increased between FY 1992 and 1993 by more than 8 percent. This cost increase occurred simultaneously with a 17 percent downturn in revenue due to fewer service requests. The fee increase will ensure that, as mandated by law, revenue covers, as nearly as practicable, the projected operating costs, including related supervisory and administrative costs, for commodity laboratory testing services. Fees for CTL services were last increased on August 1, 1984 (49 FR 26547).

Commodity Training

Throughout FY 1995, processed commodity inspection training was provided to 235 persons (162 FGIS field office employees, 52 State cooperator personnel, and 21 headquarters employees) at FGIS headquarters in Washington, D.C. and 15 field locations across the country. Participants were instructed in all aspects of the processed commodity inspection program. Training for field and State personnel was provided at their offices to maximize the number of personnel at all grade levels and job series that could participate and to address each office's specific areas of interest. This holistic training approach allowed all levels of field personnel to gain a complete knowledge of the processed commodity program to better perform their daily duties, and understand and meet the needs of the agricultural industry they serve.

Grain Cleaning Study

In June 1990, FGIS commissioned the USDA Economic Research Service to conduct a study to determine the costs and benefits of marketing cleaner wheat, corn, soybeans, barley, and grain sorghum. The study is part of FGIS' ongoing effort to evaluate how grain standards and inspection procedures should interact with the marketplace. The study also is the basis for implementing the requirements of Section 2005 of the Grain Quality Incentives Act of 1990 (7 U.S.C. 71 *et seq.* as amended by Title 20, Public Law No. 101-624).

The report on wheat was completed in FY 1993 and on corn was completed in FY 1994. Similar reports for barley, sorghum, and soybeans were completed in FY 1995. The reports identified that the cost of cleaning these grains above current levels would exceed benefits in both domestic and international markets at all points in the production-marketing system.

**Pesticide Residue
Testing Service**

On November 18, 1994, FGIS began offering official pesticide residue testing service for pesticides in wheat. During FY 1995, the number of residues that can be analyzed in wheat was increased from 19 to 31. The service, which was implemented largely in response to major U.S. wheat importers' strong interest in having U.S. grain officially tested for the presence of specific pesticide residues, is available upon request for a fee. On July 13, 1995, FGIS expanded the pesticide residue analysis program to include routine compound analysis for grains other than wheat. FGIS also offers quantitative pesticide analysis service for 31 pesticides in barley, 41 pesticides in corn, and 41 pesticides in soybeans.

**Prohibition on Adding
Water to Grain**

Effective February 11, 1995, FGIS prohibited the application of water to grain except for milling, malting, or other processing operations. The prohibition applies to all grain handlers, not just those receiving official inspection and weighing services. FGIS determined that water, which is sometimes applied to grain as a dust suppressant, can be too easily misused to increase the weight of grain. Externally applied water also has a significant potential for degrading the quality of grain. The prohibition fosters the marketing of grain of high quality to both domestic and foreign buyers, promotes fair and honest weighing practices, and helps ensure a strong market for U.S. grain exports.

Test Weight Study

In FY 1994, FGIS commissioned a study by the USDA Economic Research Service (ERS) to determine the economic importance of test weight in marketing Soft Red Winter wheat (SRW). ERS' final report, "An Evaluation of the Economic Importance and Value of Test Weight in Wheat in the U.S. Grain Marketing Channels," concluded that: (1) discounts for test weight are determined by competitive market forces (supply of and demand for test weight in the marketplace); (2) lowering the test weight grade limits for SRW in the United States Standards for Wheat may not result in a change in test weight discounts; (3) changing the test weight grade limits will lead to an adjustment in the base market price since futures contracts call for delivery of U.S. No. 2 SRW; (4) changing the grade limits for test weight will not change the total value of a particular crop since value depends on the market value of products produced; and (5) discounts for test weight are not expected to change if test weight standards are lowered because discount schedules reflect traders' assessments of relative milling value. FGIS will continue to review this issue in FY 1996.

**Inspection Program Data
Fiscal Years 1993-1995**

Item	Fiscal Years		
	1993	1994	1995
Quantity of Grain Produced ¹ (Mmt) ²	411.1	310.4	424.8
Quantity of Grain Officially Inspected (Mmt)			
Domestic	147.7	134.9	138.0
Export by FGIS	87.9	72.2	92.5
by Delegated States	<u>18.8</u>	<u>14.1</u>	<u>29.5</u>
Total	254.4	221.2	260.0
Delegated States/Official Agencies			
Delegated and Designated States	8	8	8
Designated States	12	10	10
Private Agencies	<u>52</u>	<u>51</u>	<u>48</u>
Total	72	69	66
Number of Official Original, Reinspection, and Commercial Inspections			
FGIS	166,203	154,173	164,122
Delegated States/Official Agencies	<u>2,448,420</u>	<u>2,331,710</u>	<u>2,420,622</u>
Total	2,614,623	2,485,883	2,584,744
Number of Grain Inspection Appeals			
Field Offices	9,481	12,771	10,700 ³
Board of Appeals and Review	1,737	3,500	2,094
Number of Commercial Inspections			
FGIS	10,630	7,022	3,146
Delegated States/Official Agencies	<u>128,399</u>	<u>181,249</u>	<u>245,681</u>
Total	139,029	188,271	248,827

¹ Source: USDA Crop Production Reports.

² Million metric tons.

³ Estimate.

Item	Fiscal Years		
	1993	1994	1995
Number of Wheat Protein Inspections			
FGIS	63,825	69,091	68,492
Delegated States/Official Agencies	<u>599,657</u>	<u>614,332</u>	<u>496,873</u>
Total	663,482	683,423	565,365
Number of Soybean Protein and Oil Inspections			
FGIS	14,180	12,974	18,095
Delegated States/Official Agencies	<u>4,715</u>	<u>3,580</u>	<u>4,416</u>
Total	18,895	16,554	22,511
Number of Aflatoxin Inspections	54,935	44,758	66,096
Number of Vomitoxin Inspections	-- ⁴	55,711	31,490
Number of Official Inspection Supervisions			
Field Office Grain Inspection	34,984	28,686	24,000 ³
Board of Appeals and Review Inspection	8,352	2,621	1,713
Rice Free Fatty Acid	525	271	-- ⁵
Soybean Protein and Oil	2,348	1,304 ⁵	1,585
Sunflower Oil	2,000	1,395 ⁵	1,800
Wheat Falling Number	0 ⁶	464 ⁷	236
Wheat Protein	54,224 ⁸	25,306 ⁹	24,678
Aflatoxin	1,680	1,087	818
Vomitoxin	-- ⁴	863	372
Quantity of Milled Rice Inspected (Mmt)	4.6	5.2	4.3

⁴ New service implemented in FY 1994.

⁵ Reduced number of tests due to a change from weekly monitoring to periodic checktesting.

⁶ Falling Number monitoring was suspended pending implementation of a new analysis procedure.

⁷ Increased number of tests reflects temporary parallel operation of a weekly monitoring program and a proposed checktesting program.

⁸ Includes field office and TSD samples.

⁹ Reduced number of tests reflects a change from a two-level monitoring program to a single-level monitoring program.

**Weighing Program Data
Fiscal Years 1993-1995**

Item	Fiscal Years		
	1993	1994	1995
Official Weight Certificates Issued			
FGIS			
Class X ¹	89,760	83,907	95,576
Class Y ²	<u>14,582</u>	<u>8,821</u>	<u>21,822</u>
Total	104,342	92,728	117,398
Delegated States/Official Agencies			
Class X ¹	46,846	30,340	22,985
Class Y ²	<u>138,987</u>	<u>98,414</u>	<u>159,690</u>
Total	185,833	128,754	182,675
Exported Grain Weighed (MMt)			
FGIS	85.0	68.9	89.5
Delegated States	<u>18.8</u>	<u>14.1</u>	<u>29.4</u>
Total	103.8	83.0	118.9
Number of Certified Scales in Service			
Export Elevators	325	286	299
Number of Railroad Track Scales Tested	121	137	114

¹ Class X weighing involves 100 percent supervision.

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

Methods Development Activities

Grain Odor

Musty, sour, and commercially objectionable foreign odors are important grain grading factors. The current official method for determining odors calls for inspectors to directly smell grain samples contained in shallow pans. The Agricultural Research Service (ARS) and FGIS scientists are continuing to cooperate to develop a sample holder that protects inspectors from inhaling particulate material such as dust and mold spores. During FY 1995, the sample holder was modified to incorporate changes suggested by field personnel. Attempts by ARS to find a manufacturer willing to develop the holder into a commercially available product have failed because manufacturers are concerned about the liability associated with a product that is used for safety reasons. As a result, FGIS and ARS personnel are cooperating on further development of the sample holder. The goal of this project still is the commercial production of the sample holder for use in the official inspection system.

In a second project, ARS and FGIS scientists have developed an odor detection method based on analysis of sample vapors. To date, specific chemical compounds have been associated with the presence of the musty, sour, and commercially objectionable foreign odors present in grain. The cost of the equipment needed to perform this analytical method and the amount of time required for sample analysis make it impractical to consider for use on all grain samples inspected. However, this technique is being developed as an odor reference method or for analyzing appeal samples or other samples that are difficult to characterize.

Heavy Metal Analysis

The presence of heavy metals such as lead, mercury, cadmium, arsenic, and selenium in the food supply is an increasingly important international concern. In response, FGIS has begun to establish a heavy metal analysis program. To date, methods for the analysis of lead present in grain samples have been adopted and current research is concentrating on methods for cadmium analysis. In FY 1996, FGIS plans to begin a survey program for the presence of these two metals in wheat and offer an analytical service similar to that described for pesticide residues. Future efforts will focus on adding analytical methods for mercury, arsenic, and selenium and increasing the number of grains that can be analyzed.

Mycotoxins

Mycotoxins are toxic substances produced by a wide variety of molds and fungi. Mycotoxin research in FY 1995 focused on evaluating quantitative test kits that can measure levels of deoxynivalenol (also called DON or vomitoxin). Quantitative tests provide the actual concentration of vomitoxin present in analyzed samples. FGIS developed and published performance specifications for these test kits. Manufacturers were asked to provide data showing that their products met the specifications, a requirement that greatly decreased the resources needed to evaluate the test kits. FGIS then verified these data. Three companies responded to this request and, after verification, their test kits were approved for use in the official inspection system.

Future activities in this area will include the development of reference methods for all of the mycotoxins of major concern to the grain industry. Analysis for these mycotoxins will be offered as a service at the Technical Center in Kansas City, Missouri. In addition, customers will be surveyed to determine if test kits for additional mycotoxins are needed in field inspection laboratories.

Pesticide Residue Analysis

FGIS' survey of U.S. wheat samples for the presence of pesticide residues continued throughout FY 1995. Again, as in FY 1993 and 1994, any residue concentrations found were well below EPA tolerance levels.

To further expand its pesticide residue analysis program, which currently provides service for wheat, barley, corn, and soybeans, FGIS scientists are working with ARS personnel to develop multiresidue methods for the newer pesticides approved for soybeans. This work should be completed in FY 1996. Future planned activities include adding additional grains and commodities, such as sorghum and rice, to the list of samples that can be tested and continuing to expand the number of target pesticides.

FGIS continued to perfect the analytical methods needed to support the Agricultural Marketing Service's (AMS) Pesticide Data Program. FGIS scientists analyzed approximately 600 domestic wheat samples for the presence of over 30 different pesticide residues during FY 1995. Results from these analyses have been reported to AMS under this program. An additional 700 wheat samples will be analyzed during FY 1996.

Wheat Classification

The collaborative effort among FGIS, ARS, AMS, and the industry-sponsored Wheat Classification Working Group continued toward the development of a wheat classification system based on objective test results rather than kernel morphology. In FY 1995, FGIS installed 20 single kernel hardness testing instruments in field locations to begin a national assessment of the impact of objective wheat classification on the wheat market. The instruments provide single kernel hardness, weight, size, and moisture information at a rate of 100 kernels per minute. Data from this instrument can differentiate between hard and soft wheat classes. Approximately 5,000 samples from the 1994 crop year were analyzed on the instruments, and the results are being used to check the classification abilities of the instrument.

Research on updating instrument calibrations continued, along with the development of ideas for functions that may be added to the instrument at a later date. Two of these functions include a technique for determining the percentage of vitreousness of the kernel and a method for distinguishing kernels of red wheat from white wheat kernels. Information obtained from this evaluation will assist in the development of an objective classification system for wheat, offer the industry quantified evidence of the overall impact of such a system, and allow FGIS to refine the classification definitions in the United States Standards for Wheat.

In FY 1996, FGIS plans to offer single kernel characterization analysis for wheat as an official service. Preliminary research indicates this new technology has the potential to estimate milled flour yield and provide other physical information important to wheat millers.

Standardization Activities

Codex Alimentarius Commission

FGIS continues to serve as an active member of the U.S. Delegation to the Codex Alimentarius Commission's Committee on Cereals, Pulses, and Legumes. At the Commission's meeting in Rome, Italy, in July 1995, it was agreed that scientific evidence should be the prominent factor in supporting decisions to implement world food standards that promote fair trade and protect health.

Harmonizing U.S. and Canadian Methods

FGIS is working with the Canadian Grain Commission to harmonize the methods used by both countries for measuring some critical grain quality parameters, such as wheat protein content, moisture content, and test weight. The activities include sample exchanges to quantify differences, sharing technical details of each country's standardization processes, and planning joint research projects to find ways to resolve differences.

NIRT Standardization

FGIS is developing improved methods for standardizing its near infrared transmittance (NIRT) instruments. These methods should reduce the cost and complexity of maintaining and improving consistency in official wheat protein and soybean protein and oil determinations.

Standardizing Commercial Grain Inspection Equipment

The ongoing cooperative effort between FGIS and the National Conference on Weights and Measures (NCWM) on standardizing commercial grain inspection equipment has resulted in the recognition of five commercial moisture meter models under the National Type Evaluation Program (NTEP). FGIS continues to serve as an NTEP-certified laboratory for evaluating grain moisture meters. Additional moisture meter models will be evaluated according to the NTEP procedures during FY 1996. FGIS is also collecting calibration data for 1995 crop grain samples for the five recognized NTEP moisture meter models.

NCWM continues to develop the NTEP program for near infrared (NIR) wheat protein analyzers. FGIS plans to serve as an NTEP laboratory for wheat protein analyzer evaluations during FY 1996.

U.S. Standards for Grain

Wheat. Several wheat inspection issues are under review and potential changes to the United States Standards for Wheat are expected. Wheat issues under review include: (1) special ches dockage procedures, (2) garlic determination based on the sample as a whole or after the removal of dockage, (3) defining the color of Hard White wheat based on end use importance, (4) the economic importance of test weight per bushel in Soft Red Winter wheat and other wheat classes, and (5) implementation of single kernel hardness technology as an official service and an objective means to classify wheat.

Soybeans. Effective September 1, 1994, FGIS revised the U.S. Standards for Soybeans to (1) report the percentage of splits in tenths percent; (2) reduce the U.S. Sample grade criteria for stones from eight or more to four or more and reduce the U.S. Sample grade aggregate weight criteria for stones from more than 0.2 percent by weight to more than 0.1 percent by weight; (3) reduce the U.S. Sample grade criteria for pieces of glass from 2 to 0; (4) eliminate the grade limitation on purple mottled or stained soybeans and establish a special grade, Purple Mottled or Stained, in the standards; (5) eliminate the grade limitation on soybeans that are materially weathered; (6) clarify the reference to Mixed soybeans in the standards; and (7) establish a cumulative total for factors that may cause a sample to grade U.S. Sample grade.

In 1991, when FGIS first proposed amending the soybean standards, the Agency received divergent comments regarding the proposal to reduce foreign material grade limits. Elevator operators and others merchandising and handling soybeans voiced strong opposition to the proposal; foreign buyers of U.S. soybeans voiced equally strong support. FGIS postponed reviewing the need to change the foreign material grade limits pending completion of the ERS study on the costs and benefits of cleaning soybeans beyond current limits. Now that the study is complete, FGIS will defer action on the soybean foreign material grade limits until the entire industry has an opportunity to review the economic study. FGIS will solicit comments regarding possible changes if segments of the industry indicate they support change and recognize the economic consequences of these changes.

Barley. On March 22, 1995, FGIS proposed in the *Federal Register* to revise the U.S. Standards for Barley by: (1) modifying the classification system of barley to better reflect current marketing practices by establishing two classes, "Malting Barley" and "Barley," (2) revising procedures to permit applicants the option of requesting either the malting standards or barley standards for malting types, (3) revising the standards for Two-rowed Malting barley by removing the "U.S. Choice" grade designation and combining the grading factors and limits for two- and six-rowed malting types onto a single grade chart, (4) amending the definition of "suitable malting type" to include other proprietary malting varieties used by private malting and brewing companies, (5) revising the dockage certification procedure by reporting results in half and whole percents, with fractions of less than one-half percent being disregarded, (6) amending the definition of "thins" to require the use of a single sieve (5/64 x 3/4 slotted-hole) only in the proposed class Barley, and removing the grading limits from the standards but retaining the reporting of thins on the inspection certificate,

(7) revising the standards by removing the grading limits for damaged kernels, heat-damaged kernels, and foreign material in the proposed class Barley, and (8) eliminating from the standards the numerical grade restriction for badly stained and materially weathered. FGIS anticipates publishing a final rule promulgating these changes in FY 1996.

Corn. On February 22, 1995, FGIS proposed in the *Federal Register* to revise the U.S. Standards for Corn by: (1) reporting test weight to the nearest tenth of a pound, (2) eliminating the count limit on stones and reducing the U.S. Sample grade aggregate weight tolerance from more than 0.2 percent by weight to more than 0.1 percent by weight, and (3) offering stress crack testing as official criteria. FGIS anticipates publishing the final rule promulgating these changes to the United States Standards for Corn in FY 1996.

Miscellaneous Grains

Action to amend the standards for miscellaneous grains was initiated to address maintenance issues related to these standards. Publication of the proposed changes are scheduled for FY 1996.

U.S. Standards for Beans

On July 13, 1995, FGIS revised the U.S. Standards for Beans. Specifically, FGIS eliminated the factor "clean-cut weevil-bored beans" from the grade requirements for the class Blackeye beans and changed the grade limits for the factors "total defects," "blistered, wrinkled, and/or broken beans," and "splits" for the class Baby Lima beans. These changes to the standards will facilitate the marketing of beans.

Compliance Activities

Management Accountability and Control Program	FGIS' managers are responsible for the quality and timeliness of program performance; for increasing productivity, controlling costs, and mitigating adverse aspects of FGIS operations; and for ensuring that programs are managed with integrity and in compliance with applicable laws. FGIS established and maintains, at all levels of the organization, an effective checks-and-balances system to help managers achieve their intended results, identify needed improvements, and safeguard the integrity of their programs. Programs, functions, and activities are continually reviewed and evaluated to ensure that they are fundamentally sound, are operating with sufficient controls and security measures, and are in compliance with applicable statutes and regulations. Such reviews and evaluations also help FGIS management assess the effectiveness of the national grain inspection and weighing system.
Compliance Reviews	Compliance reviews, a component of FGIS' management accountability and control program, are third-party reviews of FGIS' field office circuits. During FY 1995, FGIS personnel conducted compliance reviews of 7 field offices to evaluate management effectiveness and procedural compliance, and of 22 designated official agencies to ensure that they meet the designation criteria. FGIS found various instances of noncompliance and procedural problems within the national system; however, none of these findings appear to have affected the overall integrity of FGIS' programs or mission, or the inspection system. All identified problems have been or are being corrected. Overall, FGIS' offices are well managed and are performing satisfactorily. Follow-up compliance reviews were conducted in three field office circuits to ensure that appropriate action was taken to resolve previously identified problems.
Delegation and Designation Program	Sixty-six State and private agencies are designated to provide official services at interior locations. Of these, eight are State agencies that are also delegated to perform official inspection and weighing services at export locations. Under the triennial renewal procedures, 25 official agency designations automatically terminated in FY 1995. Twenty-three designations were renewed for 3-year terms after the agencies' performance were reviewed. Two agencies were not renewed because better qualified agencies were selected in the designation renewal process.
Conflicts of Interest	At the beginning of FY 1995, all four of the designated agencies granted discretionary conflict-of-interest waivers were operating without significant problems.

Alleged Violations and Case Activity

At the beginning of FY 1995, 15 cases involving alleged violations of the Act and the AMA were pending further action. During FY 1995, 25 cases were opened and 25 were closed, leaving 15 cases pending action. Alleged violations during FY 1995 included: deceptive practices, filing an incorrect quality specification for export grain, exporting grain without obtaining required services, performing official duties improperly, employee misconduct, licensee misconduct, an ethics violation, offering a bribe, substitution of product, and adding water to a finished product.

To address the 25 cases opened in FY 1995, FGIS personnel conducted 9 onsite investigations, the USDA Office of Inspector General investigated 1 case, and 2 other cases were referred to another USDA agency for investigation. The remaining cases were addressed by evaluating information gathered and submitted by FGIS field personnel.

FGIS took administrative action in 19 of the 25 cases closed during FY 1995. These actions included a \$4,000 civil penalty; 21 cautionary letters to various grain firms, official agencies, and licensees; 1 designation action; 1 letter of reprimand to an employee; and termination of 1 contract sampler. Six cases were closed due to insufficient evidence to substantiate a violation, and official agencies initiated corrective actions in four other cases.

Registration Program

During calendar year 1995, FGIS issued 96 Certificates of Registration to firms that export grain for sale in foreign commerce.

Administrative Claim

In FY 1995, farmers and elevator operators from Montana, South Dakota, and North Dakota filed an administrative claim alleging protein premium losses on wheat resulting from testing technology used by FGIS during 1993. The matter has been referred to the Office of the General Counsel for evaluation.

Field-Based Investigative Team

FGIS established a Field-Based Investigative Team consisting of approximately 10 field employees with diverse backgrounds, experiences, and talents. This group will assist our experienced investigators by providing more immediate responses to reported violations of the Act and the AMA.

Grain Handling Practices

FGIS conducted several market surveys to ensure that grain facilities nationwide are complying with existing grain handling practices provisions outlined in the Act, as amended, and the regulations thereunder. Prohibited practices include: (1) adding dockage and foreign material to any grain; (2) blending different kinds of grain except when such blending will result in grain being designated as Mixed Grain as defined in the official standards; and (3) adding water to grain for purposes other than milling, malting, or similar processing operations.

FGIS personnel made unannounced visits to grain elevators in Washington, Oregon, Idaho, Arkansas, North Dakota, and Nebraska. No violations were found. These market surveys exemplify FGIS' commitment to actively enforcing the statutory provisions that govern the national grain marketing system. Moreover, these surveys will provide valuable information to identify needed changes to the existing statute and regulations, and will serve to strengthen the overall integrity of the grain marketing system. FGIS plans to continue these assessments in the upcoming fiscal year.

FGIS established a toll-free number for reporting violations of the Act and the AMA. The number (1-800-998-3447) can be accessed 24 hours a day, 365 days a year. Since initiating the phone service, we have received several violation reports which resulted in a number of investigations.

To educate the grain industry, FGIS published a summary sheet which briefly outlines prohibited and permitted grain handling practices. Ten thousand copies of this document were distributed by the Consolidated Farm Service Agency to facilities operating under the Uniform Grain Storage Agreement, producers, merchandisers, and other interested persons.

**Overview of
Compliance Activities
Fiscal Year 1995**

Item	Fiscal Years		
	1993	1994	1995
Official agency designations at interior locations	72	69	66
Official agency designations reviewed	21	24	23
State delegations at export locations	8	8	8
Registration certificates issued to export grain firms	92	89	96

International Relations

Complaints from Importers In FY 1995, FGIS received 1 quantity and 27 quality complaints from importers on grains inspected under the U.S. Grain Standards Act, as amended. The complaints involved 61 lots loaded aboard 50 vessels.

Importers' complaints in FY 1995 involved approximately 1,668,297 metric tons, or about 1.4 percent by weight, of the total amount of grain exported during the year. The 1 quantity and 29 quality complaints FGIS received in FY 1994 represented approximately 1.0 percent of the total tonnage of grain exports.

Summary of Complaints Reported by Importers on Inspection and Weighing Fiscal Year 1995

Complainant	Grain	Number of Complaints	Nature of Complaint
Africa			
Ethiopia	Sorghum	1	Dockage, broken kernels, and foreign material
Tunisia	Corn	1	Moisture
		1	Aflatoxin
Asia			
Indonesia	Corn	1	Mold
Japan	Wheat	1	Falling Number, protein
		1	Protein
		1	Dockage
Korea	Corn	1	Moisture
Malaysia	Wheat	1	Protein
Philippines	Wheat	1	Heat damage, damaged kernels, foreign material, dockage, shrunken and broken kernels

Complainant	Grain	Number of Complaints	Nature of Complaint
Philippines, continued	Wheat	1	Foreign material, damaged kernels
Sri Lanka	Wheat	3	Dockage
Europe			
Armenia	Soybeans	1	Heat damage, damaged kernels, foreign material
Cyprus	Corn	1	Damaged kernels, broken corn and foreign material
Turkmenistan	Wheat	1	Dockage, foreign material
W. Europe	Soybeans	1	Weight
Latin America and Caribbean			
Chile	Corn	1	Mold, broken corn and foreign material
Colombia	Corn	1	Aflatoxin
Mexico	Barley	1	Ergot, mold, weed seeds
	Soybeans	1	Foreign material, damaged kernels
	Sorghum	1	Dockage, broken kernels and foreign material
Venezuela	Corn	1	Heat damage, damaged kernels, broken corn and foreign material
Near East			
Egypt	Wheat	1	Cottonseed
Saudi Arabia	Corn	1	Broken corn and foreign material
Pacifica			
Australia	Corn	1	Rocks
TOTAL		28	

**Summary of Briefings
with Visiting Trade and
Governmental Teams,
Fiscal Year 1995**

Country	Number of Teams
Africa	
Algeria	1
Angola	1
Morocco	2
New Guinea	1
Senegal	1
Tunisia	1
Uganda	1
Asia	
Indonesia	2
Japan	5
Korea	7
Malaysia	3
People's Republic of China	7
Philippines	1
Singapore	1
Sri Lanka	1
Taiwan	2
Thailand	1
Europe	
Albania	1
Bulgaria	1
Czech Republic	1
Cyprus	1
Estonia	1
France	1

Country	Number of Teams
Europe, continued	
Hungary	1
Netherlands	1
Poland	3
Romania	2
Russia	4
Slovakia	1
Slovenia	2
Turkey	2
North America	
Canada	1
Latin America & Caribbean	
Argentina	1
Brazil	1
Chile	1
Colombia	1
Costa Rica	1
El Salvador	2
Guatemala	2
Honduras	2
Jamaica	1
Panama	1
Trinidad	1
Venezuela	1
Near East	
Egypt	1
Lebanon	1
Pacifica	
Australia	5
TOTAL	83

**Summary of Activities
Involving International Travel
Fiscal Year 1995**

Purpose	Number of Visitors	Country Visited	Dates of Visit
1. To give a grain grading seminar in Austria to importers from the former Soviet Union and Eastern Europe and to address a corn quality discrepancy in Cyprus.	1	Austria, Cyprus	10/16- 10/23/94
2. To attend the Second Annual U.S./ Mexico Agricultural Trade Forum and to meet with Mexican officials about their requirement that imported corn be dyed green to distinguish it from local production.	1	Mexico	11/8- 11/12/94
3. To attend a symposium on Food Stuffs and Cereal Grains.	1	People's Republic of China	11/16- 11/19/94
4. To address a sorghum quality discrepancy at the request of the U.S. Agency for International Development.	1	Ethiopia	12/4- 12/18/94
5. To make a presentation before the Joint Canada/U.S. Commission on Grains.	1	Canada	12/12- 12/13/94
6. To address a rice quality discrepancy in Saudi Arabia and a wheat quality discrepancy in South Africa.	1	Saudi Arabia, South Africa	2/1- 2/18/95
7. To temporarily replace the GIPSA field office manager in Montreal.	1	Canada	2/2- 2/10/95
8. To make a presentation before the Joint Canada/U.S. Commission on Grains.	1	Canada	2/7- 2/9/95
9. To participate in discussions with Mexican officials on U.S. grain import requirements.	1	Mexico	2/8- 2/10/95

Purpose	Number of Visitors	Country Visited	Dates of Visit
10. To discuss grain marketing and inspection systems with the Canadian Grain Commission (CGC).	1	Canada	3/13-3/19/95
11. To continue discussions with the CGC on marketing and inspection systems.	2	Canada	4/12-4/14/95
12. To participate in a grain quality standards workshop at the request of Mississippi State University.	1	Honduras	5/16-5/20/95
13. To meet with the CGC to discuss cooperation in fulfilling our respective grain inspection responsibilities.	1	Canada	6/4-6/7/95
14. To set up grain inspection laboratories in Jordan at the request of U.S. Wheat Associates and install pneumatic grain probes in Egypt at the request of the U.S. Feed Grains Council.	1	Jordan, Egypt	6/21-7/24/95
15. To give a presentation at a soybean marketing seminar at the request of the American Soybean Association.	1	Mexico	6/22-6/24/95
16. To give a presentation at the 29th International Grain Industry Program at the request of the CGC.	1	Canada	6/25-6/30/95
17. To participate in the 22nd session of the Codex Alimentarius Commission.	1	Italy	6/30-7/9/95
18. To attend the 7th Annual International Conference on Near Infrared Spectroscopy.	1	Canada	8/6-8/14/95
19. To continue grain marketing discussions with the CGC.	4	Canada	8/10-8/15/95
20. To give a presentation to importers and millers at the request of U.S. Wheat Associates.	1	Ecuador	9/11-9/13/95
21. To conduct wheat quality workshops at the request of U.S. Wheat Associates.	1	Kenya, Egypt	9/15-9/29/95

Grain Dust Explosion Data

FGIS receives information on grain dust explosions through the cooperation of universities, insurers, trade groups, FGIS personnel, and a news clipping service. FGIS does not investigate grain dust explosions, and the public sector is not required to report explosions to FGIS.

Summary of Reported Grain Dust Explosions, Fiscal Years 1992-1995

	1992	1993	1994	1995
Number of Explosions	7	4	17	10
Number of Injuries	6	4	27	6
Number of Deaths	1	1	1	2

Summary of Reported Grain Dust Explosions, Fiscal Year 1995

Facility	Location	Date	Injuries	Fatalities
Consolidated Coop	Gowrie, IA	10/24/94	1	1
Healy Coop	Healy, KS	11/21/94	0	0
W.L. Pryor's Feed	Ruffin, NC	11/26/94	0	0
Jupe Mills	West, TX	02/28/95	1	0
Midwest Grain Products	Pekin, IL	03/24/95	4	0
Acco Feeds Inc.	Oklahoma City, OK	05/05/95	0	0
South Carolina Farm Bureau	North Charleston, SC	06/13/95	0	0
Temco	Tacoma, WA	07/22/95	0	0
Decoster Egg Farms	Leeds, ME	08/09/95	0	1
Lauhoff Grain Company	Danville, IL	09/20/95	0	0

Financial Information

Status of Fee-Supported Accounts Fiscal Year 1995

Dollars in Thousands

Program	Revenue 9/30/95	Obligations 9/30/95	Profit/(Loss) 9/30/95	Trust Fund 9/30/95
U.S. Grain Standards Act				
Inspection and Weighing	23,382	24,015	(633)	2,328
Canadian Operations	608	443	165	(333)
Official Agencies	1,472	1,557	(86)	4,130
Registration	17	2	15	76
USGSA Subtotal	25,479	26,017	(539)	6,201
Agricultural Marketing Act of 1946				
Rice Inspection	3,983	4,275	(292)	(1,090)
Commodity Inspection	4,011	5,468	(1,457)	1,716
AMA Subtotal	7,994	9,743	(1,749)	626
FGIS Total Fiscal Year 1995	33,473	35,760	(2,288)	6,827

**Accounting History of FGIS
Appropriated and Fee Supported Funds**

Description	FY 1986 Actual	FY 1987 Actual	FY 1988 Actual	FY 1989 Actual	FY 1990 Actual	FY 1991 Actual	FY 1992 Actual	FY 1993 Actual	FY 1994 Actual	FY 1995 Actual
Appropriated Funds										
Budget Authority	6,702	6,826	7,020	8,115	8,185	9,706	11,397	11,397	11,532	11,300
Total Obligations	6,396	6,694	6,806	7,496	8,017	9,527	11,232	10,676	11,495	10,536
Difference	306	132	214	619	168	179	165	721	37	764
Fee Supported Funds										
Fund Limitation	36,856	36,856	36,856	36,856	36,856	37,164	40,176	42,784	42,784	42,784
Total Obligations	29,558	29,517	31,094	34,795	33,943	30,456	29,249	33,074	33,291	35,760
Total Revenue	27,506	32,382	34,538	34,472	30,670	29,098	28,960	33,299	30,610	33,473
Profit/(Loss)	(2,052)	2,865	3,444	(323)	(3,273)	(1,358)	(289)	225	(2,681)	(2,287)
Total Obligations	35,954	36,211	37,900	42,291	41,960	39,983	40,481	43,750	44,786	46,296
Total Ceiling	43,558	43,682	43,876	44,971	45,041	46,870	51,573	54,181	54,316	54,084

Dollars in Thousands

11/7/95