



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Federal Grain Inspection Service

2016 Annual Report



About This Report

Each year, pursuant to section 87(f-2) of the U.S. Grain Standards Act, the Federal Grain Inspection Service respectfully submits an annual report to the United States Congress. Activities described in this report cover fiscal year (FY) 2016 (October 1, 2015, through September 30, 2016).

This report is divided into seven sections. After the Introduction, Sections II through V represent program goals, and Sections VI and VII provide information regarding the Federal Grain Inspection Service's management initiatives and financial position.

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

This document is available in the following electronic formats on the GIPSA Website: PDF, Epub, and Kindle.

www.gipsa.usda.gov

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Section I

INTRODUCTION

Commemoration of the 40 Year Anniversary of the Federal Grain Inspection Service

On October 21, 1976, President Gerald R. Ford signed into law H.R. 12572, amending the United States Grain Standards Act (USGSA) to create the Federal Grain Inspection Service, known as FGIS. The amendment identified FGIS as the Federal level supervisory organization for the U.S. grain inspection and weighing system. For the past 40 years, FGIS has made great strides in building and maintaining trust in American grain exports from improvements in technology to updates in quality control processes.



Throughout the country, FGIS offices held events marking the 40 year anniversary of the 1976 amendment to the USGSA which created FGIS and the 70 year anniversary of the Agricultural Marketing Act.



In observance of the 100 year anniversary of the United States Grain Standards Act of 1916, the FGIS hosted a commemoration ceremony on July 28, 2016, at the National Grain Center in Kansas City, MO. This ceremony highlighted the past, present, and future of grain inspection within the United States of America including a special tribute to 72 current employees who began their careers with the creation of FGIS 40 years ago.

SECTION I

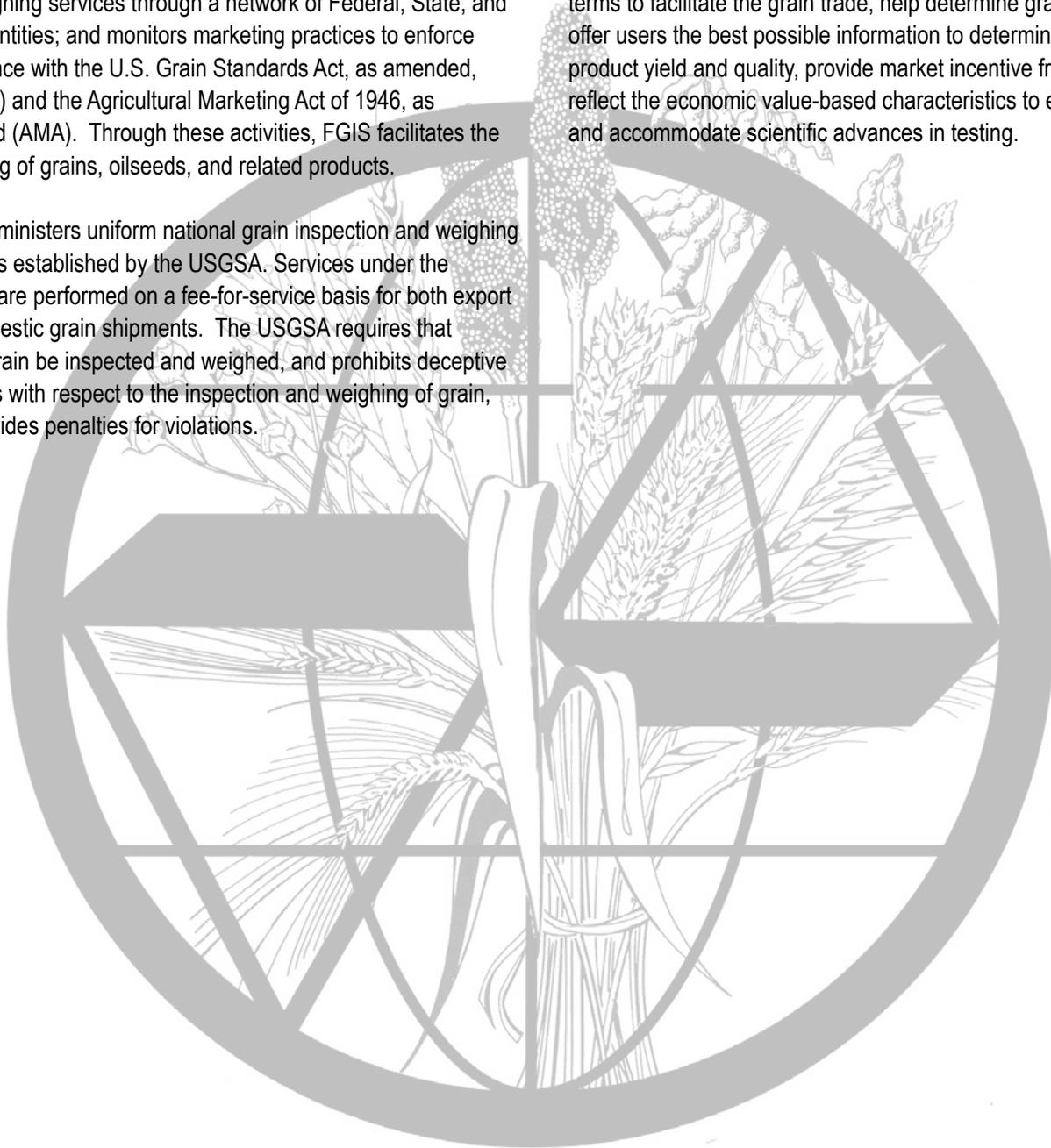
The Federal Grain Inspection Service

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

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

Agency Mission

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

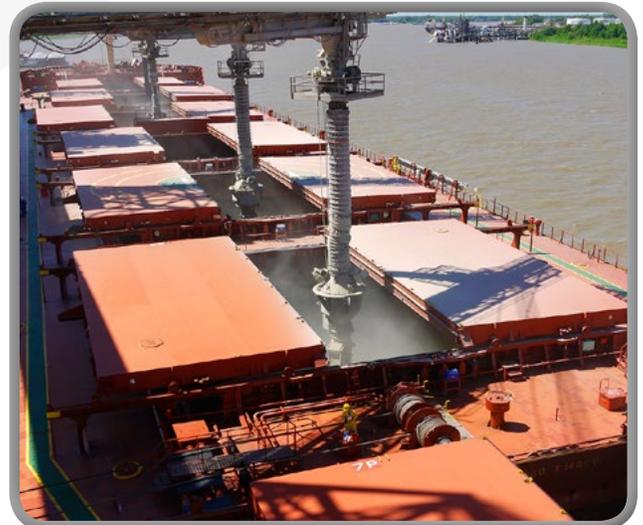


SECTION I

Key Activities

In administering and enforcing the USGSA, FGIS:

- Establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain;
- Promotes the uniform application of official U.S. grain standards by official inspection personnel;
- Establishes methods and procedures and approves equipment for the official inspection and weighing of grain;
- Provides official inspection and weighing services at certain U.S. export port locations and official inspection of U.S. grain at certain export port locations in eastern Canada along the St. Lawrence Seaway;
- Delegates qualified State agencies to inspect and weigh grain at certain U.S. export port locations;
- Designates qualified State and private agencies to inspect and weigh grain at interior locations;
- Licenses qualified State and private agency personnel to perform inspection and weighing services;
- Provides Federal oversight of the official inspection and weighing of grain by delegated States and designated agencies;
- Investigates, in cooperation with the USDA's Office of Inspector General, alleged violations of the USGSA and initiates appropriate corrective action;
- Monitors the quality and weight of U.S. grain as received at destination ports, and investigates complaints or discrepancies reported by importers; and
- Helps U.S. trading partners develop and improve their grain inspection and weighing programs.



SECTION I

Services Provided Under USGSA and AMA

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

Mandatory inspection and weighing services are provided by FGIS on a fee basis at 45 export elevators (including 4 floating rigs). Five delegated States provide official services at an additional 13 export elevators under FGIS oversight.

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

Employees and Locations

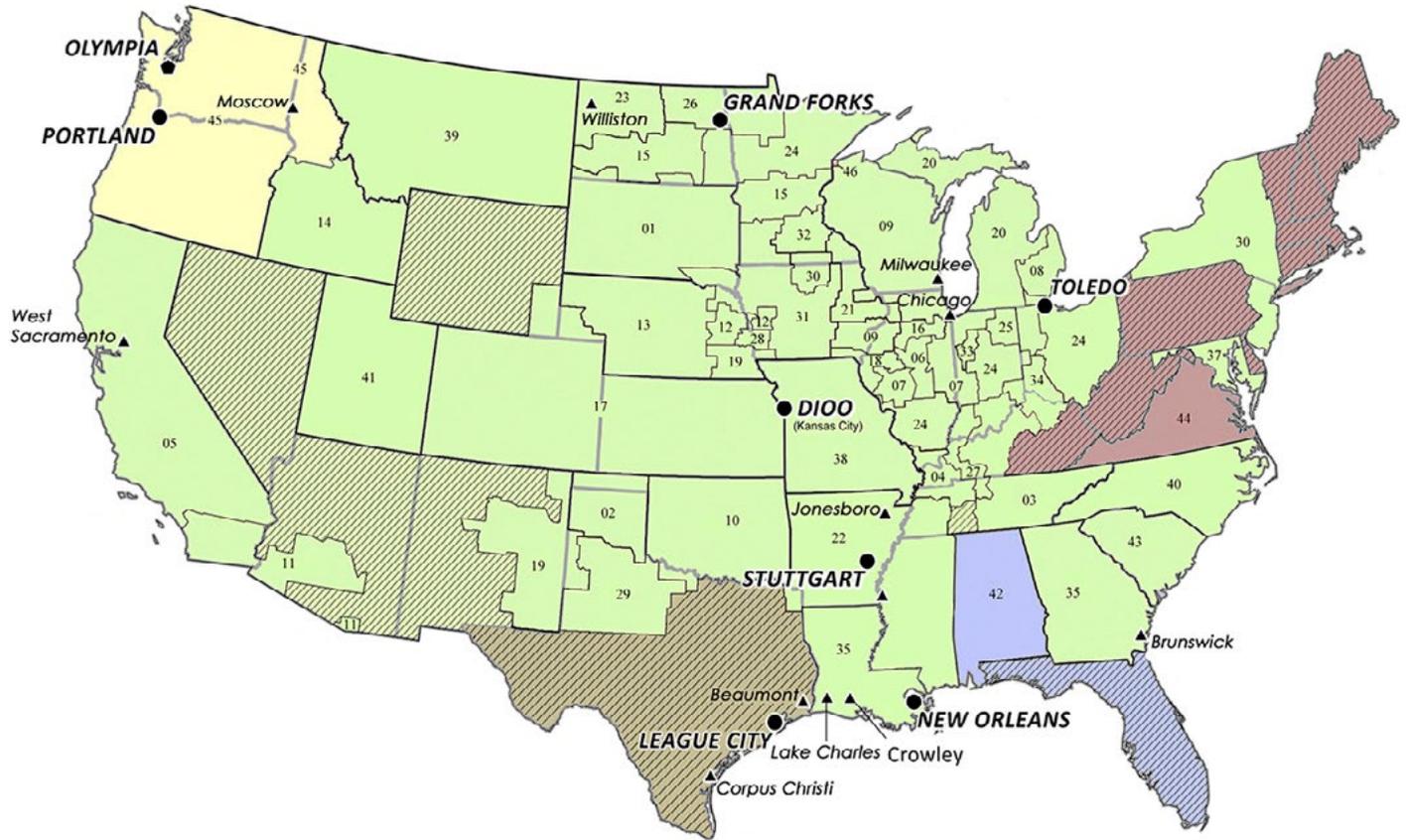
As of September 20, 2016, FGIS was comprised of 511 full-time, permanent employees and 132 temporary employees located at the headquarters unit in Washington, D.C.; the National Grain Center in Kansas City, MO; seven field offices; and one Federal/State office. Field offices are located in Grand Forks, ND; Kansas City, MO; League City, TX; New Orleans, LA; Portland, OR; Stuttgart, AR; and Toledo, OH. FGIS also has a Federal/State office in Olympia, WA.

FGIS offers official inspection and weighing services in all areas of the United States and services for U.S. grain exported through Canadian ports.



SECTION I

Official Agency Geographic Areas and FGIS Field Offices



Designated Private Agencies

- 01 Aberdeen
- 02 Amarillo
- 03 Barton
- 04 Cairo
- 05 California Agri
- 06 Central Illinois
- 07 Champaign
- 08 Detroit
- 09 Eastern Iowa
- 10 Enid
- 11 Farwell Southwest
- 12 Fremont
- 13 Hastings
- 14 Idaho
- 15 Jamestown
- 16 Kankakee
- 17 Kansas
- 18 Keokuk
- 19 Lincoln
- 20 Michigan
- 21 Mid-Iowa
- 22 Midsouth
- 23 Minot
- 24 North Dakota
- 25 Northeast Indiana
- 26 Northern Plains
- 27 Ohio Valley
- 28 Omaha
- 29 Plainview
- 30 Schaal
- 31 Sioux City
- 32 State Grain
- 33 Titus
- 34 Tri-State

Designated States

- 35 Georgia
- 36 Louisiana
- 37 Maryland
- 38 Missouri
- 39 Montana
- 40 North Carolina
- 41 Utah

Designated and Delegated States

- 42 Alabama
- 43 South Carolina
- 44 Virginia
- 45 Washington

Delegated States

- 46 Wisconsin

Field Office Areas of Responsibility

- DIOO (Grain/Pulses/Processed Commodities) and Stuttgart (Rice)
- League City
- New Orleans
- Olympia
- Toledo

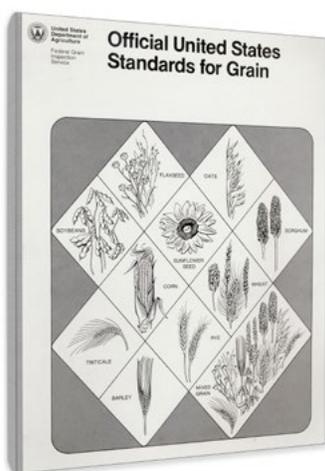
- FGIS Field Offices
- Federal/State Office
- FGIS Duty Points
- Official Agency Boundaries
- Unassigned Areas
- State Boundaries

Section II

OUTLOOK 2017

U.S. Standards for Grain

FGIS regularly reviews the official standards for grain to ensure that the standards remain relevant to the marketplace. In FY 2016, FGIS continued its review of the U.S. Standards for Barley and plans to publish a Final Rule in the Federal Register amending the barley standards in FY 2017. FGIS published six Request for Information documents in the Federal Register seeking stakeholder comment on the U.S. standards for flaxseed, mixed grain, oats, rye, sunflower seed, and triticale. Stakeholder comments on mixed grain, oats, and sunflower suggested the standards were working correctly for the market. FGIS did not receive any comments on flaxseed, rye, and triticale. FGIS also published a Request for Information in the Federal Register seeking comments on the U.S. Standards for Rice. FGIS received 28 comments from stakeholders and will prepare a Final Rule addressing the stakeholder comments in FY 2017. FGIS published a Request for Information in the Federal Register seeking comments on services currently offered or needed to facilitate the marketing of grain and related products. No comments were received that identified market-identified quality attributes for the Agency to pursue related testing that would further facilitate the marketing of grain, oilseeds, and related products.



Service Delivery Enhancements

FGIS continues to improve the modernization of its inspection and weighing program with enhancements to FGISonline. In FY 2017, FGIS will continue its work to complete the automation of the service request project. This enhancement will allow customers to request FGIS' services via FGISonline which will

improve the accuracy of information received and enhance the efficiency of services provided.

FGIS plans to continue the modernization of its services through a project called the Elimination of Pens, Paper, and Calculators (EPPC). The EPPC will be an extensive upgrade to FGISonline that will introduce direct data transfer for inspection equipment into multiple FGISonline applications and to streamline the data transfer from one FGIS application to another. This enhancement will improve the usability for staff and create a dynamic business tool for FGIS customers.

Strategic Initiatives

In FY 2017, FGIS will focus on four strategic initiatives. All four initiatives play a key role in supporting FGIS' mission in facilitating U.S. grain.

- **Continued Information Technology (IT) system enhancements.** The IT system enhancements will streamline business processes and improve the customer experience.
- **Review of user fee accounts.** The reauthorization of the U.S. Grain Standards Act requires FGIS to establish export tonnage fees for official inspection and weighing based on the rolling 5-year average of export tonnage volumes and maintain an operating reserve of 3 to 6 months. FGIS plans to review other fee accounts with a goal that all program operating reserves should not have less than 3 months reserve and not more than 6 months reserve.
- **Employee enrichment.** FGIS staff are the fundamental element that make FGIS the "gold standard" of grain inspection in order to maintain staff performance at optimal levels. Enrichment opportunities are available that include details, workgroups, and leadership development training.
- **Market needs and stakeholder outreach.** FGIS must learn and adapt to market needs and utilize outreach opportunities to meet stakeholders' service delivery needs.

Section III

PROVIDING THE MARKET WITH TERMS AND METHODS FOR QUALITY ASSESSMENT

Board of Appeals and Review

The Board of Appeals and Review (BAR) is a team of six senior-level grain inspectors led by a Chairman and an Assistant Chairman. The BAR is the final adjudication body for all disputes regarding grain quality issues presented by any interested party in a grain transaction. The BAR considers appeals after they have been considered by other FGIS offices. The BAR rendered decisions on 401 appeals during FY 2016.

The BAR is responsible for ensuring alignment of sensory inspection through the entire official inspection system, working through a network of Quality Assurance Specialists (QAS) at both Federal and Official Service Provider inspection points. Training is a core focus of the BAR, along with stakeholder engagement. The BAR focused heavily on training and outreach opportunities in FY 2016.

The BAR continued its new quality initiative focused on providing technical grain grading training for five newly appointed Quality Assurance Specialists. The BAR also provided training for international quality control personnel and provided grain grading presentations to domestic and international trade teams at FGIS' National Grain Center, focusing on grading procedures for corn, soybeans, and sorghum. BAR members also consulted with Federal grain inspectors at all FGIS field offices to review local quality concerns. For the third consecutive year, the BAR oversaw alignment of sorghum odor results achieved at origin inspection points and destination inspection points and confirmed that more than 96 percent of results obtained for this critical quality factor aligned.



SECTION III

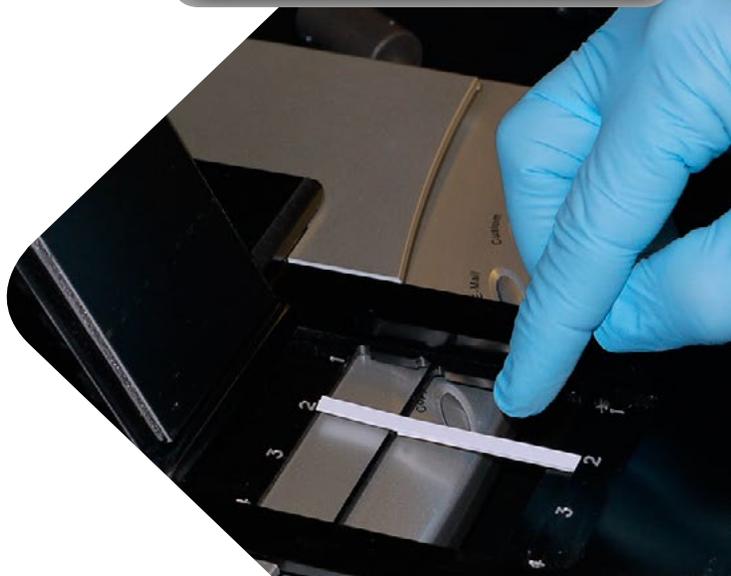
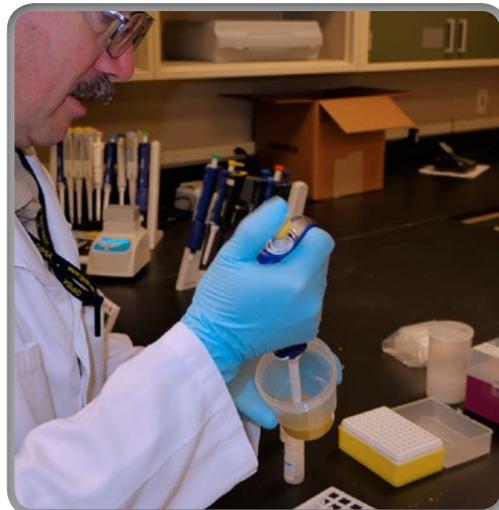
Pesticide Residue Testing and Method Development

FGIS provides pesticide residue testing services for applicants and for domestic and export surveys. In addition, FGIS develops analytical methods to support these activities, which play a critical role in demonstrating the quality of U.S. grain as it relates to health, safety, and adherence to U.S. and international regulatory limits. In FY 2016, FGIS analyzed 248 export wheat samples for 64 pesticide residues and 100 export soybean samples for 96 pesticide residues. Also in FY 2016, FGIS analyzed 32 corn, soybean, and popcorn samples for 54 pesticide residues and provided FGIS official certificates to customers.

Mycotoxin and Biotechnology Rapid Test Kit Evaluations

The grain industry needs fast, reliable tests to detect and quantify the incidence of fungal-produced mycotoxins in grain as well as to accurately identify genetically engineered (GE) traits in grains. To ensure that commercially available tests provide reliable results, FGIS offers a performance evaluation and certification program. In FY 2016, 21 rapid test kits were evaluated for the analysis of mycotoxins (aflatoxin, deoxynivalenol, fumonisin, ochratoxin A, and zearalenone). Of the 21 test kits, 16 met the FGIS performance criteria and were certified. In FY 2016, FGIS issued revised mycotoxin test kit performance criteria for improved verification of test kit performance and clarification of performance requirements.

Water-Based Test Kits. A new technology has been developed using water for the extraction of aflatoxin, fumonisin, and zearalenone instead of more hazardous organic solvents. The use of water instead of organic solvents eliminates the need for special handling of this waste, thereby reducing overall costs. It also reduces possible exposure of operators to hazardous chemicals when performing these tests. In FY 2016, five water-based test kits were approved for aflatoxin, two water-based test kits were approved for fumonisin, and one water-based kit was approved for zearalenone.



SECTION III

Mycotoxin Monitoring Programs. In FY 2016, FGIS initiated monitoring programs for two mycotoxins, deoxynivalenol (DON) and aflatoxin, as part of an overall mycotoxin quality assurance program. Under the mycotoxin monitoring programs, a percentage of original inspection results obtained by service providers using an FGIS-approved test kit is compared to the results obtained from FGIS' reference method, ultra-high performance liquid chromatography/tandem mass spectrometry. Weekly and annual reports showing a comparison of the results obtained from the original inspection to those obtained by FGIS' reference method are provided to testing locations. These monitoring programs were added to an ongoing aflatoxin check sample program. Under the aflatoxin check sample program, a sample containing a concentration of aflatoxin known only to FGIS is distributed to official testing locations by FGIS. Official testing locations test the sample and provide their results to FGIS. FGIS confirms whether the results obtained by the official testing location align with FGIS' original results, and address any situations where the results may be out of alignment. FGIS is evaluating adding a check sample program for DON as well in FY 2017.

Wheat Functionality. The intrinsic qualities of wheat affect the quality of end products. To best determine the ability of wheat to meet specific end-use needs, accurate test methods are needed to differentiate functional qualities. These methods should also be practical, rapid, and reproducible among different laboratories to provide valuable transparency from the producer to the processor and provide information that better predicts appropriate end uses, thereby enhancing the marketability of U.S. wheat. The Falling Number test is an important measure of the effect of sprout damage on wheat and an indicator of the performance of wheat during the processing of flour for making various food products. In FY 2016, FGIS completed two rounds of check sample distributions and the second year of Falling Number inspection monitoring to evaluate accuracy of official testing. Reports were issued for both check sample distributions and the monitoring program summarizing testing performance and recommending certain actions for improvement.

Reference Method Analyses

FGIS establishes and performs reference methods for protein, moisture, oil, fatty acid composition, and mycotoxins. These methods are used to maintain the accuracy of current testing in the official inspection system and to support development of

new rapid field tests. The protein, moisture, oil, and fatty acid



reference analyses support the near-infrared spectroscopic, dielectric, and nuclear magnetic resonance instruments used for rapid inspection at field locations that perform official testing. The mycotoxin reference analyses support the evaluation and

standardization of rapid tests for official and commercial grain inspection, and support quality assurance programs to ensure consistent and reliable testing results. Analysis by the reference method is available upon applicant request for Board Appeals of mycotoxins – aflatoxin, deoxynivalenol, fumonisin, ochratoxin A, and zearalenone.

In FY 2016, FGIS established a reference method for the measurement of inorganic and organic arsenic in rice in response to customer interest and anticipated market needs. The reference method testing service will be available in FY 2017.

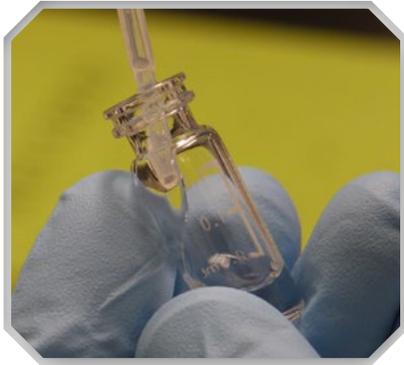


Biotechnology

Biotechnology Proficiency Program now involves 210 organizations on five continents – Africa, Asia, Europe, and North and South America with more than 80 percent of the participants from organizations outside the United States. FGIS bi-annually disseminates blind test samples to participants and compiles and disseminates the results of tests. This program, which FGIS initiated in 2002, enables organizations to assess and improve their accuracy and precision in identifying genetically engineered (GE) events in grains and oilseeds and gives grain buyers and sellers confidence in the results produced by GE testing laboratories. More information is available on the GIPSA website: www.gipsa.usda.gov.

SECTION III

Harmonizing Biotech Reference Methods. There is a need for highly specific and accurate tests for the various GE crops grown in the United States. FGIS has developed intra-laboratory validated real-time polymerase chain reaction methods and has evaluated the accuracy, reliability, and proficiency of publicly available methods used to detect and identify GE grains and oilseeds. FGIS participated on a scientific panel of experts engaging U.S. stakeholders and influencing outcomes on issues related to testing of GE traits in grains with the goal of developing global scientific consensus regarding the analysis of transgenic events. FGIS continues to collaborate with international organizations such as Analytical Excellence Through Industry Collaboration, International Organization for Standardization, American Association of Cereal Chemists, Institute for Reference Materials and Measurements, and the Canadian Grain Commission to keep harmonize testing technologies for GE grains and oilseeds.



Sensory Inspections

2016 Sorghum Odor Alignment Project. In FY 2016, FGIS continued work on the sorghum odor alignment project, which is a collaboration with official agencies and the sorghum industry. Because sorghum odor determination is inherently difficult, FGIS developed a framework to



strengthen alignment between origin and destination odor results. This project was originally instituted at the request of industry to ensure the continuity of inspections. The sorghum alignment project is a three-way calibration procedure used to confirm alignment between origin inspectors and inspectors at FGIS

export facilities with the Board of Appeals and Review (BAR). These odor assessments are made independently of each other and forwarded to the BAR, where the results are cataloged and analyzed for accuracy. The project helped build cohesion between all parties, which led to consistent and reliable results for U.S. exporters. Due to the establishment of the project, inspectors in the field have been able to achieve an alignment accuracy rate of 96 percent with the BAR.

Standardizing Commercial Grain Inspection Equipment

National Type Evaluation Program (NTEP). In FY 2016, FGIS continued the cooperative effort with the National Conference on Weights and Measures (NCWM) and the National Institute for Standards and Technology to standardize commercial inspection equipment. The commercial inspection equipment includes moisture meters and any test weight modules contained within moisture meters as well as near-infrared analyzers for protein, oil, and starch. FGIS served as the sole evaluation laboratory for grain inspection equipment under the NCWM's NTEP.

FGIS collected grain moisture meter calibration data for six instrument models as part of the NTEP ongoing calibration program. Calibrations developed in this program provide traceability throughout the official FGIS moisture program, including the air oven reference method, and they are used in the majority of moisture meters used for commercial grain transactions throughout the United States.

In FY 2016, FGIS' NTEP laboratory coordinated its issuance of Certificates of Conformance with FGIS' implementation of calibrations for the official moisture meter models for use with the major grains. This close coordination ensured that State-regulated commercial moisture meter users could use the same meters and calibrations as those used in official inspection.

In FY 2016, the NTEP laboratory began evaluation of a grain moisture meter for moisture and test weight and a near-infrared analyzer for oil and protein. In FY 2017, FGIS will collect grain moisture meter calibration data for eight NTEP models and will conduct NTEP testing for new grain inspection equipment models upon request.

SECTION III

Rice Inspection Methods

The number of broken kernels and chalky kernels of rice substantially impacts the value of the rice and is a primary price-determining factor. Currently imaging is being used as an aid for inspection of broken kernels in California, but the instrument used in California is no longer manufactured or supported. In FY 2013, FGIS began the development of a flatbed scanner system to determine the percentage of broken kernels in rice samples. In FY 2015, FGIS conducted a study of the USDA prototype system to evaluate the performance of the software program compared to the official total broken kernels of rice and milling yield determinations. The performance study found that the sample presentation was the largest source of variability. GIPSA determined that it should devote its resources to working with commercially available imaging devices that have viable sample presentation methods. In FY 2016, GIPSA entered into a Cooperative Research and Development Agreement (CRADA) with Qualysense AG using its QSorter Explorer.

The QSorter Explorer is a high-speed vision and near infrared instrument (NIR). Each kernel is imaged on three sides at the same moment, with the use of mirrors. The kernel's NIR signature is obtained a moment later at a speed of up to 50 kernels per second. FGIS is exploring how such an instrument can aid the inspection process.

Under the current CRADA, FGIS is providing graded samples for the development of specific decision models targeting rice and wheat inspection factors. These factors include total broken kernels and chalky kernels in rice. In addition to testing for these two variables, FGIS is exploring its ability to determine Dark Hard Vitreous kernels in Hard Spring wheat and Hard and Vitreous kernels of Amber Color in Durum wheat.

In FY 2016, FGIS studied the capabilities of a rice milling system, the Zaccaria PAZ-5. The PAZ-5 is a bench top rice mill capable of milling 500 grams of paddy rice. FGIS examined differences between the milling yields obtained by the PAZ-5 and the approved mill for official inspection services, the Grainman Miller No. 65. FGIS found that the PAZ-5 produced a slightly higher milling yield; however, it is not clear as to whether the milling yield produced is representative of milling yields obtained in commercial milling. FGIS has initiated

a cooperative agreement with the University of California, Davis, to evaluate whether the milling performance of the Grainman No. 65 remains representative of the milling yield obtained by commercial rice mills, and if not, what adjustments can be made to Grainman No. 65 to ensure representative results. The outcome of this study will determine if future research is needed.



SECTION III

Test Weight Measurement

Test weight measurement is a critical component for the marketing of grains and commodities in the United States. In FYs 2012 and 2013, FGIS implemented new moisture meter technology for use in the official inspection system. These new instruments have the capability to also determine test weight per bushel. The simultaneous measurement of official moisture and test weight could provide considerable operational efficiencies. Both of the FGIS-approved models have received Certificates of Conformance issued by the National Conference on Weights and Measures as legal for trade for test weight (as well as moisture). FGIS has conducted tests to assess the feasibility of allowing the use of these instruments for official test weight determinations.

The feasibility tests indicated that changes may have to be made to some grain standards and to the quality control tolerances for official test weight per bushel determinations. In FY 2015, FGIS met with the manufacturers of the approved official moisture meters to review performance data. In FY 2016, FGIS presented a summary of the feasibility of the UGMA machines to determine official test weight determinations for potential implementation in FY 2017.



Improving Employee Safety for Railcar Stowage Exams

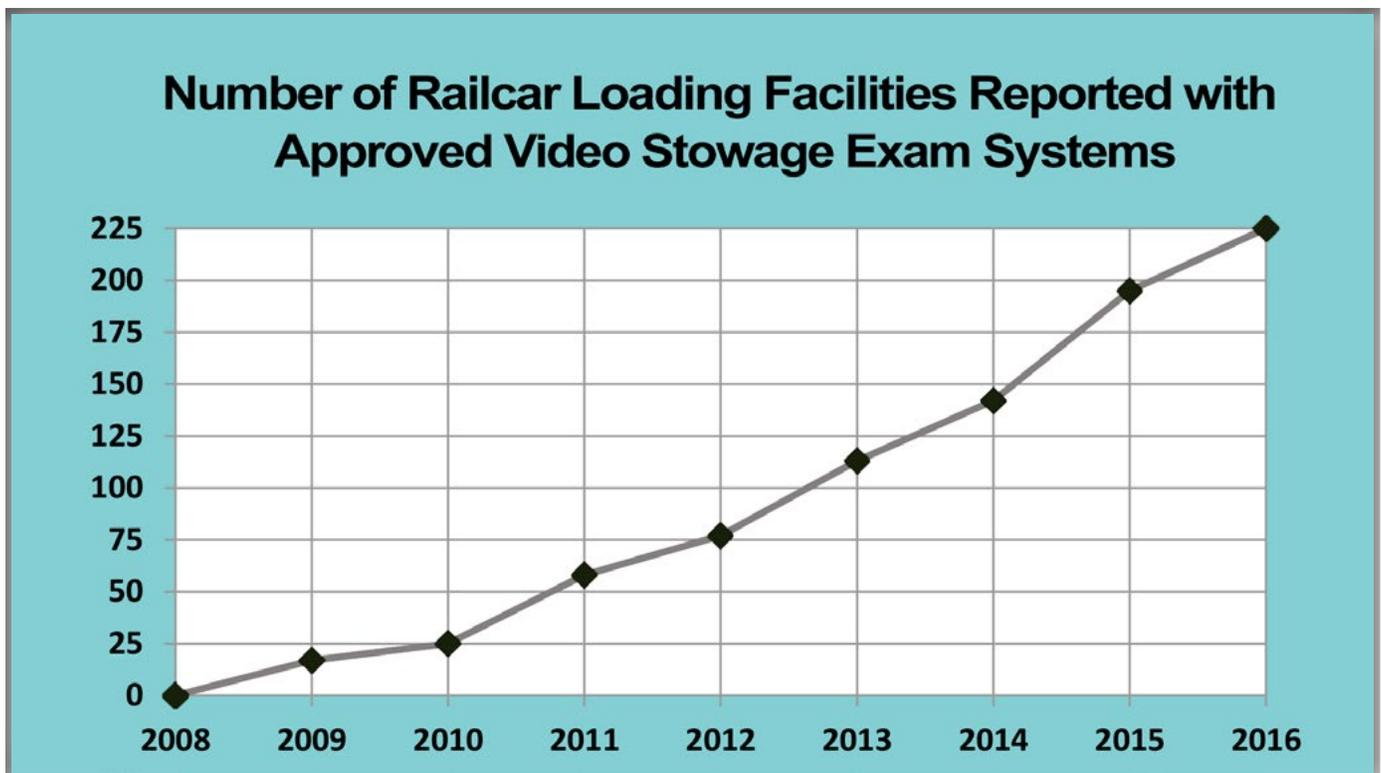
Managing and reducing the hazard of falling from railcars is a priority of both FGIS and loading facilities. FGIS, in conjunction with cooperating loading facilities, has determined that in many locations, it is feasible for an inspector to perform pre-loading stowage examinations from inside the inspection lab using video cameras mounted above the cars. This eliminates the need to climb on top of the railcars to perform the inspection. With this arrangement, the railcars are examined a few minutes before they are loaded and the need to climb on top of railcars is eliminated.

SECTION III

Utilizing Video Technology For Stowage Exams

As of September, FY 2016, 225 facilities have approved video stowage exam systems. Since the FY 2015 report, new video systems have been approved at 33 facilities. Existing video systems at 3 facilities have been taken out of service but are expected to be repaired and operational by next year.

The following chart shows the increase in rail car stowage exam systems since the start of the program in 2008:



SECTION III

Promoting U.S. Grain to International Customers

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

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

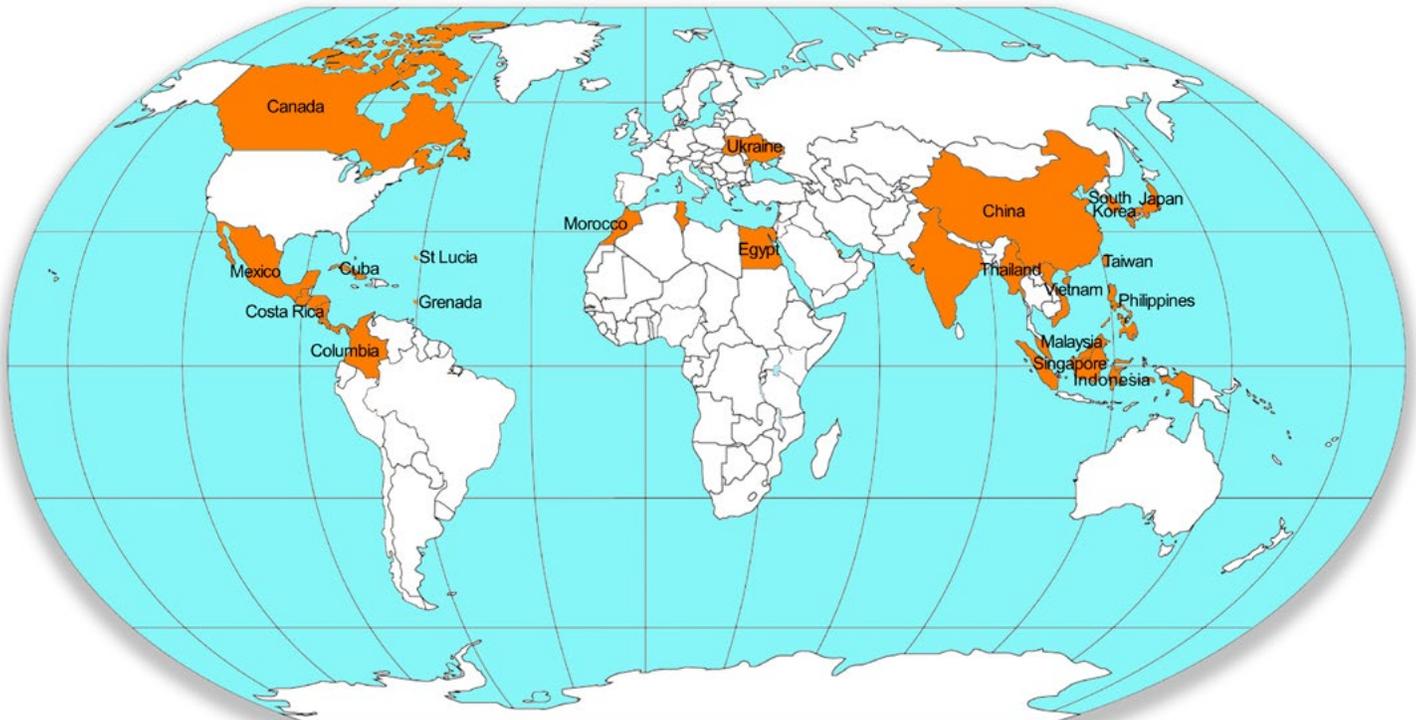
These briefings foster a better understanding of the entire U.S. grain marketing system and serve to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our Nation's harvest to end-users around the globe.



SECTION III

Visiting Trade and Governmental Teams

During FY 2016, FGIS personnel met with 32 teams from 21 countries.



Canada	Egypt	Malaysia	South Korea	Vietnam
China	Grenada	Mexico	St. Lucia	
Colombia	Indonesia	Morocco	Taiwan	
Costa Rica	Japan	Philippines	Thailand	
Cuba	Korea	Singapore	Ukraine	

SECTION III

International Activities

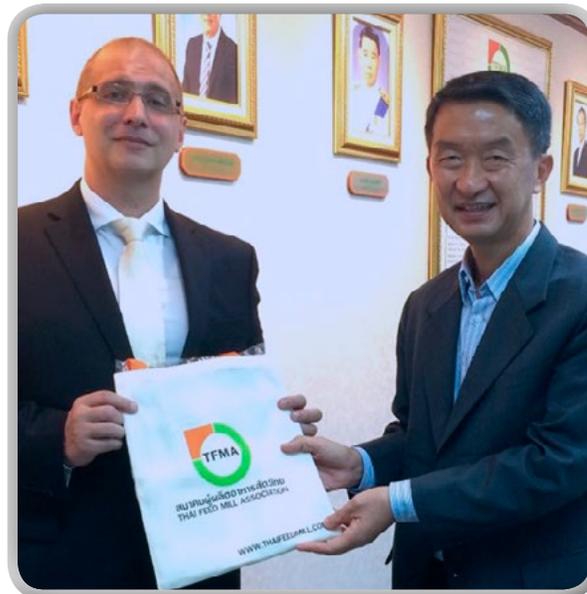
Technical Assistance. In FY 2016, FGIS responded to customers' needs for technical assistance in foreign markets. Exporters, importers, and end-users of U.S. grains and oilseeds, as well as other USDA agencies, USDA cooperator organizations, and other governments, ask for FGIS personnel to provide expertise. These activities include grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures. Such activities typically have been funded through various programs administered by USDA's Foreign Agricultural Service (FAS) or directly by FGIS.

S.E. Asia Outreach. In September, FGIS temporarily stationed two International Grain Marketing Specialists in Asia to proactively work with Asian customers and their governments. FGIS was able to address immediate and long-term issues in the region, promote a better understanding and adoption of U.S. sampling and inspection methods to minimize differences in results, and develop face-to-face relationships with customers, USDA cooperators, and government officials.

FGIS staff traveled to Malaysia, Thailand, Singapore, Philippines, and Japan and conducted seminars and met with individuals and groups involved in the grain and milling industry in Asia. The seminars, organized with the help of the USDA Foreign Agricultural Service, U.S. Wheat Associates, and U.S. Grains Council, served to educate foreign buyers of U. S. grain, as well as governmental officials in the five countries. They were able to address several grain quality issues with the importers.

China's Grain Export/Import Law. FGIS joined a working group of other USDA agencies and the U.S. grain industry to address China's new Grain Export and Import Law that will require all countries that desire to export grain and pulses to

China to register their producers, grain handlers, and export facilities. The law allows China to perform audits and inspect farmers' fields and grain facilities to ensure compliance with the new regulations.



SECTION III

FGIS/CGC MOU. On June 2, 2016, officials from FGIS and the Canadian Grain Commission (CGC) entered into a Memorandum of Understanding (MOU) to strengthen the exchange, collaboration and cooperation between FGIS and the CGC in the areas of grain quality, grain safety and quantity assurance standards and related technologies for grains, pulses, and oilseeds.



Mexico's Zero Tolerance for Soil in Grain Shipments. In 2016, the flow of U.S. grain and pulse exports to Mexico was disrupted due to the country's zero tolerance for soil in commodity shipments. To address concerns raised by the Mexican government, FGIS worked with APHIS to collect and review file samples of grain and pulse shipments for the presence of soil.



Corn, Sorghum, and Wheat Quality Surveys. FGIS coordinated with U.S. Grains Council and U.S. Wheat Associates to conduct export corn, sorghum, and wheat quality surveys. FGIS assisted with the surveys by collecting, grading, and testing samples, and providing export inspection data. The surveys are conducted annually.



SECTION III

Summary of International Travel for FY 2016

Purpose	Number of Travelers	Countries Visited	Dates of Visits
Stowage Examinations and Grain Inspections	1 - 4 per trip	Canada	11 trips on various dates
International Conference on Biotech Coexistence	3	Netherlands	November 16-20, 2015
U.S.-Japan Cooperative Program Toxic Microorganisms	1	Japan	January 24-29, 2016
Global Low Level Presence Initiative	2	Italy	February 16-19, 2016
Codex Committee on Methods of Analysis and Sampling	1	Hungary	February 22-26, 2016
Southeast Asia	2	Malaysia, Philippines, Singapore, Thailand, Japan	September 1-30, 2016

Section IV

PROTECTING THE INTEGRITY OF U.S. GRAIN AND RELATED MARKETS

Alleged Violations

At the beginning of fiscal year FY 2016, 28 cases involving alleged violations of the USGSA and the AMA as well as employee misconduct investigations were pending. During the FY, FGIS opened 6 new cases stemming from engaging in prohibited or deceptive grain handling practices, exporting grain without official personnel onsite to witness the loading, and employee misconduct. FGIS closed 14 cases from prior years (2010, 2013, 2014, 2015 and 2016) during FY 2016. There are currently 20 pending cases.

Registrants to Export Grain

The USGSA requires that all persons who buy, handle, weigh, or transport 15,000 metric tons or more of U.S. grain for sale in foreign commerce during the current or previous calendar year must register with FGIS. During FY 2016, FGIS issued 94 Certificates of Registration to individuals and firms to export grain.

Domestic Grain Inspection

FGIS oversees 46 official State and private agencies that provide official services under the USGSA. FGIS supervises 34 official private agencies and 7 official State agencies that are designated to provide official inspection and/or weighing services in domestic markets; 4 official State agencies that are delegated to provide mandatory official export inspection and weighing services and designated to provide official domestic inspection and weighing services within the State; and 1 official State agency that is delegated to provide mandatory official export inspection and weighing services within the State.

Prior to the changes made in the FY 2015 Reauthorization, the USGSA required that designations be renewed every 3 years. As a result of the Reauthorization, designations are now valid for up to 5 years. In FY 2016, FGIS renewed 15 official agencies.

There were 3 private and 3 State agencies renewed for full 3-year designations; 2 private agencies were renewed for 4-year designations; and 9 private agencies and 1 State agency were renewed for 5-year designations.

In addition, FGIS designated one official agency for weighing, approved the sale of three official agency sales, and amended the geographic area for two official agencies.

Response to Inadvertent Release of Unapproved Traits Into the Marketplace. In recent years, there have been rare occasions when unapproved GE events entered into the U.S. grain handling system. When such an inadvertent release occurs, a rapid response is necessary to identify and validate methods to detect the trait and thereby protect the integrity of U.S. grain markets. The testing methods must be highly specific and sensitive to effectively maintain confidence in U.S. grain marketing systems. Current detection methods within FGIS' Biotechnology Laboratory focus on high-throughput DNA extraction methodologies, which enables FGIS to more effectively respond to inadvertently released products. FGIS has completed the development of high-throughput DNA extraction methods for corn, soybeans, wheat, and rice. FGIS assists government and private laboratories that use protein and DNA-based technologies by performing impartial third-party verification of their methods for both qualitative and quantitative detection of transgenic events in GE crops. FGIS involvement in responding to such incidents facilitates harmonization of sampling plans and of international testing for GE grains and oilseeds. FGIS provides expertise to USDA's Animal and Plant Health Inspection Service (APHIS) when responding to inadvertent releases of unapproved GE events.

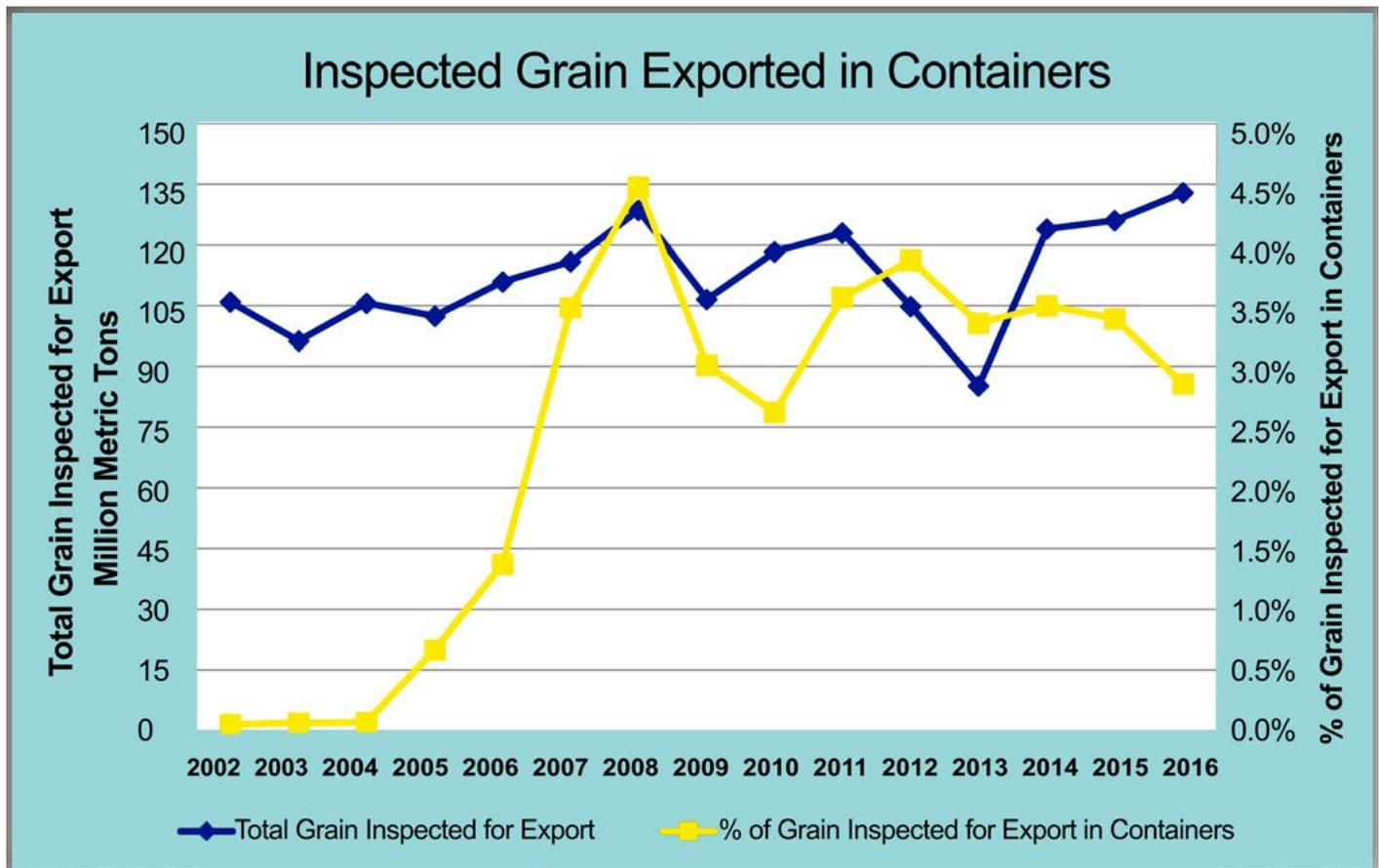
SECTION IV

Container Shipments

In the past decade, the U.S. grain industry has experienced a significant increase in the demand for grain exported in containers. A surplus of empty containers allows grain exporters to capitalize on opportunities to ship grain at a lower freight rate and deliver grain to small business entities around the world. In FY 2008, containerized grain exports peaked at 4.5 percent of all grain exports.

Expansion of the containerized grain export market has exceeded most forecasts. Inspection of containerized cargo has increased from 0.1 percent of total grain exported (metric tons) in 2002 to 2.9 percent of total grain exported (metric tons) in FY 2016 and represented 1.2 percent of total domestic and export grain officially inspected (metric tons) by FGIS and official service providers in FY 2016.

In 2002, six standardized grain inspection/weighing service points exported grain by container. Currently, there are 176 standardized grain inspections/weighing service points, with the majority in proximity to the railroad hub in Chicago. Initially, most of the container loading operations were based in the Pacific Northwest, where empty containers were abundant at export container terminals. However, in the past 10 years, much of the activity shifted to the Midwest, due to the close proximity to the grain supply and the rail yards that handle containerized cargo.



SECTION IV

Meeting the Needs of International Customers

FGIS administers a formal process for investigating grain quality and weight discrepancies. An importer of U.S. grain may submit a claim regarding quality or weights to FGIS which maintains file samples from the original inspection, analyzes samples submitted from the complainant (if the buyer chooses to submit them), and evaluates the accuracy of the initial inspection. This process allows FGIS to verify whether the original inspection and weighing service provided at the time of loading was correct, based on all available information.

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

In FY 2016, FGIS received eight quality complaints and did not receive any weight complaints from importers of grains inspected under the USGSA. The complaints involved 146,354 metric tons, or .06 percent by weight, of the total amount of grain exported during the year.

Complaints Reported by Importers on Inspection and Weighing in FY 2016

Complainant	Grain/Commodity	Number of Complaints	Nature of Complaint
Chile	Wheat	1	Quality
China	Sorghum	1	Phytosanitary
Colombia	Corn	1	Moisture, Damaged Kernels, Broken Kernels and Foreign Material
Italy	Wheat	1	Deoxynivalenol
Panama	Corn	1	Coal, Dust
Philippines	Wheat	2	Metal Filings
Thailand	Soybeans	1	Purple Stained
TOTAL		8	

Section V

PROVIDING OFFICIAL GRAIN INSPECTION AND WEIGHING SERVICES

Partnerships with States and Private Entities

FGIS manages the national inspection and weighing system through a unique network of approximately 2,000 staff members at Federal, State, and private laboratories that serve grain producers, handlers, processors, and exporters across the country. FGIS' State and private partners are authorized to provide official services on FGIS' behalf under the authority of the USGSA and the AMA. FGIS delegates States to provide official inspection and weighing of U.S. grain at export port locations and designates States and private agencies to provide official inspection and weighing services in the domestic market. FGIS has 39 agreements with States and private agencies to provide sampling or inspection services for miscellaneous processed commodities, graded commodities, or rice under the AMA.

Modernization of Service Delivery

FGISonline is a portfolio of online business applications that modernizes the delivery of FGIS official inspection and weighing services.

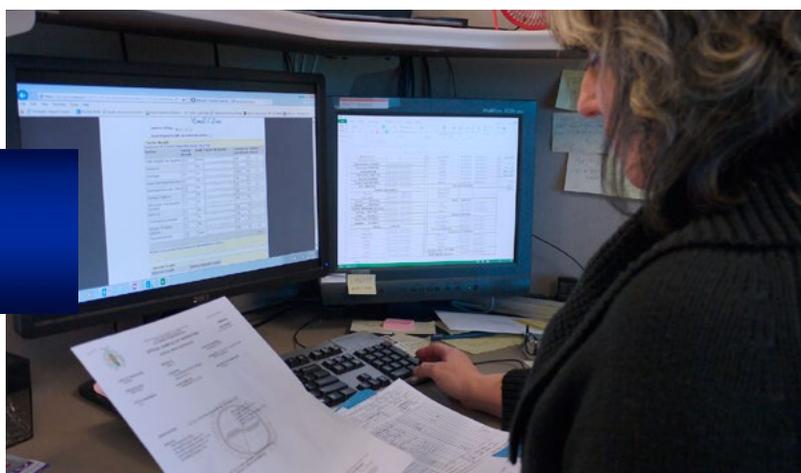


The online applications provide customers with fast, accurate services and access to a wealth of official inspection and weighing data.

More information about the FGISonline applications can be found on the FGIS Web site at: www.gipsa.usda.gov.

Some accomplishments for FY 2016 were:

- Added functionality to the equipment checktesting module for the moisture meters.
- Developed screen designs that will allow customers to request services, preview certificates prior to issuance, view and print final certification, and view charges online. This is a multi-year project that will improve customer access to their results, certificates, and costs.
- Continued to improve access of information and data for customers online, track the services as they are performed, and provide status and results information to the customers.

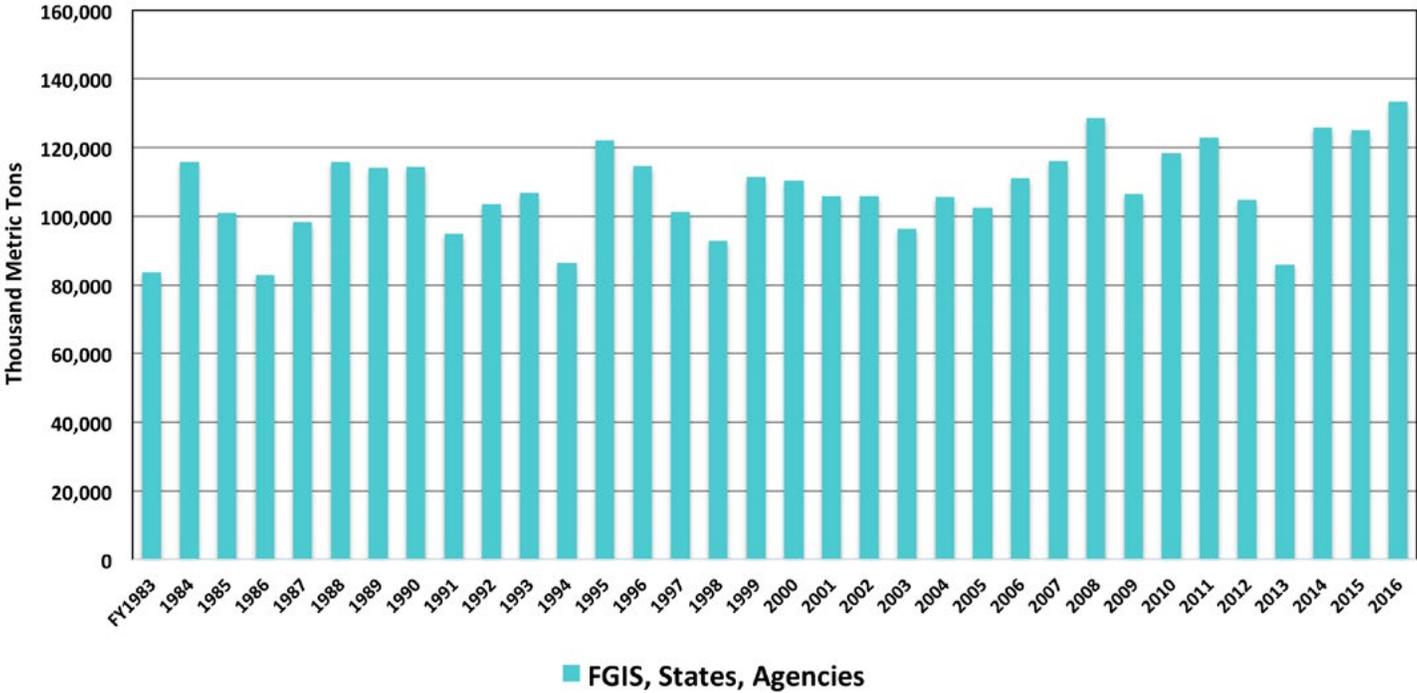


SECTION V



Exports of U.S. grain for FY 2016 exceeded 133.3 million metric tons, reaching a new record high for FGIS. This represents an increase of 6.4 percent compared to 125.3 million metric tons inspected and weighed for the same reporting period in FY 2015.

Export Inspections



SECTION V

Distillers Dried Grains

Distillers dried grains (DDGs) is a co-product of ethanol production resulting from the remaining fraction (protein, fat, and fiber) of grain (corn, sorghum, wheat, etc.) after the starch is converted to sugar and then to ethanol during the fermentation



process. Roughly 17 pounds of DDGs can be produced from 1 bushel of corn (1 bu corn = 56 lbs), which is approximately two-thirds starch.

Because of the composition of DDGs (30 percent protein, 11 percent fat, and 7-9 percent fiber), it is a very nutritious source of energy for livestock and is used to replace traditional feed grains and meals in limited quantities.

The production of DDGs has soared in recent years as ethanol production has grown. The United States produced an estimated 44.20 million tons of DDGs in the 2015/16 crop year, nearly 5 1/2 times the level in 2003/04. Increasing supply, coupled with high prices for competing feeds (soybean meal and corn) and foreign market development efforts by USDA cooperators, led to a surge in U.S. DDG exports beginning in 2008. Exports now constitute about 29 percent of domestic DDG production and reached a record \$2.98 billion in calendar year 2015, nearly \$20 million above the previous record set in 2014. FGIS facilitates the marketing of DDGs by providing phytosanitary inspections on behalf of APHIS. During FY 2016, FGIS sampled over 2.7 million metric tons of exported DDGs. Given the expected gradual growth in foreign demand, FGIS expects this work to increase for FY 2017.

Providing Scale Testing for the Railroad Industry

FGIS owns and operates five specially designed and built railroad track scale test cars for testing master scales, grain industry railroad track scales, and other commercial railroad track



scales. The test cars are maintained and operated out of the FGIS Master Scale Depot in Chicago, IL.

The Master Scale Depot in Chicago is a National Institute of Standards and Technology-certified, Echelon III Metrology Laboratory, where FGIS annually calibrates three 100,000-pound test car units that are used to calibrate the FGIS Master Scale and 10 railroad and State-owned master scales.

The master scale is used to calibrate railroad test weight cars that are used to calibrate railroad track scales throughout the country. FGIS also has two specialized test weight cars that are used primarily to test and calibrate commercial railroad track scales.

The Master Scale Depot performs weight calibrations on test weights and test weight cars ranging from 25 to 112,000 pounds. Commercial test weights ranging from 25 to 1,000 pounds are calibrated on a cost-recovery basis. Test weight cars are calibrated at the Master Scale Depot, and costs are recovered through a funding arrangement with the Association of American Railroads (AAR).

Under an agreement with the AAR, FGIS annually tests all master scales and performs a number of field calibrations associated with the program. The AAR has an agreement with FGIS under which it provides annual funding that supports the Master Scale Calibration Program.

SECTION V

Inspection Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Quantity of Grain Produced¹ (Mmt)²	539.1	526.5	554.9
Quantity of Standardized Grain Officially Inspected (Mmt)³			
Domestic	172.4	180.2	188.9
Export by FGIS	82.6	82.4	85.7
Export by Delegated States	26.1	31.0	35.5
Export by Designated States	<u>17.3</u>	<u>11.9</u>	<u>11.8</u>
TOTAL	298.4	305.5	321.9

¹ Source: USDA-National Agricultural Statistics Service, Quick Stats. This figure includes production of wheat, corn, sorghum, barley, oats, and soybeans.

² Million metric tons.

³ Includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.

SECTION V

Inspection Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Number of Official Original Inspections⁴			
FGIS	107,670	90,068	116,332
Delegated States/Official Agencies	<u>3,215,932</u>	<u>3,363,812</u>	<u>3,288,868</u>
TOTAL	3,323,602	3,453,880	3,405,200
Number of Grain Reinspections			
FGIS	377	298	393
Delegated States/Official Agencies	<u>29,502</u>	<u>31,287</u>	<u>21,341</u>
TOTAL	29,879	31,585	21,734
Number of Grain Inspection Appeals			
Field Offices	5,928	4,209	2,544
Board of Appeals and Review	<u>566</u>	<u>476</u>	<u>371</u>
TOTAL	6,494	4,685	2,915
Number of Official Commercial			
FGIS	10,453	10,792	17,958
Delegated States/Official Agencies	<u>1,277,728</u>	<u>1,386,557</u>	<u>1,337,810</u>
TOTAL	1,288,181	1,397,349	1,355,768
Number of Barley Protein Inspections			
FGIS	0	26	33
Delegated States/Official Agencies	<u>5,939</u>	<u>7,085</u>	<u>5,113</u>
TOTAL	5,939	7,111	5,146

⁴ Includes original inspections for grade, factor-only inspections, official criteria, and official commercial inspections.

SECTION V

Inspection Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Number of Corn Protein, Oil, and Starch Inspections			
FGIS	0	4	4
Delegated States/Official Agencies	<u>23,632</u>	<u>7,501</u>	<u>3,121</u>
TOTAL	23,632	7,505	3,125
Number of Wheat Protein Inspections			
FGIS	5,828	4,144	13,218
Delegated States/Official Agencies	<u>385,037</u>	<u>433,127</u>	<u>444,221</u>
TOTAL	390,865	437,271	457,439
Number of Soybean Protein and Oil Inspections			
FGIS	7,852	6,517	6,467
Delegated States/Official Agencies	<u>5,313</u>	<u>20,113</u>	<u>5,009</u>
TOTAL	13,165	26,630	11,476
Number of Sunflower Seed Oil Inspections			
FGIS	0	0	0
Delegated States/Official Agencies	<u>17,151</u>	<u>17,158</u>	<u>18,981</u>
TOTAL	17,151	17,158	18,981
Number of Aflatoxin Inspections			
FGIS	2,136	2,691	2,780
Delegated States/Official Agencies	<u>120,153</u>	<u>110,998</u>	<u>120,105</u>
TOTAL	122,289	113,679	122,885

SECTION V

Inspection Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Number of Deoxynivalenol Inspections			
FGIS	4,734	7,340	10,398
Delegated States/Official Agencies	<u>104,898</u>	<u>182,650</u>	<u>126,626</u>
TOTAL	109,632	189,990	137,024
Number of Fumonisin Test			
FGIS	100	0	55
Delegated States/Official Agencies	<u>5,172</u>	<u>5,553</u>	<u>3,790</u>
TOTAL	5,272	5,553	3,845

SECTION V

Inspection Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Quantity of Rice Produced (Mmt) (rough basis)⁵	10.0	8.5	10.7
Quantity of Rice Inspected (Mmt) (rough basis)			
FGIS	2.3	2.5	2.7
Cooperators	<u>0.8</u>	<u>0.2</u>	<u>0.6</u>
TOTAL	3.1	2.7	3.3
Number of Rice Appeals	113	115	147
Number of Rice Board of Review Appeals	4	4	1
Quantity of Pulses Produced (Mmt) (beans, peas, lentils)⁵	2.3	2.4	3.2
Quantity of Pulses Inspected (Mmt)			
FGIS	0.5	0.5	1.0
Cooperators	<u>0.5</u>	<u>0.3</u>	<u>0.1</u>
TOTAL	1.0	0.8	1.1
Number of Pulse Appeals	349	302	341
Number of Pulse Board of Review Appeals	19	16	29

⁵ Source: USDA-National Agricultural Statistics Service, Quick Stats.

SECTION V

Weighing Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Official Weight Certificates Issued			
FGIS			
Class X ¹	48,366	44,285	49,030
Class Y ²	<u>32,228</u>	<u>17,972</u>	<u>29,509</u>
TOTAL	80,594	62,257	78,539
Delegated States/Official Agencies			
Class X ¹	209,296	185,012	169,906
Class Y ²	<u>57,920</u>	<u>63,711</u>	<u>57,068</u>
TOTAL	267,216	248,723	226,974
Exported Grain Weighed (Mmt)			
FGIS	82.3	82.2	85.3
Delegated States/Official Agencies	<u>26.1</u>	<u>30.2</u>	<u>34.3</u>
TOTAL	108.4	112.4	119.6

¹ Class X weighing involves 100 percent supervision of weighing.

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

SECTION V

Weighing Program Data Fiscal Years 2014-2016

ITEM	FISCAL YEARS		
	2014	2015	2016
Number of Certified Scales in Service			
Export Elevators	225	231	227
Number of Scales Tested			
Railroad Track Scales	109	110	101
Hopper Scales	366	307	302
Vehicle Scales	322	381	396
Delegated States/Official Agencies			
Delegated and Designated States	4	4	4
Delegated States	1	1	1
Designated States	7	7	7
Designated Private Agencies	<u>39</u>	<u>37</u>	<u>34</u>
TOTAL	51	49	46

SECTION V

Volume of Export Grain Inspections by Port Areas FY 2016

Port Areas	Million Metric Tons (Mmt)	Percent of Total U.S. Exports
California	0.02	0.01%
Chicago	0.39	0.29%
Columbia River	27.49	20.62%
Duluth-Superior	0.76	0.57%
East Gulf	0.44	0.33%
Interior ¹	12.89	9.67%
Lake Superior	0.24	0.18%
Mississippi River	66.42	49.81%
North Atlantic	0.40	0.30%
North Texas	9.48	7.11%
Puget Sound	8.15	6.11%
South Atlantic	2.16	1.62%
South Texas	3.29	2.47%
Seaway	0.33	0.24%
Toledo	0.89	0.67%
TOTAL	133.35	100.00%



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

Section VI

MANAGEMENT INITIATIVES

Mentoring Program and Succession Planning

For FY 2016, participation of the FGIS Mentoring Program increased and was administered using the USDA's Virtual Mentoring Portal. In FY 2015, the GIPSA Mentoring Program had 30 mentor-mentee pairs, 24 of which were from FGIS. In the FY 2016 Mentoring Program, GIPSA had 50 mentor-mentee pairs, with 38 of the pairs from FGIS. This is about 10 percent of the eligible FGIS employees, who represent 15 different offices and at least 10 different localities. FGIS participation is the result of strong executive support that includes active senior management champions who recognize that up to 50 percent of FGIS' supervisors and managers are retirement-eligible. As such, FGIS is keenly aware of the need to prepare staff to take on new responsibilities and assume larger roles within the program.

FGIS New Supervisor Training. In FY 2016, FGIS collaborated with the USDA Virtual University and APHIS to provide training to new supervisors. In FY 2016 there were about 20 new supervisors within FGIS that required this training in conformance with Office of Personnel Management (OPM) and USDA training requirements. This was about 25 percent of the total of FGIS supervisory management workforce within the program. FGIS collaborated with APHIS and substantially reduced costs. This training integrated both classroom and blended learning to reinforce training and ensured that all participants met the new USDA supervisory leadership competency framework.



Career Paths. In FY 2016, FGIS identified learning experiences for career path mission-critical positions; expanded the

first-line supervisory training and continued the Pathways Recent Graduate program on an ongoing basis; established



competency-based career paths within FGIS for managers; established consistent criteria for moving expenses and set aside funds within FGIS to address that need; and explored leadership programs that may be available to FGIS employees.

Additionally, FGIS plans to establish a proficiency training program for Ag Commodity Aid/Technician employees. This was in concert with the FY 2015 effort to develop a strategic initiative to create a customer centric, engaged, and high-performing workforce by identifying opportunities for employees to develop competencies identified for mission-critical technical and leadership positions within FGIS. As part of the strategic initiative, 15 mission-critical positions were identified within FGIS. Career guides were developed for each of these positions. Each career guide provides the position title, series, description, and duties and responsibilities; the technical and leadership competencies and requirements necessary to obtain the position; and recommended positions, education, and training that will assist an employee in gaining the technical and leadership competencies prior to obtaining the targeted position. The career guides serve as a developmental tool for employees who wish to enhance leadership competencies for future positions.

SECTION VI

Quality Assurance

Focus on Quality. FGIS continued its focus on quality assurance to ensure that the official system continues to provide high-quality inspection results. In October 2015, FGIS initiated a comprehensive review of all FGIS quality assurance functions to ensure that the roles and responsibilities were identified and assigned. The review resulted in a clarification of the roles and responsibilities within the Divisions, Board of Appeals and Review, Domestic Inspection Operations Office, and Grading Services Lab. Further, it resulted in an organizational realignment deemed necessary to improve FGIS services and processes.

In May 2015, FGIS established a Quality Committee. The committee's scope of responsibility is the FGIS Quality Assurance Program, which ensures the accuracy of official inspection and weighing services and ultimately the certificate. In FY 2016, the committee continued to ensure that effective communication, collaboration, and coordination between the Divisions and the official agencies, discussed issues and concerns associated with the quality assurance and control, and provided program and policy recommendations to the FGIS Executive Management Team and the Quality Assurance and Compliance Division. The committee is comprised of eight members, including one member representing the official agencies.

FGIS continued to monitor and report data for the FGIS inspection performance program and provided continuous feedback on system performance, improved FGIS' ability to make corrective actions, and provided quality assurance data to the grain industry. During FY 2016, overall inspection accuracy was 97.2 percent, with all field offices having an inspection accuracy of 94.6 percent or higher.

A key component of FGIS' quality program continues to be the Quality Management Program (QMP), through which FGIS evaluates the performance of official agencies and field offices in meeting their legal and regulatory obligations under the USGSA and AMA. The QMP melds modern quality management principles with the legal and regulatory requirements under the USGSA and AMA to create an overarching program to drive progress within the official system. The QMP requires all official Federal, State, and private agencies to establish a

program for providing official services based on the principles of quality control, quality assurance, and quality improvement. FGIS conducts QMP onsite reviews at least once every 3 years. During FY 2016, FGIS conducted 24 QMP reviews, including 4 designated States, 1 delegated State, 4 field offices, and 15 private agencies. The QMP review evaluates legal and management responsibilities, document control, record control and accuracy, communication programs, training, licensing, and supervision programs, equipment, facility reviews, local quality plan, internal audits, customer focus, and continual improvements.

Based on the results of the review, each official agency received an overall performance score. Ninety percent of the designated official agencies received an overall performance score of 90 percent or higher, which was an increase of 11.4 percent over the previous year. FGIS believes the upward trend is the result of additional training, improved internal audits, and improved communications. Further, FGIS recognized four designated official agencies for their excellent performance in providing official grain inspection and/or weighing services and one designated official agency for its outstanding performance.

As part of the QMP, FGIS requires each official agency and field office to complete an annual internal audit. In FY 2016, FGIS reviewed internal audits from 40 official agencies and 6 FGIS field offices. Internal audits are a comprehensive review of all QMP quality elements and address any problem areas.



SECTION VI

Improving Work Environment

Improving Working Conditions. In FY 2016, the New Orleans Field Office procured high-visibility vests for all personnel to wear while on duty at export elevator facilities and outside of the FGIS laboratory. This enhances safety of FGIS employees by making them visible to personnel operating machinery and equipment on export elevator property.



Maintaining safety, improving operational efficiency and effectiveness of work processes, and fostering an environmentally friendly workplace all contribute to employee satisfaction. FGIS partnered with grain industry customers to ensure the location and condition of the grain weighing, inspection, laboratory, and office spaces fostered employee safety.

**Safety
MATTERS**

Safety Initiatives

Keeping FGIS Staff Safe. In FY 2016, FGIS committed to numerous safety improvements.

GIPSA's Safety and Occupational Health Manager conducted safety assessments of grain elevators in the League City, New Orleans, and Stuttgart Field Office circuits and did not find any significant negative findings. The GIPSA Safety Manager also provided Occupational Safety and Health Administration-required supervisor safety training to all FGIS front-line supervisors during a week-long meeting at the National Grain Center. The safety manager also developed a Job Safety Training Outline detailing all essential training and providing a single location to document local safety training for all assigned personnel.

Maintaining FGIS' commitment to reducing our employees' exposure to hazardous chemicals and reducing handling of hazardous waste products, FGIS has continued to approve water-based mycotoxin test kits. FGIS currently approves five aflatoxin and two fumonisin water-based rapid test kits, which avoid the use of hazardous solvents such as methanol.

FGIS is committed to providing employees with proper safety gear while performing work in hazardous environments. FGIS instituted a program in which employees are provided reimbursement for the purchase of qualifying safety-toe boots.

Section VII

FINANCIAL INFORMATION

FGIS User Fee Accounts ¹	Revenue	Obligations	Profit/Loss	Operating Reserves
U.S. Grain Standards Act				
Inspection & Weighing	\$45,518,430	\$39,551,241	\$5,967,189	\$18,863,026
Official Agencies	\$1,905,178	\$1,430,179	\$ 474,999	\$ 8,730,102
Agricultural Marketing Act				
Rice	\$5,787,944	\$5,357,518	\$430,426	\$ 8,880,609
Processed Commodities	\$3,386,273	\$3,606,006	\$ (219,734)	\$ 787,948
TOTAL FY 2016	\$56,597,825	\$49,944,945	\$6,652,881	\$37,261,686
Less FY 2016 Sequestration				(\$3,063,411)
				\$34,198,275

Appropriations (Dollars in millions)²

Discretionary Appropriations	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	\$18.27	\$17.79	\$16.48	\$20.8	\$17.91	\$20.0	\$20.0

¹ Obligations are total obligations to support the program during fiscal year 2016 regardless of budget period funding source used.

² Appropriations includes sequestration and rescission amounts.

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Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

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Across America, U.S. grain, rice, and other commodities flow from farm to elevator to destinations around the world. The Federal Grain Inspection Service helps move our Nation's harvest into the marketplace by providing farmers, handlers, processors, exporters, and international buyers with sampling, inspection, process verification, weighing and stowage examination services that accurately and consistently describe the quality and quantity of the commodities being bought and sold.