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**UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548**

**COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION**

B-114824

FEB 27 1978

**The Honorable
The Secretary of Agriculture**

Dear Mr. Secretary:

The U.S. Grain Standards Act of 1976 requires the Department of Agriculture to revise, improve, and expand the national grain inspection system and establish a national weighing system. The most significant and urgent changes relate to the assumption of inspection and weighing functions at export locations. Other areas of major emphasis include: elimination of conflicts of interest in official inspection and weighing agencies; review of grain firms' records and registration of those firms operating in export trade; and a complete review and revision of U.S. grain standards to insure that their application will result in the production and delivery of high quality grain needed to meet the end-use requirements of domestic and foreign buyers.

To provide information for Congress' use in evaluating the needs of the grain inspection and weighing systems at points in the United States other than at export locations, the act requires the Department and the General Accounting Office to conduct studies of inspection and weighing procedures and management practices in the interior marketing areas. We are also required to evaluate the Department's reports. Initially, the Department's reports were to be submitted to the House and Senate Agriculture Committees by May 1978 with our report due 6 months later. Because the Department had until November 1978 to complete implementation of the 1976 act, the reporting dates were extended 1 year by the Food and Agriculture Act of 1977. Therefore, we have delayed starting the review required of us by the act.

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In October 1977, we initiated an interim review to determine the progress the Federal Grain Inspection Service was making to implement the 1976 act and to identify any problems impeding that implementation. During our review, we noted that the Service was experiencing problems in acquiring and training sufficient personnel, both in Washington and in the field.

As of mid-January 1978, the Service's Washington staff offices had only 65 percent of their projected staffing. This delay in developing and staffing the headquarters offices severely hampered the Service's ability to (1) provide the field staffs the program guidance needed for sound management and (2) expedite implementation of all the provisions of the 1976 act. Among the legislatively mandated actions being delayed were designation of official inspection agencies at interior locations, registration of persons involved in exporting grain, the investigation and study of the adequacy of the current grain standards, and establishment of a permanent unit to handle complaints from foreign grain buyers.

Expanding the size and capabilities of the Standardization Division staff has been particularly slow. This has slowed progress in carrying out the study of grain standards required by the 1976 act. This study is to address specifically, but not be limited to, determining if (1) standards may be developed that would reduce grading errors and remove, where possible, subjective human judgment from grading by increased use of mechanical, electrical, and chemical means of grading, (2) grain should be subclassed according to color or other factors not affecting the quality of the grain, (3) the protein factor should be included in the standards, and (4) broken grain should be grouped together with foreign material.

The Service is required to report to the Congress on the findings of the study and actions taken as a result of the study no later than November 20, 1978. It was not until the first week in February 1978, however, that (1) the branch chief of the Inspection Methods and Research Branch reported aboard and (2) the staff began to conduct a series of public meetings across the country to obtain suggestions from grain producers and merchandisers as to possible revisions in the grain standards.

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To facilitate the assumption of the inspection and weighing functions at export points, which the Service considered critical, experienced supervisors were transferred from interior field offices to the export locations, even though such actions weakened the ability of interior field offices to adequately supervise inspections performed by State and other official agencies at interior markets.

These and other problems were fairly presented in the Service's first annual report to the Congress, for the period ending September 30, 1977, issued in November 1977. Accordingly, we terminated our interim review and plan no further reporting on the results of that review. We will, however, continue to monitor the Service's implementation activities so as to insure a sound informational base from which we can carry out the review required of us by the 1976 act, as amended.

Service personnel in Washington and in the field offices have been most cooperative and helpful in our dealings thus far, and we look forward to a continuing spirit of cooperation as we both fulfill our legislative mandates.

We are sending copies of this letter to the Chairman, Senate Committee on Agriculture, Nutrition, and Forestry, and to the Chairman, House Committee on Agriculture. Copies are also being sent to the Deputy Assistant Secretary for Marketing Services and to the Administrator, Federal Grain Inspection Service.

Sincerely yours,



Henry Eschwege
Director