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BY THE U.S. GENERAL ACCOUNTING OFFICE

# Report To The Honorable Lawton Chiles United States Senate



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## Changes Underway To Correct Inadequacies In Florida's Meat And Poultry Inspection Program

Federal legislation requires that all meat and poultry products sold for human consumption be inspected to ensure that they are safe, wholesome, and accurately labeled. The Department of Agriculture must inspect all products sold in interstate and foreign commerce, but States are permitted to inspect intrastate products provided that the Department has certified that their inspection laws and programs are at least equal to those of the Federal Government. Florida is 1 of 27 States which currently operate "equal to" inspection programs.

The Department's periodic evaluations indicate that Florida's program has been below average and has shown no definite trend of improvement. Department officials acknowledge that Florida's program has not been one of the better equal to programs, but they believe that the program is showing improvement. GAO noted that Florida recently implemented several changes designed to make its program more effective. Although it is too early to predict whether these changes will significantly improve Florida's program, GAO views the changes as steps in the right direction.



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

RESOURCES, COMMUNITY,  
AND ECONOMIC DEVELOPMENT  
DIVISION

B-210209

The Honorable Lawton Chiles  
United States Senate

Dear Senator Chiles:

As requested in your March 15, 1982, letter and subsequent discussions with your office, this report discusses the State of Florida's meat and poultry inspection program.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours

A handwritten signature in cursive script, appearing to read "J. Dexter Peach".

J. Dexter Peach  
Director

D I G E S T

Florida is 1 of 27 States which operate inspection programs under provisions of the Federal Meat Inspection Act and the Poultry Products Inspection Act. These acts require the U.S. Department of Agriculture (USDA) to inspect all meat and poultry products sold in interstate and foreign commerce, but they authorize States to inspect products in intrastate commerce if USDA has certified that their inspection laws and programs are at least "equal to" those of the Federal Government. In either case, inspection is to ensure that meat and poultry products sold for human consumption are safe, wholesome, and accurately labeled. (See p. 1.)

Senator Lawton Chiles asked GAO to examine certain allegations he had received regarding these equal to programs. Because the allegations raised questions about the effectiveness of the Florida program in particular, GAO agreed to focus its review on certain aspects of the Florida program--principally deficiencies which USDA has found and the State's followup actions on these and other deficiencies found by its own personnel. (See p. 1.) GAO also obtained information in response to specific questions in Senator Chiles' request letter. (See app. I.)

USDA REVIEWS HAVE SHOWN THAT THE FLORIDA  
PROGRAM IS BELOW AVERAGE

USDA's Food Safety and Inspection Service provides inspection service at interstate plants and monitors the effectiveness of State equal to programs. (See p. 2.) It evaluates the effectiveness of State programs primarily by means of quarterly reviews of statistical samples of State-inspected plants. The Inspection Service uses the same procedures in these quarterly reviews as it uses to annually evaluate inspection efforts at federally inspected plants. It rates each State program quarterly based on the percentage of unacceptable items found in the plant reviews. These ratings range from category 1--the worst rating (over 10 percent unacceptable items)--to category 6--the best

rating (1 percent or less unacceptable items).  
(See pp. 6 and 9.)

The Inspection Service's ratings of the Florida program during 1980, 1981, and the first half of 1982 were consistently lower than the average of its ratings for all State programs and showed no significant trend of improvement. Annualized Florida ratings during this period were categories 3, 4, and 3, respectively; whereas State programs nationally averaged one category better (4, 5, and 4). In both groups, over 80 percent of the unacceptable items related to sanitation, processing, and pest control. Equivalent ratings for USDA-inspected plants in Florida were also better--category 5 in 1980 and 1981 and category 4 for the first half of 1982. (See pp. 10 through 12.)

Inspection Service officials responsible for monitoring the Florida program told GAO that it has not been one of the better equal to programs, but they believed that the program has begun to improve under a new State inspection chief appointed in January 1981. Although the Inspection Service's ratings do not reflect improvement, GAO noted that the new chief had implemented some changes early in 1982, attempting to improve the program's effectiveness. For example, the State established a formal organization to monitor compliance with its inspection laws and regulations and it formalized its procedures for following up on deficiencies USDA finds. Although these changes may have been too recent to have had any significant influence on ratings, GAO views these changes as steps in the right direction--steps that indicate a positive State attitude toward upgrading its program. (See pp. 14 and 16.)

#### COMPLIANCE VIOLATIONS INVOLVING THE FLORIDA PROGRAM

The Inspection Service's Compliance Division monitors firms which transport, store, distribute, and sell meat and poultry products after they have been inspected and passed at the producing plant to detect violations of the Federal meat and poultry acts. Although these compliance activities are separate and distinct from the Inspection Service's in-plant inspections and its monitoring of State inspection programs, these activities provide data which

can help show the effectiveness of State (and Federal) inspection efforts by reporting deficiencies which may have been missed by in-plant inspectors. (See p. 17.)

From January 1980 through June 1982, the Inspection Service's Compliance Division found 130 deficiencies involving producing plants or products inspected under the Florida program. Of these, 23 were violations of the Federal acts, some of which State in-plant inspectors normally would not be in a position to detect (such as illegal export or interstate shipment of State-inspected products), while others were of a type that State inspectors might have been able to detect (such as improper use of USDA's inspection mark and product misbranding). The remaining 107 deficiencies were turned over to the State for action because they were deemed to be within the State's jurisdiction. These latter deficiencies primarily involved labeling irregularities and improper use of State inspection marks. GAO could not compare these findings with compliance findings in other equal to States because the agency did not have such statistics readily available. (See pp. 18 and 19.)

Florida did not establish a formal State compliance program until February 1982. Through August 1982 Florida's new compliance unit had found 25 violations classified as serious (most involving processing meat without State inspection or sale of uninspected meat) and 107 less serious violations (mostly labeling irregularities) which State compliance officers found primarily through routine checks of retail establishments. (See p. 21.)

#### STATE FOLLOWUP ON DEFICIENCIES

Florida's files indicated that the State was, for the most part, following up on the violations found by its own compliance program and on compliance violations USDA referred to the State. GAO also found that Florida has generally been adhering to its recently established procedures for documenting its followup actions on unacceptable items which the Inspection Service found in its quarterly reviews of State-inspected plants. (See pp. 22 and 23.)

USDA SELECTIONS OF FLORIDA  
PLANTS FOR REVIEW HAVE NOT  
BEEN COMPLETELY RANDOM

When determining which plants to review each quarter to evaluate the effectiveness of State inspection efforts, USDA's Inspection Service procedures require that a randomly selected statistical sample of all State-inspected plants be drawn. GAO's statistical analysis of the samples for the Florida program showed that the samples have not been completely random because the Inspection Service's area office was still using a flawed random number table which had been replaced in July 1976. GAO found no indications, however, that the area office had intentionally manipulated the samples to either include or exclude specific plants. After GAO brought this problem to the area office's attention, the office obtained the proper random number table for use in selecting Florida samples. This should correct the problem caused by the superseded table. (See p. 24.)

AGENCY COMMENTS

The Inspection Service told GAO that its draft report was a fair and accurate presentation of the situation in Florida. The Florida Bureau of Meat Inspection generally agreed with the draft report. The bureau's chief said that the State has begun implementing (and will continue to implement) tighter controls and more efficient operations to achieve better overall performance. Although he did not share GAO's belief that Florida's program is below average, the chief characterized the State's progress as constant, though slower than preferred. (See p. 16.)

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ABBREVIATIONS

FSIS	Food Safety and Inspection Service
GAO	General Accounting Office
MPIO	Meat and Poultry Inspection Operations
USDA	United States Department of Agriculture

## CHAPTER 1

### INTRODUCTION

On March 15, 1982, Senator Lawton Chiles asked us to examine certain allegations he had received regarding State "equal to" meat and poultry inspection programs and asked that we respond to four specific questions. Detailed information on these questions is shown in appendix I. Because the overall thrust of the allegations questioned the effectiveness of Florida's inspection program in particular, and State meat and poultry inspection programs in general, we agreed to review the following aspects of Florida's program.

- U.S. Department of Agriculture's (USDA's) reports on its reviews of Florida's inspection program.
- USDA's records on violations it found involving Florida-inspected plants and/or products.
- Florida's follow-up actions on deficiencies found by USDA and the State's compliance personnel.
- USDA's selection of samples of Florida-inspected plants for review.

### STATE MEAT AND POULTRY INSPECTION PROGRAMS

The Federal Meat Inspection Act, as amended (21 U.S.C. 601 et seq.), and the Poultry Products Inspection Act, as amended by the Wholesome Poultry Products Act (21 U.S.C. 451 et seq.), have the objective of ensuring that meat and poultry products sold for human consumption are safe, wholesome, and accurately labeled. The acts require that USDA inspect all meat and poultry products sold in interstate and foreign commerce.

Individual States, however, are authorized to inspect meat and poultry products sold solely within their boundaries, provided they enact and enforce inspection laws and requirements which are at least equal to those of the Federal Government's program. Thus, States with USDA-approved inspection programs would inspect plants which have not chosen to go under USDA inspection to ensure that the meat and poultry products produced by those plants are safe, wholesome, and accurately labeled.

Amendments to the meat act approved December 15, 1967, and to the poultry act approved August 18, 1968, which authorized the State equal to inspection programs, allowed States up to 3 years to develop and implement such programs and authorized USDA to assist in this effort. USDA must review approved programs at least annually to determine their continued equal to status. USDA also is authorized to provide assistance for equal to programs in the form of technical expertise, laboratory services, training, and funding. Federal financing, however, cannot

exceed 50 percent of the estimated total annual cost of a State's program.

If a State fails to or chooses not to maintain an equal to meat and/or poultry inspection program, USDA must designate the State for Federal inspection. USDA assumes responsibility for inspecting intrastate plants in designated States and bears the full inspection costs. When this occurs, all intrastate plants must apply to, and be approved by, USDA for Federal inspection in order to sell their products.

As of October 1, 1982, 27 States had USDA-approved equal to inspection programs, 23 of which covered both meat and poultry while the other 4 only covered meat. (See app. II.) These State programs were providing inspection services at about 6,200 intrastate plants and employed the full-time equivalent of about 2,300 people. USDA funding for State equal to programs totaled about \$30.6 million in fiscal year 1981, and about \$30.4 million was allocated for this purpose in fiscal year 1982.

According to the Administrator of USDA's Food Safety and Inspection Service (FSIS), State-inspected products account for only about 5 percent of the meat and 1 percent of the poultry produced in the United States. The remaining meat and poultry products are under the USDA inspection program.

#### USDA ORGANIZATION FOR MONITORING STATE PROGRAMS

Meat and Poultry Inspection Operations (MPIO), FSIS, is responsible for inspecting federally inspected plants and for overseeing State programs. MPIO consists of a headquarters office in Washington, D.C.; 5 regional offices (Alameda, Atlanta, Dallas, Des Moines, and Philadelphia); 27 subordinate area offices; and about 200 subordinate units (called circuits), each headed by a circuit supervisor.

MPIO's Regional Operations organization is responsible for inspecting meat and poultry plants. MPIO's Federal-State Relations staff in Washington is the focal point for fostering cooperation between Federal and State inspection efforts and for maintaining effective State programs. It also oversees the selection process of quarterly statistical samples of State-inspected plants for onsite reviews by circuit supervisors which serve as a check on the effectiveness of State inspections.

MPIO's Compliance Division is responsible for enforcement activities designed to ensure that the meat and poultry industries operate in accordance with Federal laws and regulations. Among other things, this division systematically monitors businesses engaged in transporting, storing, and distributing meat and poultry products--wholesalers, distributors, warehouses, salvagers, renderers, transporters, etc. The primary purpose

of this monitoring is to prevent adulterated or misbranded 1/ foods from reaching consumers.

### THE FLORIDA PROGRAM

USDA initially certified the State of Florida's meat inspection program as being equal to the Federal Government's program in November 1969. Florida's program was among the first three State programs to receive USDA approval. USDA initially certified Florida's poultry inspection program in September 1971. USDA has since recertified the equal to status of both programs each year.

The Florida Bureau of Meat Inspection, Department of Agriculture and Consumer Services, in Tallahassee, administers the State program. The bureau has five district offices: Jacksonville, Miami, Orlando, Pensacola, and Tampa. The bureau's chief told us that Florida's program follows USDA's meat and poultry regulations, directives, and standards.

As of August 4, 1982, authorized staffing for the Florida program totaled 144 full-time positions--115 food inspectors, 15 veterinarians, 12 administrative/clerical personnel, and 2 compliance officers. As of that date, two of these positions were vacant--a district supervisor and a compliance officer. As of June 30, 1982, there were 369 intrastate plants under State inspection--283 meat and 7 poultry plants under regular inspection and 79 exempt meat plants. 2/ The fiscal year 1982 budget for Florida's program, as approved by FSIS, totaled about \$3.5 million, including about \$1.7 million in Federal assistance. According to Florida's Department of Agriculture and Consumer

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1/The meat and poultry products inspection acts specify a number of circumstances under one or more of which the terms "adulterated" or "misbranded" would apply to a carcass, part thereof, meat, or meat or poultry product. An item would be considered adulterated if, for example, it contained any added poisonous or deleterious substance which might make it injurious to health, or if it consisted in whole or in part of any filthy, putrid, or decomposed substance or was for any reason unsound, unhealthful, unwholesome, or otherwise unfit for human consumption. An item would be considered misbranded if, for example, its labeling was false or misleading in any particular or if it was offered for sale under the name of another product.

2/Plants which slaughter or process products on a custom basis (for an animal owner's personal, household, nonpaying guest, or nonpaying employee use) or which sell a limited amount of a product directly to retail customers are exempt from normal inspection. The plants are, however, subject to periodic surveillance to ensure compliance with the meat and poultry acts' sanitation, misbranding, and adulteration provisions.

Services estimates, the State inspected about 560 million pounds of meat and about 160 million pounds of poultry during fiscal year 1982. The Chief of the Florida Inspection Bureau told us that, lacking figures on production at federally inspected plants, he had no accurate means of determining whether State-inspected products account for a small or large percentage of total production in Florida.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the agreements reached with Senator Chiles' office, we:

- Analyzed USDA's quarterly review reports on the Florida program for the period January 1980 through June 1982 to determine the extent and trend of deficiencies USDA has found and compared the results of these reviews to the results of (1) USDA quarterly reviews of all State equal to programs and (2) annual USDA reviews of federally inspected plants in Florida.
- Reviewed USDA compliance records for the same period to determine the nature and extent of violations found involving Florida-inspected plants and/or products.
- Reviewed Florida's records to determine the extent of (1) compliance violations the State found and (2) follow-up actions the State took on plant deficiencies found by USDA and compliance violations found by USDA and State personnel.
- Evaluated USDA's methodology for statistically selecting samples of Florida-inspected plants for Federal quarterly reviews. We did not evaluate the overall adequacy of USDA's sampling plan or the adequacy of its prescribed sample sizes.

We did most of our audit work between May and August 1982. We reviewed the Federal Meat Inspection Act; the Poultry Products Inspection Act; and related FSIS regulations, policies, and directives. We interviewed FSIS program management officials in Washington, D.C., and in the field, and the Chief of Florida's Bureau of Meat Inspection. We reviewed USDA and Florida Bureau of Meat Inspection studies, reports, correspondence, and records; and we coordinated our work with USDA's Office of the Inspector General and FSIS' internal review unit, the Review and Evaluation Staff. We did our work in accordance with generally accepted government audit standards.

We did our work primarily at FSIS' headquarters in Washington, D.C.; the FSIS field offices responsible for overseeing the Florida program (the Regional Office in Atlanta and the Area Office in Tallahassee); FSIS Compliance Area Office in Atlanta; and the Florida Bureau of Meat Inspection in Tallahassee.

We visited four State-inspected plants to determine whether corrective actions on deficiencies found in Federal quarterly reviews had been taken, as reported in the State's records. We judgmentally selected--based on locations which would not require excessive travel--these four plants from the nine plants at which USDA had found unacceptable items during the quarter ending June 30, 1982. We were unable to observe regular Federal quarterly reviews of Florida-inspected plants because a shortage of travel funds forced FSIS to cancel its reviews nationally for the third quarter (July-September) 1982. We did, however, observe an FSIS circuit supervisor's onsite reviews of two State-inspected plants in the Jacksonville area. FSIS inspected these plants at our request so that we could observe Federal review procedures firsthand. We judgmentally selected these two plants because neither had been reviewed recently by USDA, and because an FSIS circuit supervisor was located in Jacksonville and so FSIS would not have to incur travel costs for our visit.

## CHAPTER 2

### USDA REVIEWS HAVE SHOWN THAT THE FLORIDA PROGRAM IS BELOW AVERAGE

FSIS' ratings of the Florida program during 1980, 1981, and the first half of 1982 have consistently been below the average of its ratings for all State programs and have shown no significant trend of improvement. FSIS' ratings are based on the percentage of unacceptable items found during its plant reviews, and FSIS has found a noticeably higher percentage of unacceptable items in Florida-inspected plants than it has found in the average State-inspected plant or in USDA-inspected plants in Florida.

FSIS officials acknowledged that the Florida program has not been one of the better State programs, but they believed that the program has begun to improve under a new State inspection chief appointed in early 1981. While we found no improvement in Florida's ratings, we noted that the new chief has recently implemented some changes in an attempt to improve the program's effectiveness. For example, earlier this year the State established its first formal compliance organization and formalized its system to follow up on, and ensure correction of, inspection and compliance deficiencies FSIS found. Although it may be too early to expect these changes to have had any significant impact on FSIS' ratings, we view these changes as steps in the right direction.

### FSIS PROCEDURES FOR REVIEWING AND RATING STATE PROGRAMS

FSIS procedures for reviewing State equal to programs (MPI Directive 910.1) require it to determine the continuing adequacy of State inspection laws and regulations, program staffing, funding, and administration. FSIS circuit supervisors also review a randomly selected sample of State-inspected plants each quarter to evaluate the effectiveness of State inspections. (These samples are discussed in more detail in ch. 5.) FSIS' area offices prepare a quarterly report on each equal to State program which (1) gives information on State laws, regulations, staffing, and funding, (2) summarizes the results of quarterly plant reviews, (3) rates the effectiveness of State inspection efforts, and (4) makes a recommendation to the regional office regarding continuation of the State's equal to status. The regional offices, in turn, forward the report and their recommendations to the Director of Federal-State Relations.

Although FSIS reviews State programs quarterly, USDA certifies each State's equal to status annually via the Secretary's annual report to the Congress on meat and poultry inspection. Most of the factors relating to a State's equal to status (laws, regulations, staffing, and funding) usually do not change significantly from year to year and so the effectiveness of State

inspections, as measured by FSIS quarterly reviews, is normally the key factor considered in USDA's annual certification. According to FSIS' Director of Federal-State Relations, a sufficiently low rating of a State's inspection efforts could, in itself, lead FSIS to conclude that the State is not maintaining an equal to program.

Procedures for quarterly reviews  
of State-inspected plants

In making quarterly reviews of State-inspected plants, the FSIS circuit supervisors are required by MPI Directive 910.1 to judge the adequacy of the same seven basic inspection requirements that apply to USDA-inspected plants:

1. Ante- and post-mortem (before and after slaughter) inspections must effectively detect and remove any unwholesome carcass, part, or organ from human food channels.
2. Inspection and control of products during further processing (reinspection) must ensure that only sound, wholesome, properly labeled products are distributed for human consumption.
3. Sanitation of facilities, equipment, and personnel must be such as to permit production of wholesome products and to prevent exposure of products to contaminants.
4. Potable water <sup>1/</sup> must be used in areas where edible products are slaughtered, handled, or stored.
5. Sewage and waste disposal systems must be effective and they must be approved by local or State health authorities.
6. Pest control measures must be capable of preventing product contamination and must reasonably prevent entry of rodents, insects, or animals into product-handling areas.
7. Condemned and inedible products and material must be controlled so as to prevent their diversion into human food channels.

The Federal meat and poultry acts exempt certain types of operations from regular inspection. Although the exemption criteria are rather detailed and differ slightly between meat and poultry, in general, custom operations (those that slaughter and/or process meat/poultry furnished by an individual for his or her own personal use), retail establishments conducting limited

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<sup>1/</sup>Water which is suitable for drinking.



types of operations, and small poultry slaughter/processing operations are considered exempt from regular Federal and State inspection. Such operations, however, are subject to the acts' adulteration and misbranding requirements and are periodically inspected by FSIS or the States, as appropriate. FSIS' reviews of these operations concentrate primarily on sanitation and identification of conditions that could endanger public health, such as use of nonpotable water; presence of diseased carcasses or parts; use of unsound meat/poultry; and presence of harmful chemicals and preservatives in excess of permitted tolerances.

Circuit supervisors prepare a report for each State-inspected plant reviewed which includes a rating of either acceptable or unacceptable in each of the seven basic inspection requirement categories that apply to that plant. For example, all seven categories normally would apply to a plant that both slaughters animals and processes the product, whereas six would normally apply to a plant that only processes meat or poultry. In the latter case, the ante- and post-mortem category would not apply since the plant does not have slaughter operations.

FSIS procedures require that plants with unacceptable ratings in one or more of the seven basic categories be resurveyed during the following quarter. These plants to be resurveyed are in addition to the plants selected in the sample for the following quarter's review. FSIS Southeastern Regional Office policy provides that circuit supervisors make only one resurvey visit to plants even if an unacceptable category, or categories, should still be found during the resurvey. FSIS' Southeastern Regional Director told us that further follow ups are not made because FSIS' main concern is the State program itself rather than individual plants. During 1980, 1981, and the first quarter of 1982, of the 280 Florida-inspected plants FSIS reviewed, it rated 68 plants as unacceptable in one or more categories. During its follow-up visits, FSIS found that 14 of these plants (about 21 percent) still had unacceptable categories.

During the second quarter of 1982, FSIS found unacceptable categories at 9 of the 30 Florida-inspected plants reviewed. At the time of our review, however, FSIS had not made followup visits to these plants because FSIS did not review State-inspected plants nationally during the third quarter (July-September) of 1982 due to the travel fund shortage mentioned previously.

FSIS' Director of Federal-State Relations told us that he did not believe the omission of the third-quarter reviews would adversely affect official certification of Florida's equal to status, since the certification is made annually. The FSIS Regional Director and Area Supervisor responsible for the Florida program agreed. The Director of Federal-State Relations said that FSIS resumed quarterly reviews during the fourth quarter, when fiscal year 1983 funds became available.

Because FSIS suspended its third-quarter reviews, we were only able to make a limited observation of FSIS plant reviews. We accompanied an FSIS circuit supervisor on reviews of two State-inspected plants in Florida which we judgmentally selected and which FSIS reviewed at our request. Both were fairly small-sized processing plants that had been in operation about 12 and 15 years. Based on our observations, it appeared that the circuit supervisor inspected both plants in accordance with FSIS procedures. He rated both plants as acceptable in all applicable inspection categories, but noted minor deficiencies in some categories, which he also discussed with plant management during his inspection.

As of November 29, 1982, FSIS was in the process of revising and updating the directive on reviewing State equal to programs. According to its Director of Federal-State Relations, FSIS was considering the need for changes in areas such as (1) a possible reduction in sample sizes, (2) method of computing the rate of unacceptable items, and (3) criteria for warning States of program deficiencies. The Director estimated that the revised directive would be finalized and issued by mid-1983.

FSIS procedures for rating State programs

FSIS area offices compile the results of the quarterly reviews of State-inspected plants and give each State program a rating, ranging from category 6 (the best) to category 1 (the worst). These State ratings are based on the percentage of basic inspection categories (items) which were rated as unacceptable during the quarter. (In computing this percentage, unacceptable items in exempt plants are given only one-tenth the weight of those in other plants.) The percentages of unacceptable items corresponding to each category in the FSIS rating are as follows.

<u>Category</u>	<u>Percent of unacceptable items</u>
6	0 through 1.0
5	1.1 through 2.5
4	2.6 through 5.0
3	5.1 through 7.0
2	7.1 through 10.0
1	10.1 and greater

FSIS averages a State's rating for the current quarter with its ratings from the preceding three quarters. This average category rating (rounded to the nearest whole number) is FSIS' primary basis for judging the effectiveness of State inspections. FSIS also uses this rating to determine how many State plants to review the next quarter and as the basic criteria for deciding when to warn States of program deficiencies (see p. 10).

During the period January 1980 through June 1982, FSIS conducted nine quarterly reviews of the Florida program. FSIS did not conduct its usual reviews during the first quarter of 1980

because of a special review of State programs conducted by its internal review unit. (See p. 12.)

We verified that FSIS correctly computed the State's category ratings and properly determined sample sizes for the nine quarters. For the two most recent quarters (first and second of 1982), we also tested the accuracy of FSIS' quarterly summary reports by comparing them to the lists of randomly selected plants and to the actual inspection reports filed by circuit supervisors. We found no discrepancies which affected the results reported in the summaries.

#### Procedures for warning States of program deficiencies

Under current procedures, which were issued in November 1979, FSIS must apprise the head of a State's inspection agency of program deficiencies in writing whenever FSIS' average quarterly rating of the State falls in either category 1 or 2. If the State receives a single-quarter rating in either of these categories the following quarter, USDA notifies the Governor in writing that it will designate (take over) the State's program after 60 days unless corrective actions are taken. FSIS' Director of Federal-State Relations told us that FSIS would consider a State program not equal to the Federal Government's program if its rating met the criteria requiring a notification to the Governor.

FSIS Regional Directors also must notify the heads of State inspection agencies by letter whenever a State's average quarterly category is 3, or whenever its category for a single quarter is 1. FSIS' Director of Federal-State Relations told us that FSIS would view a State program with an average rating of category 3, or a single-quarter rating of category 1 or 2, as a marginally acceptable program needing immediate improvement by the State.

In the third and fourth quarters of 1980, the Florida program had an average rating of category 3. In both instances, FSIS' Southeastern Regional Office sent the required notification letter. FSIS files included only one other written warning to Florida. This was a November 13, 1979, letter from the FSIS Administrator to the Commissioner, Florida Department of Agriculture and Consumer Services, informing him of problems identified during FSIS' third-quarter 1979 review. Florida received a category 2 rating for that quarter, which required a written notification under criteria in use at that time.

#### FSIS' RATINGS OF THE FLORIDA PROGRAM HAVE BEEN BELOW AVERAGE

During the period April 1980 through June 1982, FSIS' ratings of the Florida program have been in either category 3 or 4 and there has been no significant trend of either improvement or decline. While the four-quarter average ratings, on which FSIS bases its evaluation of a State program, improved from 3 to 4,

the individual quarterly ratings have varied between 3 and 4 and the latest quarter's rating was 3. The FSIS ratings for the Florida program are shown in the following table.

	<u>Single-quarter category rating</u>	<u>Four-quarter average category rating</u>
<u>1980</u>		
1st quarter	(a)	(b)
2nd quarter	3	(b)
3rd quarter	3	3
4th quarter	4	3
<u>1981</u>		
1st quarter	4	4
2nd quarter	3	4
3rd quarter	4	4
4th quarter	4	4
<u>1982</u>		
1st quarter	4	4
2nd quarter	3	4

a/Regular quarterly reviews were not performed because of a special survey of State-inspected plants by FSIS's internal review unit.

b/FSIS did not start computing four-quarter average category ratings until the third quarter of 1980.

Florida was 1 of only 4 States--out of a total of 27 with equal to programs--which had average category ratings as low as 3 or less during the above period.

We compared FSIS' category ratings and the percentage of unacceptable items found by FSIS (which is the basis for the category ratings) for the Florida program with the averages for all State equal to programs. Since FSIS circuit supervisors make annual reviews of all USDA-inspected plants using the same basic review procedures as in their quarterly reviews of State-inspected plants, we also compared FSIS' findings on the Florida program with the results of the annual reviews of the USDA-inspected plants in Florida. In each case we computed annual percentages of unacceptable items and equivalent annual category ratings using the same procedures FSIS uses to compute quarterly ratings of State programs. We were unable to obtain data on USDA-inspected plants nationally because USDA does not summarize national results. As shown in the table on page 12, the percentages of unacceptable items found in Florida-inspected plants were considerably higher, and the resulting category ratings lower, than either State-inspected plants nationally or USDA-inspected plants in Florida.

	<u>Florida program</u>	<u>All State programs</u>	<u>USDA-inspected plants in Florida</u>
<u>1980:</u>			
Percent of unacceptable items	<u>a</u> /5.3	<u>a</u> /3.1	1.2
Equivalent category rating	3	4	<u>b</u> /5
<u>1981:</u>			
Percent of unacceptable items	4.2	2.3	1.4
Equivalent category rating	4	5	<u>b</u> /5
<u>1982 (Jan. - June):</u>			
Percent of unacceptable items	5.5	2.6	3.1
Equivalent category rating	3	4	<u>b</u> /4

a/Represents results for three quarters since FSIS did not make its usual review in the first quarter.

b/FSIS does not assign this type of rating to USDA-inspected plants. We computed the rating using FSIS' criteria for State program ratings.

In both the Florida-inspected plants and the average of State-inspected plants nationally, the sanitation, processing, and pest control categories accounted for over 80 percent of the unacceptable items FSIS found. 1/

#### OTHER FSIS REVIEWS OF STATE PROGRAMS

Reviews of State-inspected plants by FSIS' internal review unit also indicate that the Florida program is below the average of all State programs.

FSIS' Review and Evaluation staff, which performs internal reviews of all FSIS programs, is responsible for evaluating the effectiveness of the Federal meat and poultry inspection program,

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1/Our 1981 report on federally inspected slaughter plants ("Improving Sanitation and Federal Inspection at Slaughter Plants: How To Get Better Results for the Inspection Dollar" (CED-81-118, July 30, 1981)) showed that about 72 percent of the unacceptable items found in the plants we selected were in the sanitation and pest control categories. The processing category did not apply to these plants.

which it does primarily through regular onsite inspections at USDA-inspected meat and poultry plants.

During the January-March quarter of 1980, the unit made a survey of 532 randomly selected State-inspected plants nationwide--the unit's first--to provide an independent, objective review of State-inspected plants. The usual FSIS circuit supervisors' reviews of State-inspected plants during that quarter were suspended to avoid confusion and potential overlap among reviewers.

The internal review unit used its own rating system for State-inspected plants, which differed from the category ratings FSIS assigned in its usual quarterly reviews of State programs. The unit rated plants on a scale from category 1 (worst) to category 4 (best) based on the likelihood that the plants may be producing adulterated or misbranded products.

The unit's survey found that State plants overall rated significantly lower than USDA-inspected plants, which the unit had been reviewing on a routine basis since 1974. The survey report compared ratings of the State-inspected plants reviewed with the internal review unit's historical average rating of USDA-inspected plants and with the average rating of USDA-inspected plants the unit reviewed in fiscal year 1979. Thirty percent of the State-inspected plants nationwide were rated in the lower two categories, as compared with 21 percent for USDA-inspected plants historically and 15 percent for USDA-inspected plants in fiscal year 1979. Of the 34 Florida-inspected plants surveyed, 14 plants (41 percent) were rated in the lower two categories. Of these plants, 11 (32 percent) were rated in the lowest category. Although the unit's survey report stated that its statistical base was not sufficient to draw final conclusions about individual States, the report questioned the quality of inspection in some State programs--but did not specify which ones--and the adequacy of FSIS' quarterly review system. The report called for continued independent reviews of State-inspected plants by the internal review unit to supplement regular FSIS quarterly reviews.

The internal review unit reviewed 484 randomly selected State-inspected plants nationwide in 1981 and found a noticeable improvement in ratings--16 percent of State-inspected plants nationwide were in the two lower categories versus 30 percent in 1980. These results also compared favorably to the historical average at that time of 20 percent of USDA-inspected plants in these two categories. Florida-inspected plants also rated much better in 1981, with 18 percent in the two lower categories versus 41 percent in these categories in 1980.

The internal review unit has not made any additional reviews of State-inspected plants. The unit had suspended its reviews of State-inspected plants during 1982 so that it could develop uniform review procedures and rating criteria to replace the differing ones used by the internal review unit and FSIS circuit

supervisors. The unit subsequently decided to focus its efforts on broad program reviews of FSIS circuits, rather than on the reviews of individual plants which it had been making, in an attempt to evaluate the overall effectiveness of all aspects of circuit operations, including their oversight of State equal to programs. According to its Director, the internal review unit currently does not plan to routinely review individual State-inspected plants or State equal to programs.

#### FSIS OFFICIALS' ASSESSMENT OF THE FLORIDA PROGRAM

FSIS officials generally agreed that the Florida program has not been one of the better State equal to programs. These officials pointed out, however, that they have seen a vast improvement in the State's attitude and cooperation since a new chief was appointed to head the State's inspection agency in January 1981. They believed that the new chief (who was formerly Supervisor of FSIS' Tallahassee Area Office) has turned the program around and that it is improving.

The Director of FSIS' Southeastern Region, for example, said that Florida had been a "problem" program until the new State chief took over. He attributed past weaknesses in the program to a lack of leadership and a lack of desire to improve the program. The Regional Director said that the program has taken a "dramatic turnaround" and "has been on the upswing" under the new chief. The Supervisor of FSIS' Tallahassee Area Office (who has been responsible for managing the agency's oversight of State programs in Florida and Alabama since April 1981) said that the program has been improving under the new chief, but is still only fair.

One of FSIS' four circuit supervisors in Florida who make the quarterly onsite reviews of plants in the Florida program told us that there have been problems with the program, such as poor program direction and unqualified and inadequately trained State inspectors, but he said that the program has been improving under the new chief's direction. The circuit supervisor generally believed that, despite this improvement, the current program is not on a par with the Federal Government's program.

#### RECENT CHANGES INTENDED TO IMPROVE THE FLORIDA PROGRAM

During 1982 the new Chief of the Florida Bureau of Meat Inspection implemented several administrative changes designed to make its meat and poultry inspection program more effective. In February 1982, the bureau established its first formal compliance unit, and in March 1982 it set up new formalized procedures for following up on plant deficiencies and compliance violations FSIS found. Other changes, designed to better document the results of State district supervisors' plant reviews, were instituted during April and May.

The bureau's new compliance unit is responsible for identifying and investigating violations of the State's meat and poultry inspection laws and regulations. It performs functions at the State level similar to those of FSIS' Compliance Division (see p. 17). As of early August 1982, the bureau had two compliance officer positions authorized, but only one was filled. Both positions had been filled initially, but one was later vacated by an individual who was transferred back to the State's inspection force at his own request. As of early August, the bureau's chief was trying to fill the vacancy and was seeking authorization for a third compliance officer position. The activities of the State's compliance unit are discussed in more detail in chapter 4.

The officer-in-charge of FSIS' Southeastern Area Compliance Office said that he had serious concerns about the State's compliance efforts in the past, such as poor control over the distribution of inedible products and a large number of plants operating without State inspection. He said that these and other compliance violations had been brought to the State's attention repeatedly, but little seemed to be done about them. The officer-in-charge noted, however, that the new chief has been very cooperative, has established a compliance organization, and has followed up on uncorrected violations which FSIS had reported before he assumed his position. FSIS' two compliance officers assigned to Florida agreed that State compliance efforts have improved under the new chief, but one of the officers believed that the State should have three compliance officers.

Although Florida's Bureau of Meat Inspection has been following up for some time on plant deficiencies which FSIS finds in its quarterly reviews, it has only recently formalized its followup procedures. In March 1982 the bureau's chief issued written instructions which require that the cognizant State inspector, supervisory inspector, and district supervisor file a written report within 7 working days on each unacceptable item (basic inspection category) which FSIS finds. This report must include detailed explanations of why the deficient condition was permitted to exist and of the corrective actions being taken.

According to the Chief of Florida's Bureau of Meat Inspection, State district supervisors have historically reviewed the effectiveness of inspections at plants under their jurisdiction. Until recently, however, there were no formal requirements for the frequency of these reviews or for documenting deficiencies found.

The bureau's chief told us that district supervisors are now required to review all plants in their districts at least once annually. In April 1982 the chief instructed supervisors to begin using a prescribed checklist of items to record deficiencies found during every plant visit. In May 1982 he also instructed supervisors to complete another prescribed form each time they visit a plant. The purpose of the latter form is to document observations made regarding the efficiency of State



inspectors assigned to the plant, personnel utilization, progress being made on special projects, and other matters.

#### CONCLUSIONS

Based on FSIS' reviews and ratings, Florida's meat and poultry inspection program, when compared to the national average for State programs, was one of the poorer State programs during the period we reviewed (1980 through mid-1982). FSIS' ratings of the Florida program on an annual basis have been consistently lower than the average of State programs nationally and have shown no significant trend of improvement. During this period, FSIS found a noticeably higher percentage of unacceptable items in Florida-inspected plants than in either State-inspected plants nationally or in USDA-inspected plants in Florida.

Even though FSIS' ratings do not show any significant change, FSIS officials said that they have noted improvements in the Florida program under the State's new program chief, appointed in January 1981. These officials said that they have seen a change for the better in the State's attitude toward making improvements and in its cooperation in remedying specific deficiencies which FSIS finds. They believe that the new chief has turned the program around and that it is now headed in the right direction.

We confirmed that the State has recently implemented some changes in its program in an attempt to improve its effectiveness. Although it may be too soon to expect these changes to have had any significant impact on FSIS' ratings, we view the changes as steps in the right direction and as an indication of a positive State attitude toward upgrading its program.

#### AGENCY COMMENTS

FSIS said that our draft report was a fair and accurate presentation of the situation in Florida. The Florida Bureau of Meat Inspection generally agreed with the report. The bureau's chief said the State has been implementing, and will continue to implement, tighter controls and more efficient operations to achieve better overall performance. Although the chief did not share our belief that the Florida program is below average, he characterized the State's progress as constant, though slower than preferred. Both agencies suggested minor changes to improve technical accuracy and clarity, and we incorporated these changes into this report. (See app. III for the bureau's written comments.)

## CHAPTER 3

### VIOLATIONS IN FLORIDA FOUND BY

#### FSIS COMPLIANCE DIVISION

Although the primary mission of FSIS' Compliance Division is monitoring the meat and poultry industries to ensure that they comply with the Federal meat and poultry acts, the division's activities also provide data which can help show the effectiveness of State (as well as Federal) inspection programs. From January 1980 through June 1982, FSIS compliance officers found 130 deficiencies involving plants or products inspected under the Florida program--23 violations of the Federal meat or poultry acts and 107 deficiencies which FSIS considered were within the State's jurisdiction. Many of these violations were of the type that State in-plant inspectors might have been able to detect. We were unable to compare these figures with those for other equal to States, however, because the necessary statistics were not readily available from the Compliance Division.

#### FSIS COMPLIANCE DIVISION ACTIVITIES

FSIS' Compliance Division systematically monitors firms which transport, store, distribute, and sell meat and poultry products after they have been inspected at the producing plant by either Federal or State inspectors. Although the primary purpose of this monitoring is to detect violations of the Federal meat and poultry acts, it also provides insight into the effectiveness of State (as well as Federal) inspections by reporting deficiencies which may have been missed by in-plant inspectors.

The Compliance Division's monitoring activities are separate and distinct from FSIS' in-plant inspections of federally inspected plants and its monitoring of State inspection programs. (See ch. 2.) While a State's in-plant inspectors usually are not in a position to detect certain violations of the Federal acts (such as export or interstate shipment of State-inspected products), they normally should detect and ensure correction of other violations which occur at the producing plant, such as adulteration, misbranding, unauthorized use of USDA's official inspection mark, and failure to properly denature inedible products. <sup>1/</sup> Federal compliance officers also find other irregularities which they consider are within the State's jurisdiction. These include use of improper labels, products with no labels, products with no State inspection mark, and products with improperly used or supplied State inspection marks.

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<sup>1/</sup>Denaturing refers to treating inedible products by approved methods (such as dyes) to prevent their diversion into human food channels.

FSIS takes regulatory actions on violations of the Federal acts, which for cases involving State-inspected plants or products, can include warning letters, injunctions, or criminal prosecution. <sup>1/</sup> According to the Director of FSIS' Compliance Division and the officer-in-charge of its Southeastern Area Office, this type of case is usually closed with a letter of warning, especially if it is a relatively minor violation. More serious violations--those involving willful acts, fraud, bribery, adulterated product(s), etc.--can result in injunctions and/or criminal prosecutions, according to these same officials. When FSIS compliance officers find irregularities that fall entirely within a State's jurisdiction, they report them to the State for follow up and appropriate action.

FSIS compliance cases  
involving the Florida program

From January 1980 through June 1982, FSIS' Compliance Division found 23 violations of the Federal meat and poultry acts that involved plants or products inspected under the Florida program. Of these violations, 14 were of the type not normally detectable by the State's in-plant inspectors: interstate shipment of State-inspected products (10 violations) and export of State-inspected products (4 violations). The remaining nine violations, however, may have been missed by State in-plant inspectors: improper use of USDA inspection mark (7 violations), misbranding (1 violation), and failure to properly denature inedible product (1 violation). FSIS issued letters of warning in most of the 23 cases and, according to compliance officers, it made follow-up visits to most plants involved.

We were unable to compare the number of violations found in Florida with the number found in other equal to States because the necessary statistics were not readily available. This is because the Compliance Division only keeps count of the total number of cases it investigates. It does not break this count out according to cases involving State programs or according to the specific type of violation involved. However, by reviewing individual case files maintained at the division's Southeastern Area Office, we were able to determine that the 23 cases comprised about one-third of the 63 total Federal act violations which the division found in Florida during the period. Eight of the remaining 40 violations involved federally inspected plants in Florida and 32 involved stores and other meat-handling facilities.

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<sup>1/</sup>For cases resulting in felony conviction or multiple misdemeanor convictions against federally inspected plants, FSIS also has the option of administratively withdrawing in-plant inspection. Since plants cannot legally operate without inspection, this action can, in effect, close the plant(s) involved.

During the same period, FSIS' Compliance Division also referred to the State of Florida a total of 107 compliance cases deemed to be within the State's jurisdiction. The types of violations involved in these cases are shown in the following table.

<u>Type of violation</u>	<u>Number of cases</u>
Improper labels	30
No inspection mark	16
Inspection marks improperly supplied or used	15
No labels	11
Various other violations	<u>35</u>
Total	<u>107</u>

We could not compare these figures with those for other equal to States, however, because the Compliance Division does not maintain the necessary statistics.

#### FEDERAL REVIEWS OF STATE COMPLIANCE PROGRAMS

The Federal meat and poultry acts require that States operating intrastate inspection programs effectively enforce State laws and requirements which are at least equal to the Federal program. The acts do not, however, specifically require equal to States to have a separate compliance organization. For this reason, FSIS recommends, but does not require, that equal to States have a separate compliance organization, similar to FSIS' Compliance Division. According to FSIS' Director of Federal-State Relations, the adequacy of a State's compliance program is secondary to the adequacy of its in-plant inspection program in determining a State's equal to status.

The Director of FSIS' Compliance Division told us that evaluating State compliance programs has been subject to budget restrictions in recent years. All but two equal to States have separate compliance organizations, but due to staffing and travel restrictions, very few have been evaluated to determine whether their compliance activities are equal to the Federal program. Compliance work plan agreements with these States are in effect, however, and some States, including Florida, also voluntarily provide FSIS with monthly reports summarizing their State compliance activities.

As discussed in chapter 2, the State of Florida first established a formal compliance program and organization in February 1982. For this reason, FSIS has not yet conducted its first annual review of the program. The officer-in-charge of the Compliance Division's Southeastern Area Office said, however, that his office would review Florida's compliance program during fiscal year 1983.

According to this official, Florida had only minimal compliance or enforcement activity before the recently established formal program. He noted that his office reviewed Florida's compliance work in September 1977 and concluded that, while the State's meat inspectors and general food inspectors performed some compliance functions, neither were trained in compliance work and that this arrangement did not provide sufficient documentation to permit FSIS' Compliance Division to determine whether the State was effectively enforcing its meat and poultry laws, as required by the Federal acts. On November 30, 1977, the Director of FSIS' Compliance Division sent a letter to the Commissioner, Florida Department of Agriculture and Consumer Services, which outlined the survey conclusions and recommended that the State set up a distinct compliance unit in its meat and poultry inspection program.

FSIS' Compliance Division took no further action in this regard until November 1981, when Federal compliance officers began a series of meetings with State officials. According to its Director, and the officer-in-charge of its Southeastern Area Office, the Compliance Division did not take further action because Florida showed no interest in establishing a formal compliance program until that time.

## CHAPTER 4

### VIOLATIONS FLORIDA COMPLIANCE OFFICERS FOUND AND STATE

#### FOLLOW-UP ACTIONS ON DEFICIENCIES FSIS FOUND

The State of Florida's compliance officers have found a total of 132 violations of the State's meat and poultry laws and regulations since the State established its formal compliance program in February 1982. The State Bureau of Meat Inspection has generally taken follow-up action on these violations and on compliance cases referred to it by FSIS. We also found that, for the most part, the State has been adhering to its recently established procedures for following up on unacceptable items which FSIS finds in its quarterly reviews of State-inspected plants.

#### STATE COMPLIANCE FINDINGS

Our review of Florida Bureau of Meat Inspection records disclosed that the State's newly created compliance unit prepared a total of 132 investigation reports from February through August 1982. These consisted of 25 violations classified as serious and 107 less serious "incidents" which State compliance officers found primarily through routine checks of retail establishments.

Most of the 25 serious cases involved processing meat products without State inspection or sale (actual or attempted) of uninspected meat. The most serious of these violations included the following.

- A firm which offered unfit meat for sale. State compliance officers issued a stop-sale order in this case, and the owner disposed of the meat.
- A firm which illegally sold and transported meat from animals which were dead, diseased, or dying before slaughter and which had not been denatured and properly labeled. State compliance officers also issued a stop-sale order in this case, and the product was subsequently denatured, labeled properly, and cleared by State inspectors for use as animal food. According to the bureau, a warrant was subsequently issued for the person who headed the sale and felony charges were pending as of November 29, 1982.
- A firm which illegally used an official State inspection number. The firm repacked chicken salad in containers with labels bearing the official State inspection number of another plant. The State prosecuted this case and the firm was fined \$1,000.

The 107 less serious incidents reported by State compliance officers included violations such as products with erroneous or illegible labels, products with no labels or no inspection marks, and unauthorized furnishing of labels to retail stores. These

violations involved 55 different State-inspected plants--34 plants with a single incident report, 17 plants with between 2 and 4 incident reports, and 4 plants with between 5 and 12 incident reports.

Bureau files documented follow-up actions taken by the States' in-plant inspectors and the plants involved in all but 2 of the 107 cases. In most cases the violators were cooperative and took corrective action. The bureau, however, issued written warnings to 11 plants involved in 17 of the incident reports.

#### STATE FOLLOW UP ON DEFICIENCIES FSIS FOUND

Florida's Bureau of Meat Inspection files indicated that the State was following up on most compliance cases referred to it by Federal compliance officers. We traced the 26 cases referred during the period October 1981 through June 1982 to the bureau's files and found that the State had reported taking action on all but 3 cases. According to the bureau's chief and its files, the State had not acted on these three cases because

- it had no record of receiving one case,
- it considered a second case to be a Federal violation that FSIS should have pursued, and
- the plant involved in the third case closed before the State could take action.

Because of the time and expense which would have been required to visit the plants involved, we did not attempt to verify whether the violators in these cases actually took the corrective actions which the State prescribed. We did note, however, that the State did not ensure prompt corrective action in at least two cases. One of these cases involved a plant which was repacking beef without State inspection. FSIS had reported this violation to the State in April 1978, July 1978, March 1980, September 1980, and again in January 1982. According to bureau records, this plant was not brought under State inspection until June 1982. The second case involved a plant that was making and selling lasagna with uninspected meat which FSIS first reported in June 1978. The bureau notified the plant of the need for inspection services in June 1982. The plant's management said that they had been unaware of the need for inspection.

As discussed in chapter 2, Florida's Bureau of Meat Inspection has been following up for some time on plant deficiencies which FSIS finds in its quarterly reviews, but it has only recently formalized its procedure for doing so. To determine if the State was adhering to these procedures, we reviewed the bureau's files for all State-inspected plants at which FSIS found unacceptable items during the three quarters ending June 30, 1982. During this period FSIS found 24 unacceptable items at 23

different State-inspected plants. The bureau's files indicated that corrections had been made, or were in process, on all but 2 of the 24 unacceptable items. Both of these items, however, were found during the fourth quarter of 1981, prior to the requirement that corrective actions be documented in writing in the files. The bureau's chief told us that follow-up action was probably taken in these two instances, but not documented in the files.

We also visited four State-inspected plants to verify that the corrective actions reported in the bureau's files had been taken. We selected these from the nine State-inspected plants at which FSIS had found unacceptable items during the quarter ending June 30, 1982. We found that the corrective actions reported in the files had been taken on all but 1 of the 24 specific conditions leading to unacceptable items at the four plants. The one exception was a slight peeling of paint on the door and ceiling of a cooler in one plant. The bureau's files indicated that the paint had been repaired, but we found it to be still peeling.



## CHAPTER 5

### SAMPLES OF FLORIDA PLANTS FSIS SELECTED

#### HAVE NOT BEEN COMPLETELY RANDOM

As discussed in chapter 2, FSIS circuit supervisors conduct quarterly reviews of State-inspected plants to evaluate the effectiveness of equal to States' in-plant inspections. The specific plants reviewed each quarter are supposed to be a randomly selected statistical sample of all State-inspected plants. The selection of Florida samples, however, has not been completely random because of a problem with the random number table which FSIS' area office was using. We found no evidence, however, that the area office had intentionally manipulated the samples to either include or exclude specific plants.

#### SAMPLE SELECTION PROCEDURES

MPI Directive 910.1 prescribes procedures for randomly selecting quarterly statistical samples of State-inspected plants to be reviewed by circuit supervisors. The directive includes a table of prescribed sample sizes which is based on the number of plants in the State program and the average of FSIS' ratings of the State's inspection program for the preceding four quarters. Prescribed sample sizes range from 5 (for a State with 50 or less plants that is in the best rating category) to 120 (for a State with more than 500 plants that is in the worst rating category).

The directive specifies three separate categories of plant types to be used in selecting the samples: (1) nonexempt slaughter and combination slaughter/processing plants, (2) non-exempt processing-only plants, and (3) exempt plants. The samples must be stratified so that they include the various types of plants in the same proportion as they occur in the State program. For example, if a State had a total of 150 plants, with 50 plants of each type, and a prescribed sample size of 30, the sample must consist of 10 plants of each type. The directive also includes a prescribed table of random numbers which FSIS area offices are to use to select the sample for each type of plant. The sample also must include extra plants of each type to serve as alternates if one of the original sample plants is not in operation at the time of the review. Because quarterly reviews are unannounced and sample plants are widely scattered, FSIS circuit supervisors often do not know in advance whether a selected plant will be operating.

#### SELECTION OF FLORIDA SAMPLES

We reviewed the Tallahassee Area Office's selection of Florida plant samples for the four quarters ending September 30, 1981, through June 30, 1982, and verified that the area office generally followed the procedures prescribed in the MPI directive. We found, however, that the office was using a superseded table of random numbers which did not yield totally random samples.

We determined the frequency with which the numbers 1 through 390 (the approximate number of plants covered by the Florida program) appeared in the table and found that almost 63 percent (245 separate numbers) did not appear at all, whereas certain other numbers in this range appeared between two and four times. Therefore, the table that the office was using did not contain many numbers in the range needed to select the Florida samples whereas it contained other numbers in that range more than once.

To determine whether this flaw in the table had materially affected the randomness of FSIS' selection of Florida plants, we compared the actual frequency with which individual plants were selected to that which would be theoretically expected in a totally random selection. Because the area office had been using this same table for a number of years, we made our comparison for a 10-quarter period. This comparison showed that some plants were selected more often than would be theoretically expected, while other plants were selected less often (see following table).

<u>Number of times selected</u>	<u>Number of plants</u>	
	<u>Actual</u>	<u>Theoretical</u>
0	107	127
1	187	153
2	74	83
3	25	27
4 or more	4	7

We then analyzed the significance of this difference using a statistical test and found the difference between actual and theoretical frequencies was too great to be attributed to chance, thus indicating that the flaw in the table had affected the randomness of the samples.

We found no indications, however, that the area office had intentionally manipulated the selections to either include or exclude specific plants. This would have been extremely difficult, because the person making the selection varied the order of the State plant list from quarter to quarter, thereby varying the sequential numbers assigned to individual plants. Since no particular number was permanently associated with a given plant, it would have been extremely difficult to use the table so as to intentionally manipulate the selection.

According to an FSIS statistician, FSIS had realized the flaw in the table and, for that reason, had replaced it. Although FSIS provided its area offices with a new table in July 1976, in the form of a formal change to MPI Directive 910.1, the individual who selected the Florida samples was not aware of the change until we brought it to her attention in May 1982. The Tallahassee Area Office has since obtained the current table for use in selecting Florida samples. This should help to correct the problem caused by the obsolete table, since we verified that

all numbers from 1 through 390 occur once, and only once, in the current table.

Furthermore, in April 1982, FSIS' Director of Federal-State Relations authorized area offices to experiment with a new computer-generated sampling technique to select State plants for quarterly reviews. The Tallahassee Area Office supervisor told us in early December 1982 that his office had begun experimenting with this technique by using it to select the Florida sample for the fourth quarter of 1982. He said that, if the new technique proves to be satisfactory, it will be used routinely in the future to select samples of Florida plants.

INFORMATION OBTAINED ON QUESTIONS INSENATOR CHILES' MARCH 15, 1982, REQUEST LETTER

QUESTION 1: Do USDA's procedures for reviewing and certifying State equal to programs permit Federal review officers to close an unacceptable State-inspected facility?

As explained in chapter 2, FSIS procedures for certifying equal to programs, while based heavily on reviews of individual State-inspected plants, are geared primarily to assessing the overall effectiveness of a State's program. Current procedures, however, do provide a mechanism by which FSIS can designate individual State-inspected plants for Federal inspection if it determines they are endangering public health. Before providing regular inspection services at plants so designated, FSIS must ensure that they meet Federal requirements. Since plants legally cannot operate without inspection, the designation process could, in effect, lead to a plant's closing if it fails to comply with Federal standards.

FSIS guidelines for reviewing State programs (MPI Directive 910.1) require that a plant be considered as endangering public health if any of the following conditions exist:

- Use of nonpotable water in edible products departments.
- Improper sanitation that results in (1) bacterial growth/development in or on product, (2) foreign matter entering product, or (3) failure to control vermin and insects.
- Presence of carcasses or parts showing sufficient evidence to identify a systemic diseased condition, or containing evidence of bearing a disease transmissible to man.
- Use of unsound meat/poultry in processing food products.
- Presence of harmful chemicals and preservatives in excess of permitted tolerances.
- Failure to properly treat or destroy trichinae.

This directive also requires that plants meeting these criteria be resurveyed by FSIS for corrective action after 5 working days. (As noted in the directive, plants can be unacceptable in one or more of FSIS' seven basic review categories but not be categorized as endangering public health.)

MPI Directive 915.2 sets forth a series of actions FSIS must take when it believes a plant is endangering public health. It must notify plant management (via a certified letter clearly

outlining all deficiencies), appropriate State and FSIS officials, and the State Governor. The letter to plant management serves as official notice that the plant is endangering public health and that it is subject to Federal designation. Plant management is then given the opportunity to present facts or arguments and is afforded a last opportunity to make corrections. FSIS then surveys the plant again. If the deficiencies are still not corrected satisfactorily, FSIS formally notifies plant management and the Governor that the facility is officially designated for Federal inspection, and that it must meet Federal inspection requirements in order to legally continue in operation.

Both the Federal Meat Inspection Act (21 U.S.C. 661) and the Poultry Products Inspection Act (21 U.S.C. 454 (c)) authorize the Secretary of Agriculture to designate for Federal inspection any State-inspected plant that is endangering public health, and they set forth the basis for the above FSIS procedures. According to FSIS' Director of Federal-State Relations, these provisions were included so that USDA could take direct action on individual State-inspected plants during the period when States were developing their equal to programs. However, now that State programs are firmly established, the Director said that FSIS would view the designation of a State-inspected plant under these provisions as a strong indication of an inadequate State inspection program that would bring the State's equal to status into serious question.

QUESTION 2: When USDA reviews State-inspected plants prior to designating a formerly equal to State for Federal inspection, does it find that many plants fail to meet Federal requirements?

When USDA designates a former equal to State for Federal inspection, that is, takes over a State program, all formerly State-inspected plants must be approved for Federal inspection. Accordingly, in preparation for designation, FSIS conducts a detailed review of each State-inspected plant to determine its compliance with Federal inspection requirements. The results of these plant reviews are summarized in a report, but such reports are maintained in the cognizant FSIS regional and area offices. Since we confined our work to the Florida program, which has not been designated, we did not review any of these reports.

FSIS' Southeastern Regional Director, however, provided us some insight into this question. According to the Director, FSIS' pre-designation plant reviews often find that many State-inspected plants do not qualify for Federal inspection. He said, however, that this is to be expected because USDA has been certifying the equal to status of the State program as a whole, not individual plants. He also noted that equal to does not have to be "same as."

The Director also explained that many State-inspected plants fail to qualify because they do not meet Federal facility requirements (specifications). The primary reason for this is that plants in existence when the State program was originally declared equal to were exempted from these requirements, provided they employed alternative procedures that ensured production of safe, unadulterated product. State-inspected plants built after a State received original equal to certification, however, must comply with the Federal facility specifications.

According to the Director, the existing-plant exemption was granted because most State-inspected plants were very small and the facility specifications were designed primarily for the larger plants characteristic of the Federal program. USDA concluded applying these requirements to existing State-inspected plants would be impractical and could put many of them out of business.

When FSIS designates a State, however, it allows previously exempted plants up to 3 years to bring their facilities into compliance with Federal requirements. The plants are allowed a maximum of 18 months to obtain approval of blueprints from FSIS and an additional 18 months to complete the necessary changes.

QUESTION 3: Has USDA ever designated an unfit State-inspected facility for Federal inspection?

According to FSIS' Director of Federal-State Relations, some State-inspected plants determined to be endangering public health were designated for Federal inspection during the early 1970's, when equal to programs were in their early, developmental stages. The exact number of plants so designated is not known, however, because FSIS does not keep such statistics on a national basis. FSIS Federal-State Relations officials, however, could not recall any such designations during the past 4 to 5 years.

In reviewing FSIS' quarterly reports on the Florida program for the period April 1980 through June 1982, we noted that one State-inspected plant was found to be potentially endangering public health in June 1980. (A similar finding on this same plant also had been made in April 1973.) The plant was not designated for Federal inspection, however, because it closed and subsequently reopened in September 1980 under a new name. Subsequent FSIS quarterly reviews of the plant in March and June 1982 found all basic inspection categories to be acceptable.

QUESTION 4: How much State-inspected product is being shipped across State lines and into international commerce?

This question involves potential criminal violations, which is outside of our jurisdiction. Therefore, Senator Chiles' office agreed that we would limit our work in this area to determining

the extent to which FSIS had found such violations. Because FSIS' Compliance Division does not compile statistics on this basis, information on the total number of such cases nationally was not readily available. We did, however, obtain certain information regarding the extent of such violations in Florida.

As noted in chapter 3 (see p. 18), our review of FSIS compliance records disclosed that a total of 10 interstate shipment cases and 4 export cases involving products from Florida-inspected plants were found during the period January 1980 through June 1982. We also discussed the extent of such violations with FSIS compliance officers responsible for Florida.

The officer-in-charge of the Compliance Division's Southeastern Area Office said that export and interstate shipments of State-inspected products apparently occur, but the total extent of these activities is unknown and would be virtually impossible to determine. He said that Federal compliance officers have documented both types of violations in Florida, but these cases have not involved large quantities of products.

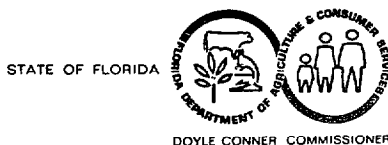
The officer-in-charge stated that most of their documented export cases in Florida involve shipments to the Bahamas and other Caribbean Islands. (Of the four export cases we identified, three involved shipments to the West Indies and one to the Dutch Antilles.) He said that illegal exports are probably more prevalent in Florida than other States because its proximity to surrounding islands makes it convenient to ship State-inspected products via private airlines without the knowledge of either Federal or State inspectors. He said, however, that interstate shipment of State-inspected products into Florida is probably more prevalent than Florida-inspected products being shipped to other States.

FSIS' two compliance officers assigned to Florida told us that they find five or six cases annually involving interstate shipment of Florida-inspected products. One officer, assigned to northern Florida, had seen no increase in the incidence of interstate violations, while the other, assigned to southern Florida, had detected a slight decrease. The northern Florida officer said that he last found an export violation in March 1970, but the southern Florida officer said that he had detected an increasing trend in such violations.

STATES WITH EQUAL TO INSPECTION PROGRAMSAPPROVED BY USDA AS OF OCTOBER 1, 1982

<u>State</u>	<u>Meat and poultry</u>	<u>Meat only</u>
Alabama	X	
Alaska	X	
Arizona	X	
Delaware	X	
Florida	X	
Georgia		X
Hawaii	X	
Illinois	X	
Indiana	X	
Iowa	X	
Kansas	X	
Louisiana	X	
Maryland	X	
Mississippi	X	
New Mexico	X	
North Carolina	X	
Ohio	X	
Oklahoma	X	
South Carolina	X	
South Dakota		X
Texas	X	
Utah		X
Vermont	X	
Virginia	X	
West Virginia		X
Wisconsin	X	
Wyoming	X	





## FLORIDA DEPARTMENT OF AGRICULTURE &amp; CONSUMER SERVICES

DOYLE CONNER COMMISSIONER

\* MAYO BUILDING TALLAHASSEE 32301

November 29, 1982

J. Dexter Peach, Director  
 United States General Accounting  
 Office  
 Washington, D.C. 20548

Dear Mr. Peach:

Your letter and the draft report were received November 22 1982. Our comments are related to chapters of the report. [1/]

Chapter I

Page 3: The Florida Program does follow USDA's meat and poultry regulations, directives and standards.

Page 4: We have no accurate means of determining how high or low the state inspected percentage is of the total production in Florida. We have production figures of our own plants and accumulate the totals. We have no federal figures with which to compare.

Chapter II

Page 12: I have no quarrel with the statistics here or elsewhere in the report, for many - perhaps most of the figures - were taken from our records. I do not doubt that 80% of our unacceptables were in the categories of sanitation, processing and pest control. In similar comparison of federally inspected plants, I invite your attention to your publication CED-81-118 (7-30-81), page 8 (copy attached). Your staff reviewed 62 federal plants. Sixteen had one or more unacceptable "basic 7" factors. This is a 25.8% ratio. Of the total 25 unacceptables recorded, 18 were sanitation or pest control related for a 72% defect ratio. This compared to our 80% is a minor difference!

Page 14: The Supervisor of FSIS Tallahassee Area Office is quoted as characterizing our state program as "having been poor in the past". He would have no personal knowledge of the history of our program prior to his arrival in Tallahassee in April of 1981. I would not have expected him to. He had no reason to know anything about the Florida program prior to his arrival except by opinions of others, thus I am surprised that he was quoted in that context!

These remarks are not meant to justify any of our shortcomings. They are meant to show that none of our systems are foolproof or perfect. We will continue to strive for constant and significant improvement.

GAO NOTE: In the remainder of the Bureau's letter, the page numbers were changed to reflect those in the final report. We made appropriate changes or additions in response to the Bureau's comments on the pages indicated.

Chapter III

Page 18: The data in the last paragraph mentions 23 violations of the Federal Meat and Poultry Acts, seven for interstate shipment of state-inspected products, and seven for export of state-inspected products. Neither of these two categories is controllable by Florida or any state program. If the owners of the meat decide to violate federal law, how could we or federal compliance possibly prevent that action from occurring? The remaining nine deficiencies I will accept, but not the 14! We had 9 and federal had 8 in federal plants during the same period!


Chapter IV

Page 21: Our fledgling compliance program achieved a \$1000 fine in the "chicken salad". We have succeeded in getting a warrant issued for the person heading the sale of uninspected 4-D meat in Miami. Felony charges are pending!

I have no quarrel with the statistics or the overall report except as specifically stated. I would appreciate my comments being included as such in your final report.

We have been implementing and will continue to implement tighter controls and more efficient operation to achieve overall better performance. We do not feel that we are "below average"; however, progress is constant though slower than preferred.

Sincerely,



F. L. Thomas, D.V.M.  
Chief, Bureau of Meat Inspection  
DIVISION OF ANIMAL INDUSTRY

FLT:db  
Attachments

cc: Commissioner Doyle Conner  
Dr. C. L. Campbell, Director

(022861)

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