

Livestock and Seed  
16th Annual Industry Meeting

May 22, 2008  
Kansas City, MO



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Opening Remarks

Presented by: Bill Sessions  
Dr. Craig Morris



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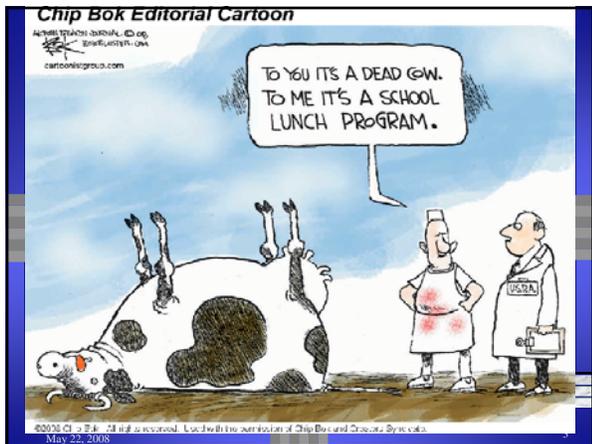
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## Thoughts

- Observations During First Year as Deputy Administrator
- Westland
- Importance of the National School Lunch Program Image
- Section 32 (Availability of Funds)
- Where Do We Go From Here



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## Animal Welfare

Presented by: William Sessions  
Associate Deputy Administrator



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## Animal Welfare

- Proposed Requirement for All Species
  - Beef
  - Pork
  - Lamb



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## Animal Welfare cont.

- Requirements
- Questions
- Feedback and Comments from Industry

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## Animal Welfare cont.

- Final Requirement Will be Contained in Announcement
- Will Require a Separate Technical Proposal
- Technical Proposal will be Subject to a Desk Audit and On-site Audit

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## Requirements

- Mission Statement
- Training
- Non-Ambulatory, disabled animals are precluded for all operations
- Audit to AMI Recommended Animal Handling Guidelines (Chapter 2)

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**Audit Frequency**

- Performance Based

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**We Want to Hear From You**

- Feed Back and Comments Must be Submitted by May 30, 2008
- Submit Comments electronically to:  
[William.Session@usda.gov](mailto:William.Session@usda.gov)

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**Commodity Procurement**

Presented by: Duane Williams

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## Commodity Update

- Year in Review
  - ❖ New Purchase Programs
    - Beef Roast
    - Beef, Special Trim
    - 95 percent Lean Patties-Pilot
    - Seasoned Pork Patties

Note: All products produced under a production plan



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## Web Based Supply Chain Management (WBSCM)

- Projected Implementation Date: 2009
- Will Not Change Our Vendor Eligibility Requirements
- Will Take Advantage of New Web Based Procurement Technology



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## Upcoming Program Changes

- New Ground Beef Specifications
  - ❖ TRS-GB-2008
  - ❖ TRS-BB-2008
- Monthly Supplier Audits
- Animal Welfare
- Master Solicitation
- Extranet (AGNISX)--Implementation Date:  
July 1, 2008



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# Response on New Web Site

New Web Site

<http://www.ams.usda.gov/lscp>



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The screenshot shows the USDA Agricultural Marketing Service website. The main heading is "Commodity Purchasing". Underneath, it lists "Livestock and Seed Commodity Procurement" and "Beef Purchase Programs". The beef programs include:

- Announcement LI-120—Frozen Ground Beef Program
- Announcement LI-121—Fresh Boneless Beef
- Announcement LI-122—Cooked Beef and Pork Products
- Announcement LI-123—Beef, Ground Trim
- Announcement LI-124—Beef Round Steaks

Other sections include "Pork Purchase Programs" and "Fish Purchase Programs".

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# Livestock and Seed, Contractor Information (LSCI)

Presented by: Sue Olson




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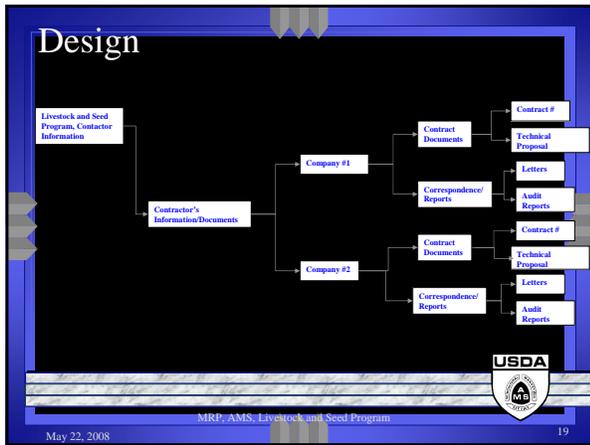
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- ## Types of Information (Contractor)
- 🕒 Contract
    - ❖ Contracts
    - ❖ Waiver Requests
    - ❖ Correspondence
  - 🕒 Technical Proposal Information
    - ❖ Technical Proposal
    - ❖ Changes
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- ## Who Has Access
- 🕒 Eligible Contractors
  - 🕒 Livestock and Seed Personnel
    - ❖ Commodity Procurement
    - ❖ Audit, Review, and Compliance
    - ❖ Meat Grading and Certification
    - ❖ Standards, Analysis, and Technology
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## How is Permission Set

- Permission is assigned based on user information
  - ❖ Contractors will only have access to their own specific folder
  - ❖ LS personnel will have access to all information



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## Once Logged in – Shows What Sites One has Access to





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## How to Get Access

- Must Be An Eligible Supplier
- Provide E-Mail Address(s) to Commodity Procurement of Those Members Who You Want to Have Access
- An Xnet Login Name Will Be Sent Via E-Mail To The E-Mail Address Provided



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## Next Step

- Will Get A Separate E-Mail Providing A Temporary Password
- Will Need To Login As Soon As Possible
- Will Be Prompted to Change Password



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## Advantages

- Do Not Need to send documents by e-mail (will still need to alert the Contracting Officer of the document upload)
  - ❖ Won't fill up e-mail accounts with large files
- Provide a paperless exchange of documents (contract, administrative documents)
- Secure sight for sharing of documents
- Speed notification process of contract changes, request, approvals etc.



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## Additional Advantages

- Set Alerts to specific folders
  - ❖ Three options available for setting up an alert by e-mail:
    - Immediately once a change has been made to that site (workspace)
    - Summary of changes at the end of the day
    - Weekly summary of changes made



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# Standards, Analysis & Technology Branch

Martin O'Connor, Chief  
202-720-4486



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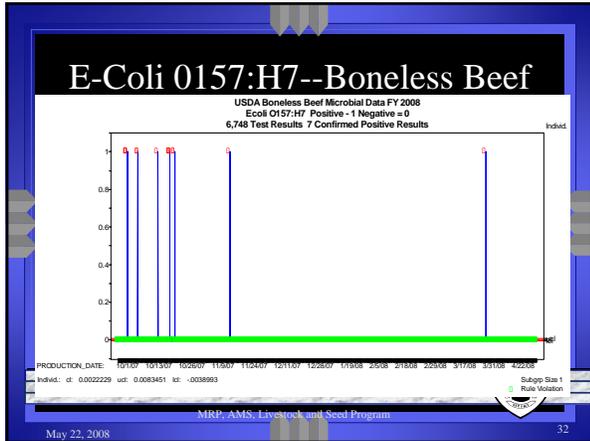
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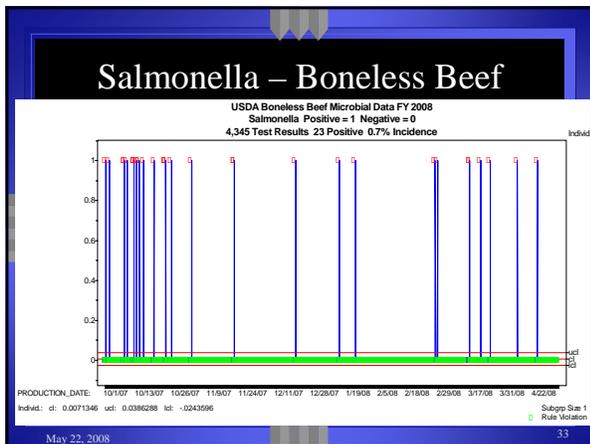
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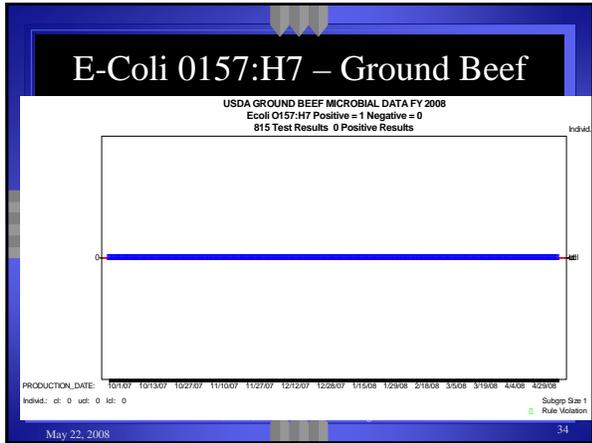
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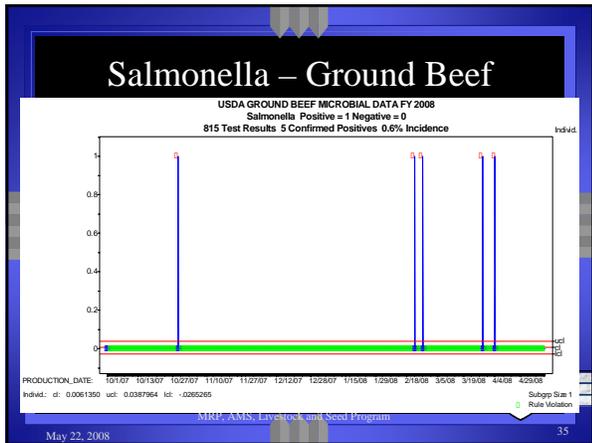
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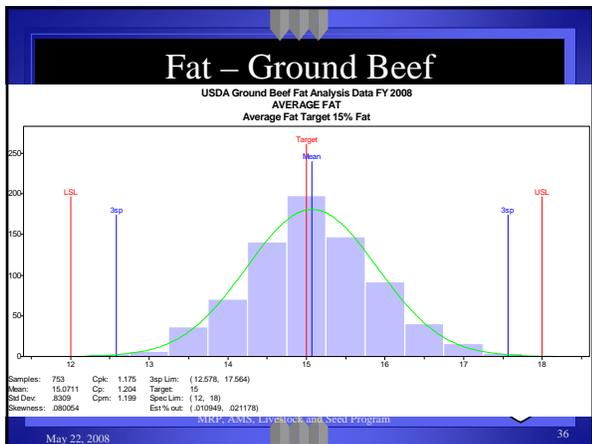
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## CHANGES TO TRS BB & TRS GB

### UNIFORMITY

- **TRS BB CHANGES**
  - **MATERIAL REQUIREMENTS FOR FRESH-CHILLED BONELESS BEEF**
    - **Domestic Origin and Harvest (Slaughter) Requirements** – The harvester's quality control program must be documented and have received a satisfactory onsite capability assessment by the ARC Branch. Boneless beef shall be derived from cattle harvested at facilities that comply with the following origin and harvest requirements.
    - **Carcass Testing** – Routinely test carcasses for *E. coli* O157:H7 at CCP to verify effectiveness of interventions, as provided in Section 1-E-B-3 of FQIS Directive 38,000.1 dated 2-1-08.

  
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## CHANGES TO TRS BB & TRS GB

### UNIFORMITY

- **TRS BB AND TRS GB REWORDING**
  - **Objectionable Materials** – The following objectionable materials shall be excluded:
    - Major lymph glands (*prefemoral, popliteal, and prescapular*), thymus gland, and the *sciatic (ischiatric)* nerve (lies medial to the outside round), internal fat (kidney, pelvic, and heart fat – TRS BB only).
    - All bone, cartilage, and the following heavy connective tissues:
    - White fibrous – Shoulder tendon, elbow tendon, silver skin from the outside round, *sacrociatic* ligament, opaque *periosteum*, *serous* membrane (*peritoneum*), tendinous ends of shanks, *gracilis* membrane, *patellar ligament* (associated with the *stifle joint*), and *achilles* tendon.
    - Yellow elastin – Back strap and *abdominal tunic*.

  
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## CHANGES TO TRS BB & TRS GB

### CLARIFICATION

- **TRS GB CHANGE**
  - **AMS Process Assessment** – For the first 20 production lots, the AMS agent will direct the contractor to randomly select samples each consisting of four sample units. For finely ground beef, each sample unit shall not exceed two pounds. For coarse ground beef, each sample unit shall not exceed ten pounds. Each sample unit shall be independent from those samples selected for contractor process assessment and send them to the ADL for fat analysis.

  
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## CHANGES TO TRS BB & TRS GB

### CLARIFICATION

- 1 TRS BB AND TRS GB APPENDIX B REWORDING
- 2 **Conditional Status** – Boneless beef production lots with test results that equal or exceed any of the Critical Limits listed in the table below may not be used in ground beef that is delivered to USDA. To regain process assessment status, the boneless beef supplier and/or the contractor must **declare to the Contracting Officer that the process is not capable, successfully implement corrective actions and then have 20 consecutive results that meet the 'Process Capable?' criteria** within 60 calendar days (or other time frame approved by the contracting officer). A boneless beef supplier may declare itself as ineligible at any time.



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## IDCR for Pork Patties, Fully Cooked

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### Item Description

Item - This item consists of ground pork (shall be derived from suitable lean from any portion of the sow carcass) that is seasoned, formed into round or oval patties, fully cooked, and then Individually Quick Frozen (IQF) for use as a sandwich component or a stand--alone item.  
Portion Weight – 2.0 ounces.



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## Item Description, cont'd

Formula - Pork will comprise at least 90% of the raw formula.

Non-Meat Component - Non-meat components will comprise no more than 10% of the raw formula.




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## Item Description, cont'd

Fat - Fat will not exceed 20 grams per 100 gram serving



Sodium - The sodium content will not exceed 700 milligrams per 100 gram serving.



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## Checklist of Requirements

All items must be produced in accordance with Food Safety and Inspection Service (FSIS) regulations and the checklist of requirements.




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## Materials

The contractor's production plan must describe a documented quality control program that includes procedures, records, forms, pictures, etc. that demonstrate conformance with the following checklist of requirements.

Meat Component

Non-Meat Component 



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## Meat Component



Pork (suitable lean from any portion of the sow carcass) will be the only meat component allowed.

Domestic Origin of Meat Component



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## Meat Component, cont'd

Harvesting (Slaughtering) – All sows will be harvested in facilities that comply with the following requirements:

Humane Handling

Non-Ambulatory Disabled Animals





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## Meat Component, cont'd

Boneless Pork Traceability  
Verify the source of raw materials

Boneless Pork Handling  
Time & Temperature Controls




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## Meat Component, cont'd



Lot- No positive pathogen tests allowed

Objectionable Materials  
skin, bones, cartilages, organ tissue, heavy connective tissue, lymph glands, spinal cord, and foreign materials.

Mechanical Separation  
AMR



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## Non-Meat Component



Domestic Origin  
Significant ingredients (more than 1 percent) will be derived from U.S. produced products.

Seasonings and Other Ingredients  
Traditional breakfast flavor profile and texture suitable for family feeding programs.



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## Non-Meat Component, cont'd

Caramel Coloring is allowed



Soy protein product (SPP)  
Must be a concentrate or isolate and when hydrated yield no less than 18% protein (as is basis).

Monosodium Glutamate (MSG) is not allowed.



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## Processing

Grinder Plate – size declared.

Bone Collector/Extruder System – Removal of bone, cartilage and HCT.





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## Processing, cont'd

Weight  
2.0 ounces.  
Noted on control charts

Individually Quick Frozen (IQF)  
Patties will be normal commercial fully cooked color without pink or burnt appearance after cooking. Patties shall have subtle "browned" highlights with minimal evidence of gray color.

Patties must not have a scorched flavor.

Patties will be round or oval shape.



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## Processing, cont'd

Fully cooked in accordance with FSIS regulations.

**Metal Detection**  
 stainless steel, ferrous, and non-ferrous (e.g., lead, copper, and aluminum)  
 Equipment, location, detection procedure, sensitivity levels, frequency of equipment validation, and corrective action procedures shall be described.

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## Finished Product Limitations

NutriFacts Panel



**Microbial**  
 Compliance with the latest FSIS *Salmonella* and *Listeria monocytogenes* requirements for ready-to-eat foods.

Product tested positive for any pathogen will not be allowed as rework or delivery to USDA.

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## Finished Product Limitations, cont'd

Fat - The fat content of the finished product will not exceed 20 percent. (Percent Fat = (Total Fat ÷ Serving Size) x 100).



Sodium - Sodium level, must not exceed 700 mg per 100 g serving ((Declared Sodium Level (mg) X 100) ÷ Declared Serving Size (grams - racc\*) ≤ 700).

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## Heating Instructions & Serving Size

**Heating Instructions**  
Conventional or microwave type oven for serving.

**Serving Size**  
FSIS "referenced amounts customarily consumed" (racc) regulations and requirements.




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## Packing & Packaging



Packaging – Cooked patties will be either vacuum packaged or packed in a sealed (tamper proof) immediate package.

Packing – Twenty (20) 2-pound immediate packages will be packed in a 40-pound (net weight) shipping container.



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## Labeling



The shipping containers will be in compliance with the National Motor Freight Classification, or the Uniform Freight Classification.

Both immediate and shipping containers will be labeled to include all information required by FSIS regulations.



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## Labeling, cont'd

### Immediate Container Labels

"Best-If-Used-By" date that is 180 calendar days from the date of production.

**NutriFacts Panel**

Traceability code that is traceable back to establishment number, production lot, and date.

Heating instructions that describe the preparation of the cooked pork patties in both conventional and microwave type ovens for serving.



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## Labeling, cont'd

### Shipping Container Labels



USDA shield at least 2 inches high and appearing on the top of the container or on the principle display panel.

Applicable contract number.

A traceability code that is traced back to establishment number, production lot, and date.

A nutrition facts panel based on actual nutritional analysis of the product.

The appropriate product code: **XXXX**.



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## Delivered Product

Only one size and style of immediate and shipping containers may be offered in an individual shipping unit.

All products will not exceed 0°F at the time of shipment and delivery.

Sealing - American Society for Testing and Materials Standard F 1157-04



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## Warranty & Complaint Resolution

The contractor will warrant that the product complies with all specification requirements, production plan declarations, and provisions set forth in the program announcement.

Customer complaint resolution procedures will be included in the production plan. These procedures will include: a point of contact, investigation steps, and intent to cooperate with AMS, and product replacement or monetary compensation. The procedures will be used to resolve product complaints from recipient agencies or AMS.



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## Non-Conforming Product

The contractor must have documented procedures that assure nonconforming product identification, segregation, and disposition in order to prevent misuse and that nonconforming product is not delivered to USDA.

The contractor will ensure that product which does not conform to product requirements is identified and controlled to prevent unintended use or delivery.



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## AMS Monitoring & Production Assessment

An AMS Meat Grading and Certification Branch agent must be present during the production of the finished product.

The AMS agent will monitor and verify the processing steps, quality assurance activities, and corrective actions to assure that all requirements outlined in the approved production plan are complied with.

The AMS agent will be conducting the monitoring and production verification in accordance with applicable MGC instructions.

Any deviations to contractual requirements will be reported to the contractor and Contracting Officer.



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## Meat Grading & Certification Branch

Stephen H. Cave, Assistant Chief  
720-497-2524



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## Meat Grading and Certification Staff

- 21 Office Staff
- 225 Graders and Supervisors
- Service 125 Plants on a Regular Basis



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## Grading and Certification Fees

- Base Commitment \$61.00/hr
- Base Non-commitment \$71.00/hr
- Premium \$78.00/hr
- Federal Holiday \$122.00/hr
- Mileage \$0.51



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## Meat Grading and Certification

- Beef Quality and Yield Grading
- Beef Carcass Certification
- Lamb Quality and Yield Grading
- Veal and Calf Grading
- Red Meat Certification
- Further Processing of Donated Commodities
- CME Pork Bellies
- CME Cattle



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## Beef Grading Correlation





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# 61062 HCW 805 Maturity A

SL60 Select SL80 Select

YG 7,12 YG 2,5

REA 14,9 PYG 3 REA 15,7 PYG 3,6

G-Program None

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## Veal and Calf

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### CME Pork Bellies



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### BISON CARCASS



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### USDA Product Certification



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## School Year 2007 - 2008

- Ground Beef
- Boneless Beef
- Beef Roasts
- Lamb Leg Roasts and Shoulder Chops



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## School Year 2007 - 2008

### Grader

- Monitor & Verify the TRS, CTP & Specification
- Verify the processing steps, quality assurance activities and corrective actions of the approved CTP



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## Meat Graders

- Report contractual deviations and non-conformances (NC) to the plant for corrective action.
- If a continuous occurrence of the same NC is observed, a written summary is submitted to Commodity Procurement



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## Meat Grader



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## Meat Grader

- Monitor fat and microbial sampling
- Randomly select independent samples for the designated AMS lab
- Ensure AMS samples are placed in tamper-proof sampling bags
- Complete the lab form

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## School Year 2007 - 2008

- Ship Product when Requested
  - ❖ Verify Temperature
  - ❖ Check Packaging
  - ❖ Supervise Loading
  - ❖ Seal truck
  - ❖ Provide Certificate
- Expedited Payment

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School Year 2007 - 2008

AMS Designated Laboratories

- Provide All Information to
  - ✓ Vendor
  - ✓ Contracting Officer

USDA  
AMS

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Marketing & Regulatory Programs

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School Year 2007 - 2008

Vendor

- Provide SPC charts & Histograms to grader
  - ✓ After each Fat Analysis
  - ✓ After each Microbial Analysis
- Determine and declare Operating Status to grader

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AMS

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Contacts

USDA AMS LSP Meat Grading and Certification Branch  
13952 Denver West Parkway Bldg. 53 Suite 350  
Golden, Colorado 80401  
720-497-2520

Stephen Cave Assistant Chief 720-497-2524	Paul Wiggins Director 720-497-2523
---	--

Assistant Directors

William Charles 202-302-7270	Darrell Dowd 720-497-2553	Randy Foland 202-302-7273
Larry McMurdie 920-465-3657	Cecil Rains 806-351-0964	

USDA  
AMS

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## Audit, Review & Compliance Branch

**Jim Riva**  
Branch Chief



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## Audits for School Year 07-08

- ARC Branch conducted approximately 475 Commodity Procurement related audits:
  - ❖ Commodity audits
    - Pre-award audits
    - Post-award audits
    - Raw Material Supplier audits
  - ❖ Contracted Laboratory Audits
  - ❖ Food Defense Audits



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## Raw Material Supplier Audits

- Supplier Audits are conducted on a monthly basis.
  - ❖ Raw material suppliers will be contacted by the Audit, Review and Compliance Branch.
  - ❖ Suppliers will need to determine if they will need an audit each month.
  - ❖ Declining a monthly supplier audit.
    - If declined a Supplier must have an audit before they can supply again.
    - This is the responsibility of the Supplier and the Contractor.



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## Raw Material Supplier Audits

- Contractor are responsible for making sure that all suppliers that they intend to receive raw materials from are eligible suppliers.
- Suppliers must have had an audit within the calendar month that they are supplying.
- Audits should be requested though the Contracting Officer.



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## Food Defense Reminders

- Contractors are responsible for making sure that all of their subcontractors have Food Defense Plans.
  - ❖ Raw material suppliers
  - ❖ Cold storage facilities
- Subcontractors should not be in a Technical Proposal if they do not have a Food Defense Plan in place.



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## Food Defense School Year 2007 - 2008

- A year ago we had approximately 14 food defense non-conformances.
- This year to date we have 9 food defense non-conformances.



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**Food Defense  
School Year 2007 - 2008**

-  **Building Your Food Defense Plan**  
[www.fsis.usda.gov/PDF/Food\\_Defense\\_Plan.pdf](http://www.fsis.usda.gov/PDF/Food_Defense_Plan.pdf)
-  **FSIS Office of Food Defense and  
Emergency Response**
  -  **24 Hour Emergency Phone Number  
(866) 395-9701**



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**Audit, Review and Compliance Branch**

**Jim Riva, Branch Chief**  
(540) 361-7640 Ext. 100

**Mike Dinkel, Program Manager**  
(202) 690-0406



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**FOOD & NUTRITION SERVICE  
FOOD DISTRIBUTION DIVISION**

**Peggy Cantfil**  
Operations Branch

Livestock Conference  
2008

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# TOPICS

- Brief overview
- Managing the money
  - National School Lunch Program
  - House Hold Programs
- National Processing Agreements
- Customer service
  - Complaints
  - Timely deliveries
  - THE recall
- Commodity Image

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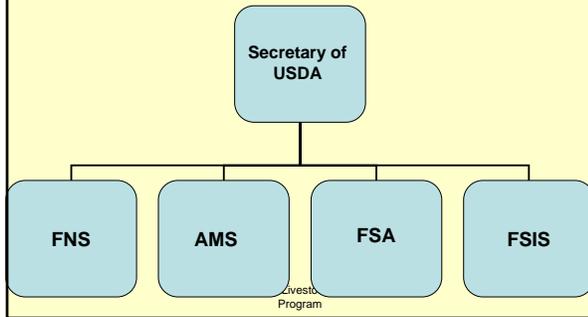
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## Organization



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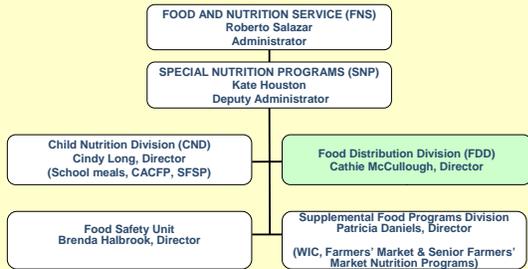
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## Food and Nutrition Service



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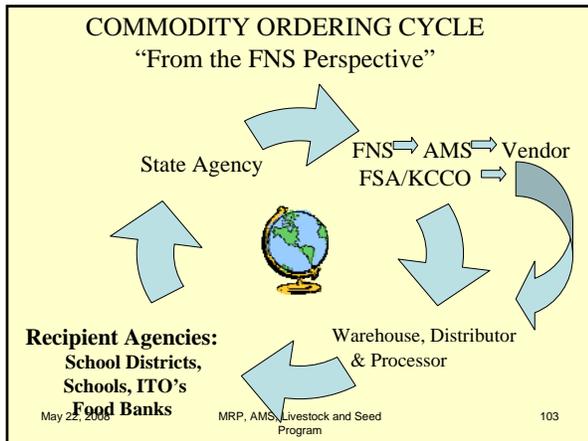
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- ### Our Overall Vision...
- ✓ **Commodities that complement RA's commercial purchases and donations**
  - ✓ **Seamless ordering, processing and distribution of commodities**
  - ✓ **Just in time information & communication**
  - ✓ **Just in time commodities**
- Just in time !!*
- May 22, 2008 MRP, AMS, Livestock and Seed Program 104

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- 
- ### Managing the \$\$...
- **Entitlement Update**
  - **Bonus Update**
- May 22, 2008 MRP, AMS, Livestock and Seed Program 105

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**Entitlement/Bonus Purchases  
All Programs  
(In Millions)**

FY	BEEF	PORK	FISH	TOTAL
2005	\$223	\$46	\$33	\$302
2006	\$253	\$34	\$18	\$305
2007	\$272	\$56	\$21	\$349 <small>(plus \$1 in Lamb)</small>

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**FY 2007  
National School Lunch Program  
Statistics**

**Federal Cost: \$13.4b**

Children served/day

Schools

❖ NSLP ~ +30.6m

❖ NSLP ~ +101k

❖ SBP ~ +10.1m

❖ SBP ~ +85k

❖ NSLP Afterschool  
Snacks ~ +1.0m

❖ NSLP Afterschool  
Snacks ~ +26k

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**Next School Year 08/09**

• SY 09 projected rate 19.0 cents in ECOS  
About \$1.2 billion

• 4<sup>th</sup> quarter funds are VERY short

• Expect to purchase 33% of SY 09  
Deliveries July- Nov

• Past two SY purchased 50%

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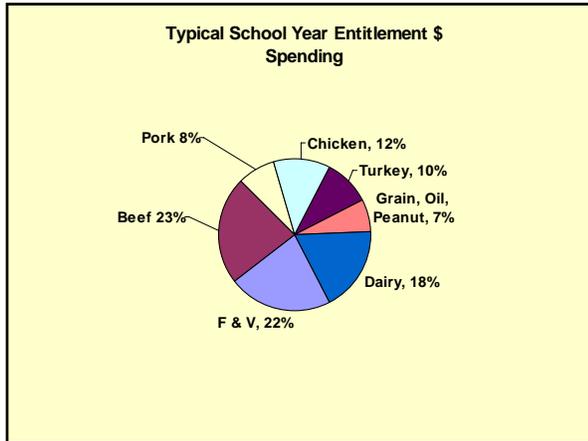
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- ### House Hold Programs
- Emergency Food Assistance Program - \$131 million
    - Plus \$50 million from FY 08 Farm Bill ??
  - Commodity Supplemental Food Assistance Program
    - Canned beef
    - Chili without beans
    - Tuna
    - Salmon
  - Food Distribution Program on Indian Reservations
    - Canned beef
    - Beef Roasts
    - Beef frz ground chubs
    - Ham
    - Tuna
- May 22, 2008      MRP, AMS, Livestock and Seed Program      110

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### CCC Bonus Barter

- ✓ **What is it?**
- ✓ **1<sup>st</sup> Round of purchases last fall**  
**Canned meat, stew, chicken & vegetables**
- ✓ **2<sup>nd</sup> Round of Purchases started April 08**

LOTS OF MONEY SAVED!

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## CCC Bonus Barter

### Happening Now:

- Our wish list WAS:  
Chicken: frz leg quarters  
whole birds & canned  
turkey ham & pork ham  
canned salmon & tuna  
pinto beans & peanut butter
- Items we get will depend on  
markets, prices, availability, etc.



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## ECOS

### Electronic Commodity Ordering System Enhancements

- Registered industry users receive  
automatic emails for all order  
changes and deletions
- Industry reports now show the State &  
recipient agency with each order
- ECOS enhancements slowing in 2008...  
only providing targeted releases to  
correct deficiencies



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## Web-Based Supply Chain Management

- Internet based – Request driven sys
- Target release date is calendar year 2009
- How will things change under WEBSCM?  
ECOS functionality & partners will be included
- There will be change codes, order numbers, etc



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## Commodity Processing Update








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### National Processing Agreements:

- FNS holds a single bond for each vendor
- AMS LV will approves all EPDS and SEPDS
- FNS posts SEPDS to ECOS
- States enter into State Agreement with Processor
- ✓ **50% + of NSLP commodities are further processed & the percentage is growing!**

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### National Processing Agreements

- ✓ **Bonds under NPA due to FNS each year by May 31st**



- ✓ **FNS monitors inventory levels and orders—inventory movement can affect bond positively or negatively**

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## National Processing Agreements

- Delinquent bonds and/or reporting can result in:
  - ✓ Program suspension (One processor suspended for SY 2008 due to gross non-compliance)
  - ✓ Delayed EPDS & SEPDS approval
  - ✓ Orders canceled or diverted
  - ✓ Program termination



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## National Processing Agreements

- Delinquent bonds and/or reporting can result in:
  - ✓ Program suspension (One processor suspended for SY 2008 due to gross non-compliance)
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  - ✓ Orders canceled or diverted
  - ✓ Program termination



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## Customer Service Complaint Department

- ❖ 351 commodity complaints were received by USDA nationwide in all programs from July 1, 2006 to May 1, 2007
- ❖ 9% (32) were for L&S products



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## Problems That Qualify as a Commodity Complaint

- Quality of product
- Foreign material in product
- Poor packaging
- Cooking or preparation issues

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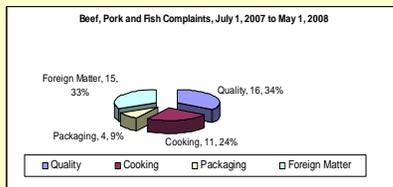
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## COMPLAINTS

- ✓ 495 complaints were received from July 07 - May 08
- ✓ 42 (9%) were for beef, pork, and fish products



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## Complaints- Good Customer Service Is Essential!

- ❖ Schools plan menus based on commodities order; an unacceptable product means they have to change menus or purchase a substitute
- ❖ Other customers need product for immediate distribution program recipients to meet the food package

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## Complaints- Good Customer Service Is Essential!

- ❖ Many customers get only a few cases of a product
- ❖ All customers need timely responses from vendors
- ❖ Customers want to know why problems occurred and what corrective action will be taken

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## What Can *You* Do?

- 🗣️ Respond quickly to complaints
- 🗣️ Be specific about the cause of problems—general responses frustrate our customers
- 🗣️ Explain all necessary corrective actions
- 🗣️ Replace problem product in a timely manner
- 🗣️ Work closely with USDA specialists to ensure good customer service

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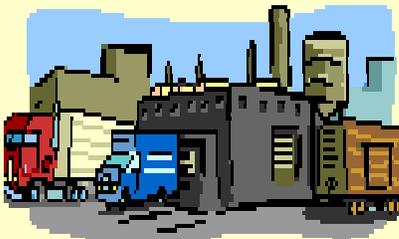
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TIMELY DELIVERY also  
Critical to good customer service!



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## TIMELY PURCHASES

States/recipient agency requested  
delivery date

VERSUS

Product purchase date

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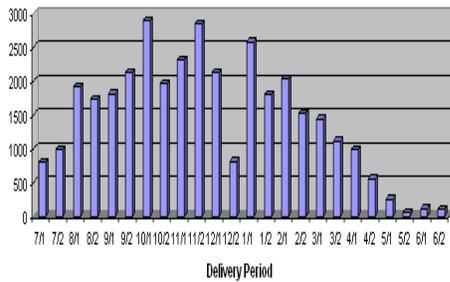
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National SY 2007 Profile - Number of Delivery Orders by Delivery Period



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## What about long term contacts?

- Doing them in Poultry...buying further out.
- Doing IDIQ with canned fruit
- Doing IDIQ with cheese

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## THE Recall...



✓ States and schools have accounted for product:

- Any product on hand been destroyed
- Destruction forms and costs are being collected at the State level

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## THE Recall...

- ✓ Lesson learned
- ✓ – CUSTOMER SERVICE CRITICAL
  - ✓ Coordination & communication improvements needed
  - ✓ lapses in local level notification
- ✓ We MUST move quickly to get payments out to States upon receipt of complete documentation
- ✓ It has been a complex process—we appreciate all that you've done!
- ✓ Recall processed finished product is difficult to track and report



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✓ Fix – Build e-notification (self subscribing)

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## Commodity Image Initiative...

- Commodity Backgrounder
- "Did You Know..." fact sheet
- Press releases/press packages
- Commodity image website
- Recipe contest?
- Educational Presentations



And you can help! ...

- Create innovative ways to support all markets AND buy healthy foods

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**Questions we get asked**

- Why do you spend most of your \$\$ on high fat, high calorie foods like meat and cheese?
- Why don't you "regulate" further processed commodities?

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**Healthy Improvements**

Products are continually reviewed to ensure each supports "*Dietary Guidelines...*"

- Chicken skin substitution for meat
- 96-97% lean ham
- 95% lean turkey ham
- 90% Lean Special Trim Beef
- Testing a 95% lean beef patty
- Fat free potato wedge




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**INSIGHT GALLERY**

**THE SCHOOL CAFETERIA**

PEAS AND CARROTS ONLY PLEASE

WELL, THE BEEF SCARE DOES HAVE AN UPSIDE...

BURGERS

VEGETABLES



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What Can **WE** Do?

What can USDA Do  
to be better  
business partners  
with YOU?

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Answers...?



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## Humane Handling and Food Safety Initiatives

Kenneth Petersen, DVM, MPH  
Assistant Administrator  
Office of Field Operations  
Washington, DC

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## Hallmark/Westland

- January 30, 2008 video release
- Investigation team assigned – FSIS, AMS, OIG
- January 30 – AMS suspends contract
- Feb. 4, 2008 – Notice of Suspension

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## Hallmark/Westland Packing

- Feb. 17, 2008, Recalled 143 million lbs produced over a 2 yr. span (2/1/06-2/2/08).
- Class II Recall, Non-Ambulatory Cattle. Products were adulterated under the Federal Meat Inspection Act.
- Investigation revealed that FSIS was not consistently notified when cattle became non-ambulatory after passing ante-mortem inspection. Thus, not all slaughtered cattle received complete and proper inspection. Regulatory noncompliance

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## Hallmark – External Interest

- Four USDA media conference calls – 150+ participants. All major outlets
- 210 media calls. Consumer calls.
- Multiple live on-camera interviews. All major networks.
- AMS news stories on NSLP
- School Nutrition Association

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## Hallmark – External Interest

- Four congressional hearings
  - Energy and Commerce
  - Senate Appropriations
  - House Appropriations
  - House Oversight and Reform

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## Hallmark/Westland

- Not food safety related
- 1000 AMS school lunch contract samples
  - E. coli O157:H7 – all negative
  - Salmonella – one positive
- FSIS regulatory sampling
- SRM removal and disposal procedures acceptable

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## How Did This Happen?

- Plant management role – supervision and program design
- FSIS role – supervision, training, enforcement.
- Third party audits –advance notice

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## 60-Day Assessment Period

- 18 National School Lunch Program cattle slaughter plants had humane handling assessments.
  - One suspension
  - Three non-compliance records
- Increased humane handling time
- Increased surveillance – with AMS, GIPSA

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## Next Steps

- Assess 60-day data
- Policy clarification – existing regulations
- Revise humane handling inspection method
- Training
- Supervisory oversight
- Legislation?

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## Downer Policy

- Cattle
- Other livestock

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## E. Coli O157:H7

- Increased prevalence and illness in 2007

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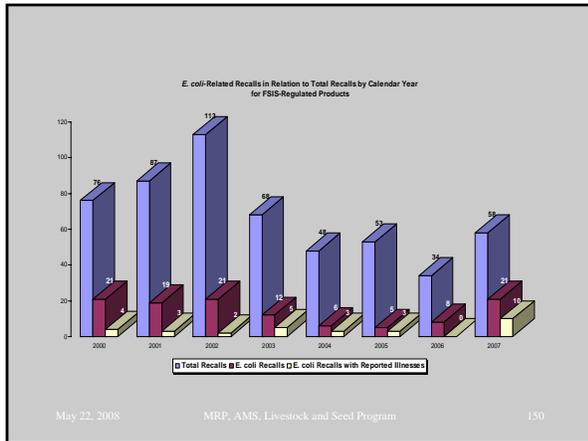
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## E. Coli O157:H7

- Public meeting. April 9-10, 2008
- Non-O157 shiga toxin producing E coli
- Non-intact steaks. Concern over bench trimmings going to grinding.
- Primals – continue non-adulteration approach if surface bears O157?
- Pre-Harvest

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## E. Coli O157:H7 Identification

- Ground beef testing – 0.23% positive
- Trim testing – since spring of 2007. N=60
- Ground beef components testing
- Food Safety Assessments
- Enforcement
- Epidemiologic Investigations

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**WBSCA** Table of Contents

- Overview
  - Goals and Objectives
  - Expected Benefits for USDA and You
  - Who's Involved
  - How We're Doing It
- How this can Help You
- What You'll See - Domestic Supply Chain

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**WBSCA** What is WBSCM Doing?

*Integrating processes and technology across the six U.S. agencies responsible for planning, procuring, managing, and delivering commodities and food supplies domestically and around the world...*

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## Goals and Objectives

**WBSCM Goals**

- > To advance our capability to manage and share our nation's food supply
- > To proactively forecast and plan supply and demand
- > To continually advance our partnership, collaboration, efficiency, and service with all business partners

- *Integrate, standardize, and streamline* the way we manage the supply chain across government end-to-end - from planning and procurement to ordering, contract management, and delivery
- *Leverage best practices and advanced Commercial Off The Shelf (COTS) technologies*
- Enable *focus on more value-added supply chain functions* and less on administrative tasks
- *Foster long-term business relationships* with suppliers for better cost efficiency

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## What Activities Does WBSCM Encompass?

*WBSCM links our farm producers to our food recipients*

PRODUCE

BUY

DISTRIBUTE/SHIP

RECEIVE

Farmers/  
Producers

This is  
You !

Commodity  
Suppliers

USAID

FNS

FAS

FSA

AMS

Warehouse

US Ports

US Freight  
Carriers

MARAD

Domestic

• Schools (27,000 school dists, 94,000 schools)  
 • Indian Tribal Orgs (52 ordering agencies)  
 • Non-Profits (60 ordering agencies)

Foreign

• World Food Organization  
 • Foreign Governments (70 Nations)  
 • Private Volunteer Organizations (20+)

Our Key Partner

5 Preliminary - For Discussion Purposes Only

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## Our Expected Benefits

**For USDA**

- One standardized, integrated, transparent, and efficient end-to-end process for U.S. supply chain management
- Built-in best practices for procurement, financial management, supply chain mgmt
- Automated, useful reports and easy generation of non-standard reports
- Single, authoritative, timely, easy-to-access source of data
- Automated, paperless workflow with few manual processes and reduced hand-offs
- Integrated, proactive forecasting and planning (Release2)

**For Our Vendors**

- Easier access to all bid invitations
- Simplified submission of bid responses
- Electronic notification of purchase awards
- Real time status of invoice payments
- Online submission of invoices, Quality Certificates, and Proof of Delivery
- Streamlined self service registration to become a bidder
- Online submission of ASNs to minimize USDA and customer inquiries on status of shipments

Easier to do business with USDA !

Lower admin costs for you !

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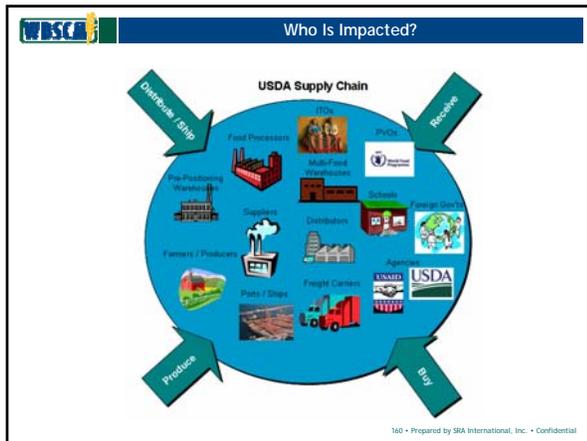
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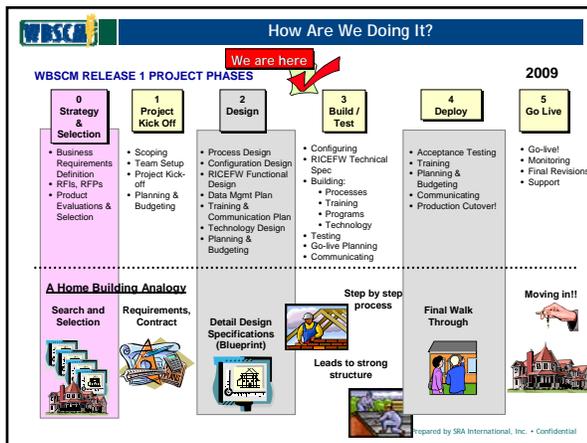
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- Overview**
- Goals and Objectives
  - Expected Benefits for USDA and You
  - Who's Involved
  - How We're Doing It
- Your Interaction with WBSCM**
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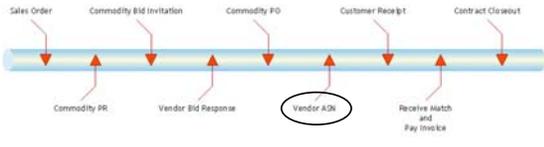
### Vendor Advanced Shipment Notification (ASN)

Draft	Ready for Approval	Approved by FNS	On Invitation	Purchased	Shipped	Received
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**Vendor ASN - Advanced Shipment Notification**

- Vendor submits the ASN to indicate the material has been shipped
- Send email notification to the consignee of shipment
- Order Status updated to "Shipped"



The diagram shows a horizontal timeline with stages: Sales Order, Commodity Bld Invitation, Commodity P/O, Customer Receipt, and Contract Closeout. Below the timeline, arrows indicate the flow of documents: Commodity PR (up), Vendor Bid Response (up), Vendor ASN (up, circled), and Receive Match and Pay Invoice (up). A red arrow points from the 'Shipped' status in the table above to the 'Vendor ASN' step in the diagram.

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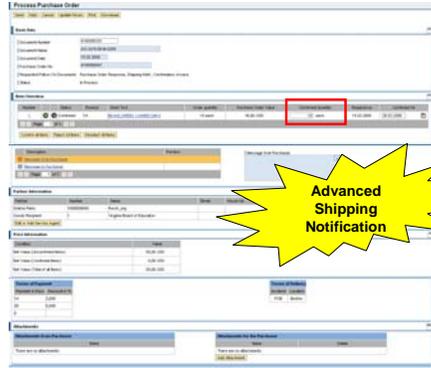
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### Vendor Advanced Shipment Notification (ASN)



**Advanced Shipping Notification**

Note: Screen prints are subject to change

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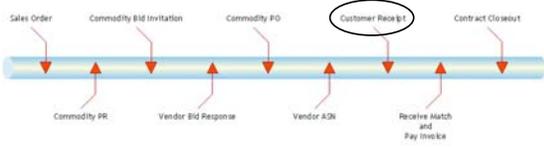
### Customer Receipt

Draft	Ready for Approval	Approved by FNS	On Invitation	Purchased	Shipped	Received
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**Customer Receipt**

- Consignee of shipment receives goods and enters receipt into the system
- Order status updated to "Received"
- Generates Goods receipt



The diagram shows a horizontal timeline with stages: Sales Order, Commodity Bld Invitation, Commodity P/O, Customer Receipt, and Contract Closeout. Below the timeline, arrows indicate the flow of documents: Commodity PR (up), Vendor Bid Response (up), Vendor ASN (up), and Receive Match and Pay Invoice (up). A red arrow points from the 'Received' status in the table above to the 'Customer Receipt' step in the diagram.

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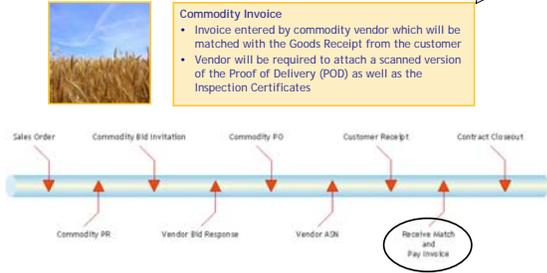
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### Commodity Invoice

Draft
Ready for Approval
Approved by FNS
On Invitation
Purchased
Shipped
Received



**Commodity Invoice**

- Invoice entered by commodity vendor which will be matched with the Goods Receipt from the customer
- Vendor will be required to attach a scanned version of the Proof of Delivery (POD) as well as the Inspection Certificates

*Process flow: Sales Order → Commodity Bid Invitation → Commodity PO → Customer Receipt → Contract Closeout. Supporting steps: Commodity PR, Vendor Bid Response, Vendor ASN. A callout 'Receive Match and Pay Invoice' points to the transition between Customer Receipt and Contract Closeout.*

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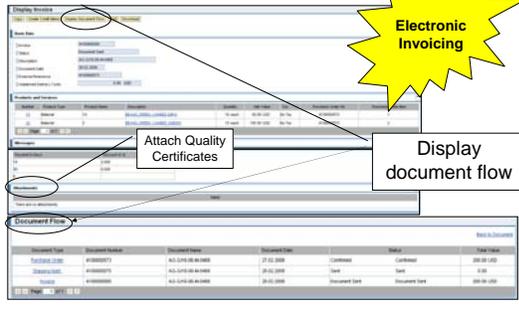
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### Invoice in Vendor Self Service



**Electronic Invoicing**

Attach Quality Certificates

Display document flow

**Document Flow**

Document Type	Document Name	Document Date	Document Size	Content	State	Workflow
Quality Cert	445000075	4/11/2009 04:04:00	27.02 KB	Contract	Complete	2009-04-11
Quality Cert	445000075	4/11/2009 04:04:00	20.02 KB	Form	Complete	2009-04-11
Invoice	445000075	4/11/2009 04:04:00	20.02 KB	Document Data	Document Data	2009-04-11

Note: Screen prints are subject to change

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### WBSCM Summary

- **Key Changes:**
  - Vendor and Commodity Identification Codes will Change
  - Tighter Web Access Security for online access (eAuth Level 2 required)
  - Vendor Self-Service functionality
- **Key Benefits**
  - Easier access to all bid invitations
  - Simplified submission of bid responses
  - Electronic notification of purchase awards
  - Real time status of invoice payments
  - Online submission of invoices, Quality Certificates, and Proof of Delivery
  - Streamlined self service registration to become a bidder
  - Online submission of ASNs to minimize USDA and customer inquiries on status of shipments

**Easier to do business with USDA !  
Lower admin costs for you !**

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**WFC** For More Information

For more information: [www.usda.gov](http://www.usda.gov)

*Interested in participating or have questions?*  
 Contact Duane Williams ([duane.williams@usda.gov](mailto:duane.williams@usda.gov))

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**Fund and Commodity Management Office – Invoice Payment Group**  
**Livestock Vendor Invoice Payments**



Livestock Vendor Invoice Payments  
 Lisa – Accountant  
 FSC – FCMO-IPG  
 May 22, 2008

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**Fund and Commodity Management Office – Invoice Payment Group**  
**Livestock Vendor Invoice Payments**

**Agenda**

- Customer Base
- Contract Invoice Payment Workload
- Invoice Payment Process
- Prompt Pay Act
- Primary Problems with Processing Invoices
- ED3 – Electronic Disbursement Statements
- Central Contractor Registration
- Contact Information

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

Customer Base - IPG processes invoices for payment to a variety of contractors throughout the farm commodity industry.

Commodities include Poultry, Milk and Cheese, Bulk and Processed Grains, Eggs Fruit & Vegetables, Pork, Fish and Beef.

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

Total Invoices Processed FY '07 – 39,198

Livestock Invoices made up about 8% of all Invoices processed.

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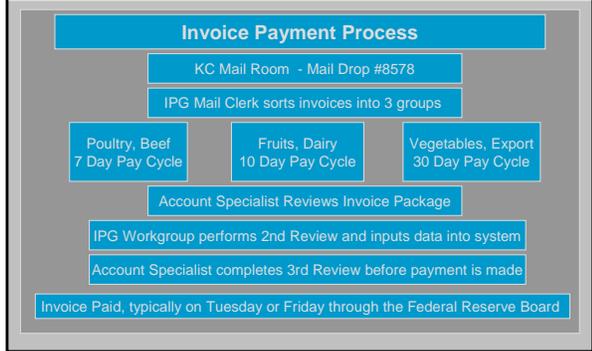
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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**



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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

What determines the pay cycles?

**Prompt Payment Act – 5 CFR Part 1315**

Mandates that fresh/frozen livestock invoices be paid within 7 days, of receipt of the invoice at the Kansas City Office  
- incomplete or improper invoices must be returned to the vendor within 3 days of receipt

Mandates that fresh/frozen fruit invoices be paid within 10 days, of receipt of the invoice at the Kansas City Office  
- incomplete or improper invoices must be returned to the vendor within 3 days of receipt

More info at: [www.fms.treas.gov/prompt/index.html](http://www.fms.treas.gov/prompt/index.html)

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

Mandates that canned fruit and vegetable invoices be paid within 30 days, of receipt of the invoice at the Kansas City Office  
- incomplete or improper invoices must be returned to the vendor within 7 days of receipt

More info at: [www.fms.treas.gov/prompt/index.html](http://www.fms.treas.gov/prompt/index.html)

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**Primary Problems Processing  
Livestock**

1. Incomplete Invoice Packages
2. Product is outside of Tolerance
3. Illegible Documents

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

What Constitutes a Complete Invoice Package?

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

Complete Livestock Invoice

1. Original Invoice
  - The KC269 or commercial invoice
2. Original USDA Certificate
  - Contractor Certificate of Conformance and Checkloading
  - OR
  - Agricultural Products Certificate (LS-5-3)
3. Copy of the Commercial Bill of Lading (BOL)

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

Requirements for the Bill of Lading

1. Quantity, Ship Date, and Destination
2. Date Received-if Proof of Delivery is required
3. Signature – signed by the receiving party if Proof of Delivery is required

Anything less and the invoice package as a whole will be considered incomplete and returned to the vendor.

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**Product is Outside of Tolerance**

This is primarily final delivery. Canned Beef has an exception of plus or minus 15 cases of product.

Products that are out of Tolerance require a Waiver from AMS.

If an invoice is received and the product is outside of the tolerable limit, the invoice will be returned to the vendor.

The vendor will have to request a waiver from the AMS contracting officer and resubmit the invoice to FCMO-IPG

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

The process of:

- having an invoice rejected
- requesting a waiver
- resubmitting the invoice

can delay the payment

Solution: If a product is out of tolerance, request a waiver before submitting invoice.

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**Illegible Documents**

If we can't read them, we can't process them and have to return them to the vendor.

*Illegible Documents*

*Illegible Documents*

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

ED3  
Electronic Distribution of Disbursement  
and Invoicing Data  
<http://pcsd.usda.gov/finance>

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

ED3

- Vendor receives Email within 24 hours of disbursement
- Vendors can view disbursement statements that provide detailed information
- Search for archived disbursement information
- Data is stored up to one year from disbursement date

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

CCR  
Central Contractor Registration  
<http://www.ccr.gov/>

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**CCR**

- All Vendors fulfilling contracts under the Federal Acquisition Regulation (FAR) must register in CCR
- Financial Institutions that are the recipients of assigned contracts must be registered in CCR
- Registrations expire after 1 year
- Make sure to re-register

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**Contact Information**

**Financial Specialists for Livestock**

Debra Duncan – 816-926-6651  
debra.duncan@kcc.usda.gov

Mary Neverdusky – 816-926-6139  
mary.neverdusky@kcc.usda.gov

**ED3 Disbursement Statements**

ED3 Help Desk – 816-926-2120  
Email: [ED3@KCC.USDA.GOV](mailto:ED3@KCC.USDA.GOV)

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**Fund and Commodity Management Office – Invoice Payment Group  
Livestock Vendor Invoice Payments**

**Contact Information**

**Our Mailing Address:**

Beacon Facility-Mail Stop 8578  
PO Box 419205  
Kansas City MO 64141-6205

**Express Mail:**

9240 Troost Ave  
Kansas City MO 64131-3055

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*Questions?*

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*Thanks!*

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## Comments/Listening Session

Questions:



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Summary & Closing

Survey Forms

USDA

MRP, AMS, Livestock and Seed Program

May 22, 2008 205

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