



Guidance Number	GU6032TTA
Subject:	Operational Guidance for Add-on product to invoice
Distribution:	Livestock Mandatory Reporting Personnel
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Add-on product to invoice

Issue: Reporting of quantity adjustments made between the reporting of information to the Agricultural Marketing Service (AMS) and when the product is actually shipped. The following is from the Federal Register/Vol. 65, No. 232/ Friday, December 1, 2000/rules and Regulations.

Summary of Comments: AMS received 2 comments requesting that procedures be provided in the final rule for how or if packers would report changes or cancellations to sales already reported to AMS. AMS received one comment requesting that AMS provide clarification on whether packers are required to report adjustments in the reported amount of payment made in the time between the filing of reports and when the producer receiving payment is actually paid.

Agency Response: AMS understands that it is normal practice in the beef, pork and lamb industries for adjustments to be made to the original sales agreement prior to the product being shipped. Often, quantities of product are added to the original order, products are substituted, or the order is cancelled altogether. Under the current voluntary reporting program, AMS does not change a published report to reflect price adjustments beyond the next report because of the confusion such a change creates. This policy will continue under mandatory price reporting. Accordingly, packers and importers are not expected to report price and quantity adjustments made to sales already reported to AMS after the required reporting time has passed. However, it is important to note that this mandatory program of information contains two separate and distinct functions. Section 255(a)(2) of the Act requires packers to maintain such records or other information as is necessary to verify the accuracy of the information reported. Further, § 252(4) of the Act defines the reporting of information in a manner that demonstrates a pattern of significant variance in accuracy when compared with the actual information as a violation. Therefore, packers and importers should consider these provisions of the Act in maintaining and reporting information.

Livestock, Poultry and Grain Market News (LPGMN) Position: LPGMN understands the intended quantity of a meat sale reported to AMS will likely deviate slightly from the actual total delivered. However, LPGMN is responsible for auditing firms covered under LMR to verify accuracy of information submitted to AMS, and thereby ensure the integrity of market news reports published by LPGMN.



Guidance: Increases of quantity to individual items on previously submitted sales orders (add-ons) exceeding 10% are considered significant by LPGMN. Significant add-ons not submitted to AMS will be documented by LPGMN auditors. In determining compliance; LPGMN reporters will consider the quantity and identity of the individual add-on, the size and composition of the total sales order, along with all other relevant information the packer or importer can provide. Any item added to the previously submitted sales order with a different price must be reported.