



Livestock Mandatory Reporting (LMR) Compliance Verification Program General Policies and Procedures

1 Purpose

This procedure provides guidelines and policies for planning, conducting, and concluding objective on-site compliance verification audits of packers pursuant to the Livestock Mandatory Reporting Act of 1999 (Act) (7 U.S.C. 1635-1636(i)), implementing the reestablished and revised regulations (7 CFR Part 59), and the Agricultural Marketing Service (AMS), Livestock and Poultry (L&P) Program's Livestock, Poultry, and Grain Market News Division (LPGMN) Policy Statements.

2 Scope

The provisions of this procedure apply to the compliance of the Livestock Mandatory Reporting Act of 1999. Specific requirements are set forth in individual program procedures. The provisions of this document apply to all LPGMN compliance verification audits of all packers covered under the Act and the regulations.

3 References

ISO 19011:2018 Guidelines for auditing management systems
Livestock Mandatory Reporting Act of 1999, 7 U.S.C. 1635-1636i
Livestock Mandatory Reporting, 7 CFR Part 59
LPGMN Guidance Statements

4 Responsibilities

All packers covered by the Livestock Mandatory Reporting Act must be compliant with the Livestock Mandatory Reporting Act of 1999, 7 U.S.C. 1635-1636i, Livestock Mandatory Reporting, 7 CFR Part 59, and all LPGMN Policy Statements.

The LPGMN Compliance must meet all applicable policies and procedures outlined in this Procedure. All audit activities are conducted in accordance to *ISO 19011:2018 Section 6 Audit Activities*.

Any suggested changes to this Procedure should be submitted via email to the LPGMN Compliance Program Manager.

5 Contact Information

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6 Audit Frequency

LMR compliance verification audits for each covered plant will be conducted at a minimum of one time per fiscal year (Oct. 01 - Sept. 30). Investigative audits may also be conducted due to a plant not responding to deadlines or not taking corrective action as stated. Additional audits may also be conducted at the request of the LPGMN LMR Assistant Chiefs or OIC's.



7 Audit Location

On-site LMR compliance verification audits will be conducted at a location that is mutually acceptable to the auditee and the auditor as pre-approved by the LPGMN Compliance Program Manager. If a change of location is necessary, the site must be agreed upon by the auditor and auditee prior to the audit.

8 Pre-Audit Activities

The size and composition of the audit team is determined in accordance to *ISO 19011:2018 Section 6 Audit Activities*. An audit plan must be prepared by the audit team leader and submitted to the auditee at a minimum of 10 business days prior to the scheduled on-site audit. The lead auditor selects sample data from the information submitted to AMS through Livestock Mandatory Reporting in accordance with MNC 1203 Procedure LMR Audit Sampling. The lead auditor then sends the auditee the lot identification numbers for the selected data. More specific pre on-site audit activities can be found in MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, MNC1212 Procedure Investigative Audits, and MNC 1203 Procedure LMR Audit Sampling.

9 Pre-Audit Contact with Reporting Staff

The pre-audit email must be sent at least seven business days prior to the auditor's first day of travel to perform the audit. The pre-audit meeting will be conducted via email by informing the Assistant Chief and OIC's of the audit and asking if there are any specific issues that need to be addressed. During the pre-audit activities, the LPGMN reporting staff will provide the auditor any specific plant issues the LPGMN reporter(s) would like the auditor to review during the audit. The auditor will send an email back to the LPGMN representative to summarize and confirm the plant issues discussed during the pre-audit meeting. If other specific issues arise between the conclusion of the pre-audit meeting and the audit, the LPGMN reporting staff will notify the auditor by email, and the auditor will make every effort to review these issues during the audit.

10 On-site, Desk, and Investigative Audits

On-site and desk audits are conducted in accordance to *ISO 19011:2018 Section 6 Performing an audit*. The frequency of on-site and desk audits is outlined in Section 6 above. Audits will also be conducted in accordance with MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, or MNC1212 Procedure Investigative Audits.

The objective of audits is to verify the packers' compliance to the Livestock Mandatory Reporting Act of 1999, 7 U.S.C. 1635-1636i, Livestock Mandatory Reporting, 7 CFR Part 59, and LPGMN Policy Statements.

- 10.1 Compliance:** The condition or fact of a supplier being in agreement with regulatory requirements.

11 Audit Results

The audit results are outlined in the audit report. The report is submitted to the LPGMN Compliance Manager after the audit. The LPGMN Compliance Program Manager has the discretion to edit the audit report. In the MNC 1200 series procedures and instructions, the terms non-compliance and finding are used synonymously.



11.1 When an auditor finds that a packer who is required to report refuses to submit information or knowingly submits incorrect or false information in an attempt to affect the accuracy of published reports, the auditor must immediately call the LPGMN Compliance Program Manager who in turn will notify the appropriate personnel in LPGMN so that prompt corrective action can be initiated.

11.2 All other non-compliances will be assigned a violation level as follows:

11.2.1 Major - A plant covered under the Act does not submit information, or submits incorrect information that affects the accuracy of published reports.

Examples are:

- 11.2.1.1 An issue that can be replicated due to programming errors;
- 11.2.1.2 A replicated issue that caused significant inaccurate data submitted on published reports;
- 11.2.1.3 A plant failing to submit files;
- 11.2.1.4 A plant is consistently submitting late or inaccurate files.

11.2.2 Minor - A plant covered under the Act does not submit information in compliance with applicable rules and regulations, but their submission or incomplete submission has minimal effect on the accuracy of published data. Examples are:

- 11.2.2.1 A typo, data entry error or some other issue that is not readily replicated;
- 11.2.2.2 An error that did not cause significant inaccuracies on a published report;
- 11.2.2.3 The plant is submitting inaccurate data that has no effect on published reports (the data is not utilized in reports).

12 Correcting Identified Non-compliances

Plants must address all non-compliances and respond to all requests for corrective actions, as applicable, within the time frame specified by the LPGMN compliance staff. Failure to do so will result in additional audits being conducted on that plant within the fiscal year.

Corrective action will be requested by the LPGMN compliance staff in accordance with MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, or MNC1212 Procedure Investigative Audits. The plant must notify the LPGMN compliance staff that corrective action has been taken and the date that it was implemented. Verification of corrective action will be done by LPGMN Compliance in accordance with MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, or MNC1212 Procedure Investigative Audits.

12.1 *Corrective Action:* Action to eliminate the cause of a detected non-compliance. Corrective action is taken to prevent recurrence.

12.2 *Correction:* Action to eliminate a detected non-compliance. Correction does not address the cause of the non-compliance but rather the specific non-complying data being submitted.

13 Post On-site Audit Activities



Corrective action is verified and any other post audit activities are conducted in accordance with MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, or MNC1212 Procedure Investigative Audits. All audit documentation is retained by the LPGMN Division in an electronic format.

14 Surveillance

All plants covered under the Livestock Mandatory Reporting Act of 1999 are audited on an on-going basis as described in the MNC 1201 Procedure LMR On-Site Audits, MNC1208 Procedure Desk Audits, or MNC1212 Procedure Investigative Audits, unless a cancellation request is received from the LPGMN reporting staff. The auditor incorporates the supporting documentation and audit findings in an audit report, and submits the report to the LPGMN Compliance Program Manager. After being reviewed by the LPGMN Compliance Program Manager and discussed with LPGMN reporting staff, the reports are sent to the plant to address non-compliances.

15 Appeals, Complaints, and Disputes

Plants have the right to appeal any adverse audit findings or decisions. Appeals, complaints, and disputes must be submitted in writing to the LPGMN LMR Compliance Manager within 30 days of the request for corrective action by LPGMN. Requests for appeals, complaints, and disputes must include:

- 14.1** The basis for the appeal, complaint, or dispute, and
- 14.2** The requested alternative decision or actions.

The LPGMN LMR Compliance Manager, or designee, reviews any request for action and notifies the plant of the final decision within 30 working days of the receipt of the request. Any non-compliances remain in effect pending the outcome of the appeal.
