



REPORT TO THE CONGRESS

Need To Reassess Food Inspection Roles Of Federal Organizations B-168966

Department of Agriculture

Department of Defense

Department of Health, Education, and Welfare

Department of the Interior

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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COMPTROLLER GENERAL OF THE UNITED STATES
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To the President of the Senate and the
Speaker of the House of Representatives

This report presents the results of our review of the roles of Federal organizations involved in inspecting food. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53); the Accounting and Auditing Act of 1950 (31 U.S.C. 67); and the authority of the Comptroller General to examine contractors' records, as set forth in 10 U.S.C. 2313(b).

Copies of this report are being sent to the Director, Bureau of the Budget, and to the Secretaries of Agriculture; Defense; Health, Education, and Welfare; and the Interior.

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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ABBREVIATIONS

DOD	Department of Defense
FDA	Food and Drug Administration
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
USDA	U.S. Department of Agriculture
USDI	U.S. Department of the Interior
PHS	U.S. Public Health Service

D I G E S T

WHY THE REVIEW WAS MADE

Before acceptance by the Government or distribution to the public, food is generally subject to inspection by two or more organizations. Because of apparent overlapping of Federal food inspection activities, the General Accounting Office (GAO) made a Government-wide review.

FINDINGS AND CONCLUSIONS

Federal food inspection started in 1891. The function evolved from piecemeal legislation and regulations designed to solve specific problems as they arose. (See pp. 4 to 6.)

Because of their relatively limited scope, the laws and related regulations do not provide a clear expression of overall Federal policy for food inspection. As a result, parts of the food inspection function are performed by many Federal, State, and local organizations. This has led to some inspection overlap and to problems in making inspections and has caused dissatisfaction in the food industry.

GAO conservatively estimated that over 14,500 people were involved in Federal food inspection activities which were costing over \$185 million annually. About \$48 million of this amount was reimbursed by the users of certain inspection services.

Similar inspection activities are frequently performed by more than one organization at the same commercial establishment and often on the same food product. (See pp. 7 to 17.) At a dairy products company visited by GAO

- military veterinarians made monthly sanitary inspections and obtained bimonthly milk samples which were analyzed for bacteria and butter-fat,
- one group from the Department of Agriculture checked plant sanitation quarterly to qualify the plant for grading services, while another group obtained butter and cheese samples eight times a month,

--Food and Drug Administration personnel inspected periodically for potential health hazards, and

--the State health department inspected for sanitation and analyzed fluid milk for bacteria, at least quarterly, to qualify the plant for the approved listing of the U.S. Public Health Service. (See pp. 10 and 11.)

Many of the inspections are made for different purposes and vary in degree. However, GAO believes that a more effective and economical method of discharging the Federal food inspection function could be devised.

Several Federal organizations have established food standards, some for the same item. This creates a need for close coordination which in practice appears to be a lengthy process. Although more than one standard for the same food item may not be improper in itself, it has caused dissatisfaction among food suppliers. (See pp. 18 and 19.)

For example, the Departments of Agriculture and Defense tested the same lot of smoked hams. Because of the use of different product standards and testing methods, these hams met Defense requirements but did not meet Agriculture standards for moisture content. (See p. 19.)

Agreements have been made between organizations to establish clearer lines of responsibility, make more effective use of the skills and experience of each, and reduce overlap. To reach agreements has been time consuming. Moreover, the agreements sometimes have been difficult to administer and, in some cases, have led to further difficulties. Accordingly, GAO believes that a more effective system for discharging food inspection responsibilities--involving changes in existing legislation where necessary--would reduce, or eliminate, the need for such agreements. (See pp. 20 to 23.)

There are basic differences in the concepts and practices of the inspecting organizations. Some of the differences involve

- the extent of reliance placed on food vendors for product quality,
- the desirability and extent of the use of statistical sampling techniques for product inspection, and
- Federal surveillance of State and/or local inspections in lieu of direct Federal inspection.

GAO believes that maximum standardization in requirements, procedures, and concepts is desirable and would enable inspections to be made more effectively and economically. (See pp. 24 to 27.)

GAO believes that there is a need to reassess the Federal role in food inspection and the participation of the various organizations that currently perform parts of the function so as to arrive at sound

recommendations for improvement. This reassessment--involving as it does sensitive relationships between the numerous Federal, State and local governmental agencies and the food industry--should be conducted under the leadership of the Bureau of the Budget.

RECOMMENDATIONS OR SUGGESTIONS

The Director, Bureau of the Budget, should make a detailed evaluation of the food inspection function to determine the most effective method of improving the administration of this function. The study should determine the feasibility of consolidating at least some of the inspections, and it could draw upon the skill and experience of the agencies performing inspections. (See p. 33.)

The findings and recommendations of this evaluation should be reported to the Congress as soon as possible since reconsideration of existing legislation may be involved.

AGENCY ACTIONS AND UNRESOLVED ISSUES

Federal agencies that make food inspections agreed that there is a need for reassessing the food inspection function. The Bureau of the Budget agreed to make the evaluation when sufficient resources are available. (See pp. 52 and 53.) Certain actions taken or planned by the individual agencies are discussed on pages 16, 17, and 28.

MATTERS FOR CONSIDERATION BY THE CONGRESS

Significant legislation affecting food inspection has been passed in recent years and several bills are pending. This report is being furnished to the Congress to provide a basis for considering actions taken or proposed by the executive branch and for such other action as the Congress sees fit.

CHAPTER 1

EVOLUTION OF THE FEDERAL

FOOD INSPECTION FUNCTION

Since the attention of the general public was dramatically focused on the subject of unwholesome meat early in this century by Upton Sinclair in his book "The Jungle," the need for inspecting food products for wholesomeness has been universally accepted.

Commencing with the certification of meat for wholesomeness by the U.S. Department of Agriculture (USDA) in 1891 and the more stringent rules imposed by meat inspection legislation enacted in 1906, many additional requirements for food inspection have been established at different times by Federal, State, and local laws, and by regulations, to correct specific conditions.

Other major milestones include the initiation of inspection services for: grain in 1907, certain dairy products in 1908, fresh fruits and vegetables in 1917, shellfish in 1925, and dressed poultry in 1927. Virtually all foodstuffs are now subject to some form of inspection and/or grading activity--and in many cases laboratory analysis--by widely scattered organizations. In many instances inspections were established to cope with exigencies being experienced in the food industry.

Concurrent with expansion of the types of food subject to inspection, the scope of the inspection activity expanded to include ingredients as well as related end products. Further, inspections are made of the plants in which food products and ingredients are prepared for market; of the processes used in converting them into other products; and, in some cases, of the areas in which the food items are grown. Some inspections also encompass the accuracy of product labeling and weights.

Although initially the primary purpose of the inspections was to protect the health of consumers, this objective has been expanded over the years to include providing food

producers with a service whereby foods are graded into accepted certified standards of quality to establish a basis for trading and to facilitate the marketing of food products. Those inspections oriented to the wholesomeness of food products, i.e., the interests of the consumer, are usually mandatory and are financed by Federal or State authorities, while those oriented to qualities of products, i.e., primarily but not exclusively to producer interests, are voluntary and are financed almost exclusively by food producers. For meat and poultry, one Federal agency--the Department of Agriculture--administers both consumer- and producer-oriented programs.

In the evolution of the Federal food inspection function, responsibility for specific facets has been assigned by law or regulation to many different organizations as shown below.

<u>Year</u>	<u>Organization responsible</u>	<u>Basic purpose of initial law or regulation</u>
1906	Department of Agriculture	Inspecting meat and meat plants involved in interstate commerce. (Appropriations provided by the Congress in 1906 and subsequent legislation.)
1906	Food and Drug Administration	Preventing adulterated and misbranded foods from moving in interstate commerce. (Food and Drugs Act of 1906, legislation enacted in 1938, and amendments.)
1916	Department of Defense	Authorizing seven veterinarians in the Medical Department of the Army to inspect meat. (National Defense Act.)
1924	U.S. Public Health Service	Aiding in prevention of milk-borne diseases. The Public Health Service developed a "Standard Milk Ordinance" to assist States and municipalities in developing effective programs to prevent milk-borne diseases.

- 1925 U.S. Public Health Service Preventing disease and controlling the sanitary quality of shellfish shipped in interstate commerce.
- 1941 Department of Defense
to
1944 Protecting the health of military personnel and the financial interest of the Government. At this time the military Veterinary Corps became involved on a major scale in inspecting foodstuffs for the military departments.
- 1946 Department of Agriculture Assisting the food industry in improving the quality of its products and providing a basis for trading based upon quality grades. (Agricultural Marketing Act, 1946.)
- 1956 Department of the Interior Assisting the fish industry in improving the quality of its products. This is a part of the responsibility established by the Agricultural Marketing Act, 1946, which was transferred from the Department of Agriculture to the Department of the Interior by the Fish and Wildlife Act, 1956.
- 1957 Department of Agriculture Inspecting poultry and poultry products involved in interstate commerce. (Poultry Products Inspection Act and subsequent legislation.)
- 1965 Department of Defense Inspecting certain foods as part of the Defense Contract Administration Services' contract administration responsibility for the military departments.

CHAPTER 2

SIMILAR INSPECTION ACTIVITIES

AT COMMERCIAL FOOD ESTABLISHMENTS

Our review of the Federal organizations that were making inspections of food showed that many organizations conducted inspections at commercial food establishments and that, although the purpose and scope of their programs differed somewhat, e.g., as to degree or specific area of interest, these inspections possessed similarities and, in some cases, were essentially the same.

Military veterinary services and Defense Contract Administration Services personnel inspect food procured for military use, to protect the health of military personnel and the financial interests of the Government.

The USDA inspects meat and poultry for wholesomeness as a Government service to consumers. The USDA also offers to the food industry, on a reimbursable basis, inspection and grading services for such commodities as meat, poultry, dairy products, and fruits and vegetables. The U.S. Department of the Interior (USDI) offers a similar reimbursable inspection service to the food industry on fish products.

Organizations under the Department of Health, Education, and Welfare (HEW) are also engaged in food inspections. The Food and Drug Administration (FDA), in order to fulfill its legal responsibilities for preventing adulterated or misbranded foods from moving in interstate commerce, may inspect virtually any food products other than those which have more than 2-percent meat or poultry content. Also, the U.S. Public Health Service (PHS), as part of its responsibilities for the preservation of public health, conducts surveillance inspections of milk and shellfish sanitation as an element of its collaborative programs with State and local agencies and private industry.

HEW has recently initiated a reorganization involving its food inspection programs which, if fully implemented, will merge the inspection activities of FDA and PHS.

We found that different organizations made similar inspections, as shown by our review of inspections of dairy products, meat products, water foods, processed fruits and vegetables, and other commodities and food establishments.

The following table shows the organizations carrying out inspections and related functions for dairy products. The categories in the table indicate the general areas where these organizations conduct similar, but not necessarily identical, activities and related functions.

Organizations making inspections and related functions	<u>Type of inspection or related function</u>			
	<u>Facility inspection</u>	<u>Product inspection</u>	<u>Laboratory analysis</u>	<u>Setting standards</u>
Military veterinary services	X	X	X	X
USDA, Consumer and Marketing Service, Dairy Division				
Inspection and Grading Branch	X	X	X	X
Market Administrator		X	X	
U.S. Public Health Service and/or State organizations	X	X	X	X
Food and Drug Administration	X	X	X	X

The military veterinary services inspected all types of dairy products procured for military use and selected product samples for laboratory analysis to determine whether contract requirements for sanitation, wholesomeness, and quality of the dairy products had been met. They also inspected dairy product plants for sanitation.

The USDA inspects and grades dairy products as a quality assurance service to industry. Fees are charged for this service. The service covers a wide range of dairy

products such as dry milk, butter, and cheese products and is used by the dairy industry to ensure that its products meet specific grade or contract requirements. Inspection and Grading Branch services are available on a continuing in-plant or part time basis.

Services provided to approved plants include sampling, grading, and testing and issuing official USDA approval certificates for products manufactured by the plant. To determine whether the facilities and equipment comply with standards established by USDA, plant inspections are conducted at least semiannually, and frequently on a quarterly basis. The USDA also makes contract compliance inspections for dairy products for the Veterans Administration and for the School Lunch Program. Recently arrangements were made whereby USDA conducts contract compliance inspections for butter and cheese procurements of the Department of Defense (DOD).

In addition, under the Federal Milk Marketing Order Program conducted by USDA, the Market Administrators test the accuracy of weights and measure the butterfat content of milk and milk products. The costs of these services are recovered by the fees charged.

Most of the actual inspection under the PHS milk sanitation program is done by State and local authorities, usually under the auspices of the State department of agriculture or State health department. The PHS checks State inspections and related procedures periodically for adequacy.

Inspection activities are conducted in accordance with the Grade A Pasteurized Milk Ordinance developed jointly by PHS, the States, and industry. The standards in the Ordinance pertain to such considerations as adulteration, quality, bacteriological counts, farm and plant sanitation, and labeling. The Ordinance also provides for periodic inspection and laboratory analysis of milk samples to ensure compliance with the standards. Although participation in this milk program is voluntary on the part of the State and local government, nearly all the States participate in the program.

State rating officers, who have been certified by PHS, make ratings of interstate milk shippers to qualify them for inclusion in the list entitled "Sanitation Compliance and Enforcement Ratings of Interstate Shippers," issued by the PHS. These ratings show the degree of compliance with the published standards. The PHS periodically makes check ratings to determine the sanitation compliance of listed interstate shippers and to certify to the inspection, rating, and laboratory procedures of the reporting States.

In implementing its statutory responsibilities, the FDA makes periodic inspections of dairy establishments to determine whether dairy products which are shipped interstate are safe, pure, and wholesome and are honestly and informatively labeled and packaged. The FDA food program normally includes facility inspections, product inspections, laboratory analyses, and the setting of standards. FDA inspections of dairy plants include such manufactured products as dry milk, condensed milk, butter, cheese, and ice cream.

In summary, we found that the Department of Agriculture was inspecting and grading such dairy products as butter, cheese and dry milk; the Public Health Service was inspecting, primarily, fluid milk; the Department of Defense was inspecting certain dairy products that it procures; and the Food and Drug Administration could inspect any dairy product.

Following are examples of the variety of inspections which we found were being made at dairy establishments that we visited.

1. At one dairy products company, military veterinarians made sanitary inspections at least monthly and obtained milk samples at the plant twice monthly. These samples were analyzed for bacteria and butterfat content in a military laboratory.

A quarterly inspection of the plant sanitation was also made by the Inspection and Grading Branch, Dairy Division, Consumer and Marketing Service, USDA. The inspectors relied on the plant's internal quality controls and on other inspection agencies

for the sanitation of the fluid milk. This inspection qualified the plant for inclusion on the list of "Dairy Plants Surveyed and Approved for USDA Grading Service" issued by USDA and served as the basis for obtaining grading services, when requested, from the Inspection and Grading Branch for products produced at the plant.

Because this plant was located in an area covered by a Federal Milk Order, it was also visited by the Market Administrator, Dairy Division, Consumer and Marketing Service, USDA. At this plant, butter and cheese samples were taken eight times a month by the Market Administrator and analyzed for butterfat content.

In addition, FDA personnel visited the plant from time to time and made inspections for potential health hazards. The plant was also visited, at least quarterly, by representatives of the State health department for inspection of plant sanitation and analysis of fluid milk bacteria count to qualify the plant for inclusion in the listing "Sanitation Compliance and Enforcement Ratings of Interstate Milk Shippers," issued by PHS.

2. At another dairy plant, we found that military veterinarian inspectors had made procurement inspections for 47 butter contracts during the period January through June 1968. These inspections consisted of (1) a check to see that a USDA grader had certified to the grade of the butter, (2) surveillance over the processing, (3) examination of the packaging, and (4) selection of samples for laboratory analysis to determine butterfat, yeast, and mold content. A USDA grader had certified to the grade of the butter for all the contracts. This plant was also inspected by the FDA.
3. At still another dairy plant, the plant manager said that 14 different inspection organizations were making inspections at his plant. The inspections ranged from sanitary inspection of the

facility to product inspections. The organizations making inspections included DOD, PHS, two State health departments, two State agriculture departments, five county health departments, and three city health departments. This plant was also subject to inspection by FDA.

For meat products, we found that both the military veterinary services and the USDA had, at meat plants processing meat for military procurement, what might be termed resident inspectors.

The USDA had meat inspectors who are responsible, by law, for inspecting meat and meat products originating in plants engaged in interstate commerce. This responsibility embraces the inspection and approval of plant facilities and the inspection of meats to ensure that they are clean, wholesome, and free from adulteration and are truthfully labeled.

At some plants, the USDA also had meat graders who, upon request, provided grading services on either a full-time or a part-time basis. Grading services consist of the determination of the class, grade, or other quality identification of meats according to official standards and regulations. When requested, meat graders also do acceptance work to determine whether the products conform to specifications included in commercial and Federal contracts. Acceptance work is done on Federal civil contracts, involving meat products, such as those for the School Lunch Program and for Veterans Administration and Public Health Service hospitals. The costs of the services rendered by meat graders are reimbursable to the Federal Government.

The military veterinary services inspect meat procured by DOD to ensure that it meets the specifications in military contracts. Depending upon the meat product involved, these inspections may include verifying such factors as condition, weight, packaging, marking, and labeling; observing meat-processing operations; and making chemical analyses. In the case of meat which has been graded by USDA, military inspectors make certain that the USDA grade stamp has been applied, as specified in the contract.

Examples of situations we found at meat plants follow.

1. At one meat-processing plant a USDA meat inspector checked incoming meat to ensure that it had been previously inspected by the USDA. He also made daily sanitary inspections of the plant, observed the processing of meat, checked the chemical additives, and obtained samples of products, whether they were destined for consumption by the general public or by the military. A USDA meat grader observed the processing of certain lots of meat in order to determine whether they complied with the specific requirements of School Lunch Program contracts.

The military veterinary service representative at this plant inspected all meat procured by the military to ensure that it met military contract specifications. Thus, two different Federal inspection organizations were functioning at this plant, one inspecting meats to ensure that various legal requirements were met and also inspecting a portion of the products for compliance with the requirements of Federal civil contracts; and the other, inspecting meats to be furnished to the military departments for compliance with the requirements of military contracts.

2. At a meat-packing company, the president stated that there was a considerable amount of overlap between military inspections and those performed by USDA. In the boning department and in the hamburger-processing department of his plant, a USDA meat inspector and a military veterinary service inspector made virtually the same type of inspection on the same meat.

The plant superintendent said that USDA and military veterinary service personnel inspected the same meat being ground into hamburger. The USDA inspector determined that it had a fat content within its standard of 30 percent or less, while the military veterinary service inspector verified, as specified in

the DOD contract, that the hamburger purchased by DOD did not have a fat content of more than 22 percent. Although these two inspections were conducted for different purposes and each organization included some work not required by the other, it appeared that the work of both organizations, to meet some aspects of their inspection requirements, was virtually the same.

3. At another meat plant, an official told us that the USDA meat inspector and military veterinary service personnel test-weighed the same bacon. In addition, the USDA inspector selected samples of meat products for chemical analysis, regardless of whether they were processed for civilian or Armed Forces consumption, as part of his inspection. Among the factors measured were the fat and moisture content. The military veterinary service, as a part of its inspection, also obtained samples for the chemical analysis of meat procured for military use in order to determine whether it conformed to Armed Forces specifications for such factors as fat and moisture content.
4. At another meat plant where military veterinary service personnel make procurement inspections, the plant had a full-time USDA veterinarian, six full-time USDA meat inspectors, and one full-time meat grader on duty. The meat grader stated that USDA could assume the contract compliance work being done by the military.

On the basis of our review, the need for two separate inspection organizations in the same meat plant seemed questionable.

Commercial water-food establishments may obtain inspections and/or grading services from four Federal organizations as well as State and/or local agencies. The following table indicates the general areas where these organizations conduct similar, but not necessarily identical, inspection activities and related functions.

Organizations performing inspections and related functions	<u>Type of inspection or related function</u>			
	<u>Facility inspection</u>	<u>Product inspection</u>	<u>Laboratory analysis</u>	<u>Setting of standards</u>
Department of Defense	X	X	X	X
Department of the Interior	X	X	X	X
Food and Drug Administration	X	X	X	X
U.S. Public Health Service and/or State organizations	X	X	X	X

The similarity of inspections of water food by the above organizations is much the same as in the previous examples for other commodities. The Department of Defense, the Department of the Interior, and the Food and Drug Administration, under their respective programs may inspect water foods without restriction, but the Public Health Service activities are limited to administering the shellfish sanitation program for oysters, clams, and mussels. In addition, the Department of the Interior licenses Department of Agriculture inspectors to make inspections on water foods when this is deemed to be in the best interest of manpower utilization.

We found that the Department of Agriculture, the Food and Drug Administration, the Department of Defense, and State organizations were making inspections at commercial establishments dealing in processed fruits and vegetables. Similar inspection activities were being conducted for these commodities also because of the responsibilities assigned to each inspection organization.

We also visited commercial establishments active in warehousing and cold storage, grain storage, multiple foods, cereals, bakery products, and wheat-flour milling. Officials at each establishment informed us that at least two,

and as many as four, Federal organizations conduct some type of inspection activity at these plants and establishments. The Federal organizations making inspections were identified as the Department of Defense (military veterinary service and Defense Contract Administration Services), the Department of Agriculture (various divisions of the Consumer and Marketing Service), the Food and Drug Administration, and the U.S. Public Health Service. State agencies also make inspections at many of the establishments.

During our review, the Department of Defense took action to reduce its inspection effort at commercial food establishments. For example, after we had questioned the need for Defense inspectors to make sanitary inspections at a large number of plants, these inspections were discontinued at 715 plants on the west coast under the surveillance of the Sixth U.S. Army as follows:

<u>Number of plants</u>	<u>Reason for discontinuance of sanitary inspections</u>
63	Plants under inspection by USDA
40	" " " " PHS
79	No bid made for military food procurements within past 12 months
<u>533</u>	Food product presents minimal health hazard
<u>715</u>	

After completing our review, we requested information on the number of plants where sanitary responsibilities had been transferred from DOD to other Federal agencies. We were informed by the Assistant for Veterinary Services, Department of the Army, in January 1970 that these responsibilities had been transferred to USDA for 335 dairy plants in the United States which had been surveyed and approved for USDA grading services. He also informed us that the responsibility for sanitary inspections of 487 other plants included in the PHS listing of interstate milk shippers had been transferred to HEW.

Grading of military procurements for butter and cheese was transferred to USDA, effective September 1969. Also,

inspections of a number of food items formerly made by the Defense Contract Administration Services have been transferred to USDA.

CHAPTER 3

FOOD STANDARDS AND SPECIFICATIONS--

FEDERAL PARTICIPANTS AND ACTIVITIES

An essential element of the food inspection function-- applicable to both protecting the health of consumers and marketing the food--is the establishment of generally accepted standards and specifications for foodstuffs (1) to ensure that wholesome food is being marketed and (2) to serve as the basis for trading in food commodities. We found that six different Federal organizations were involved in developing and setting food standards and/or specifications as follows:

- Department of Agriculture.
- Department of Defense.
- Food and Drug Administration.
- Department of the Interior.
- U.S. Public Health Service.
- General Services Administration.

Specific data concerning the various laws and regulations governing the food standard activities of each organization are set forth in the exhibit.

Although the authorities and responsibilities of some organizations limit the setting of standards to specific broad category(s) of food items--e.g., USDI for fish and fish products--other organizations can, and do, set standards for items in the same food product areas. In the latter situation the overlap creates a need for obtaining coordinated agreement on standards, which in practice appears to be a lengthy process or, more important, results in two or more Federal organizations' setting different standards for the same food item.

Although our review of food standards and specifications was not made in depth, the following examples were noted which indicate the situations that can, and do, arise when different Federal organizations set different standards for the same food item. It is recognized, however, that in some instances different standards may be necessary.

Ground beef--USDA labeling standards required that ground beef for general commercial use in interstate commerce should not have a fat content of more than 30 percent. For the School Lunch Program, administered by USDA, the average fat content was not to exceed 26 percent. Defense specifications required that the fat content of ground beef not exceed 22 percent on a lot average basis for each contract and that no single lot have a content of more than 24 percent.

In our discussion with a USDA meat inspector, we were told that different standards resulted in instances where the Army rejected ground beef because it did not meet the DOD standard for fat content but that the same ground beef did meet USDA standards. This situation created contractor dissatisfaction.

Smoked hams--Standards for smoked hams have been developed by DOD and USDA. The specification used by DOD for procurement purposes sets limits for salt, fat, and moisture content. The USDA minimum standard for general commercial use stipulates, with respect to moisture, that the weight of the smoked hams shall not exceed the weight of the fresh, uncured product.

At one plant we found that a contractor proposed to furnish, under a Defense Supply Agency contract, a lot of 590 smoked hams that both DOD and contractor laboratory analyses showed to be in compliance with the military standards included in the contract specifications. The USDA made a laboratory test of the same lot of hams but found that they did not meet its standard for moisture content. As a result, the contractor was required to resmoke hams to meet USDA requirements.

In making tests of hams for moisture content, the two organizations used different methods--which could give the same, or different, results. In the case cited, the USDA test showed a moisture content in excess of the limit set by its standards. However, because two independent agencies of the Government, as a result of using different product standards and testing methods, arrived at materially different results with respect to the same lot of hams, the contractor characterized their efforts as "confusing, expensive, and useless duplication."

CHAPTER 4

AGREEMENTS BETWEEN FEDERAL ORGANIZATIONS

REGARDING INSPECTION ACTIVITIES

The diffusion of the food inspection function has led to a need to coordinate or control the activities of organizations authorized to carry out this function in the same general areas. As a result, a number of agreements and understandings have evolved over the years between certain inspection organizations whose activities would inevitably overlap and conflict unless some restraints were imposed. During our review, we found agreements and understandings between the following organizations:

- Departments of Defense and Agriculture.
- Department of Defense and Food and Drug Administration.
- U.S. Public Health Service and Department of the Interior.
- U.S. Public Health Service and Food and Drug Administration.
- Department of the Interior and Food and Drug Administration.
- Federal Trade Commission and Food and Drug Administration.
- Food and Drug Administration and Department of Agriculture.

These agreements have been reached to set lines of responsibility for personnel carrying out inspection activities, to prevent conflict in activities, and to take advantage of the knowledge and experience of other organizations active in the same area.

Although the agreements and understandings may help to alleviate some difficulties that might otherwise occur between the inspection organizations, we believe that a more effective system for discharging food inspection responsibilities would reduce, or eliminate, the need for such agreements. Historically, agreements and understandings have been time consuming to reach and difficult at times to administer and in some cases have led to further difficulties between the parties involved. Following are details of some of the agreements.

Agreements between military and civil organizations-- Problems concerning the use of, and reimbursement for, the USDA inspection service, following World War II, precipitated discussions as to the need for a written agreement between the military and USDA. Since the mid-1950's, several written agreements have been consummated between the parties whereby USDA will furnish the military with contract compliance services for subsistence items.

Under an arrangement negotiated in 1954, USDA undertook to inspect, for contract compliance, meat, meat by-products, and meat food products procured by the military. Until 1964, about one half of the inspections on military-procured meat were made by USDA under this arrangement. Then the military decided to make its own inspections for contract compliance for meat and meat products, except for those meats for which U.S. grade standards had been established.

Another agreement was made in 1956 whereby the USDA would, upon request of the military, inspect and grade subsistence items--fresh and processed fruits and vegetables, grain products, meat and meat food products, dairy and poultry products, and other items as agreed. In implementing the agreement, an understanding was reached to the effect that USDA inspection procedures would be accepted where USDA grade standards exist but that, otherwise, military sampling techniques and inspection procedures would be used.

A more comprehensive agreement consummated in 1957 provided, basically, that USDA would use military procedures in making contract compliance inspections for the military. Under subsequent agreements negotiated in 1963, 1967, and 1968, USDA was to use its own procedures in making these

inspections, but shortly after the 1963 agreement was made, the military discontinued using USDA contract compliance inspections of meat, except for items purchased under U.S. standards for grade.

Pertinent DOD regulations require that maximum practicable use of USDA inspection and grading services be made in fulfilling procurement inspection responsibilities, subject to retaining a sufficient inspection workload for training military veterinary personnel, and in providing a base for rotating these personnel between stateside and overseas duty stations.

We found that it was the policy of DOD to use USDA services only for procurement of those products for which USDA had published U.S. standards for grade. At the time of our review, the military was not using the USDA for inspecting dairy products, processed meat products, or certain poultry items. However, in the case of dairy products, for which USDA has grade standards, the DOD was planning to use USDA services for inspecting procurements of butter and cheese. Also, in general, the military was not using USDI inspection services for fish and fish products. USDI inspection services being used for selected fish products were scheduled to be discontinued shortly.

An agreement between DOD and FDA was also made whereby FDA would test tea for military procurements.

Agreements between civil organizations--PHS and FDA had a cooperative agreement which required PHS to furnish to FDA information on insanitary shellfish growing areas and shucking houses in order to prevent the interstate shipment of potentially dangerous shellfish. Similarly, PHS and USDI entered into a memorandum of understanding under which USDI, acting in an advisory and liaison capacity, and PHS, acting in a research and administrative capacity, cooperated to maintain a high level of sanitation in the oyster, clam, and mussel industries so that shellfish would not contribute to the interstate spread of disease.

USDI and FDA had an agreement under which (1) FDA inspectors invited USDI inspectors stationed at water-food establishments to accompany them during inspections and

(2) FDA agreed to furnish pertinent reports to USDI when this would be of value to USDI inspectors.

The Federal Trade Commission and the Food and Drug Administration entered into an agreement which assigned (1) the responsibility for preventing mislabeling of food to FDA and (2) the regulation of false advertising pertaining to food items to the Commission. Under the responsibilities assigned to these agencies, they could, in the absence of the agreement, be concurrently active in the same area.

FDA and USDA entered into an agreement involving meat and poultry inspection. Under this agreement FDA inspectors were not to inspect firms which were entirely under compulsory continuing inspection by USDA, as required by law, unless the FDA District Director gave specific instructions to make an inspection. This could occur in cases involving suspected violations of the Food, Drug, and Cosmetic Act. FDA, however, inspected products which were under the voluntary inspection programs of USDA and USDI. The FDA inspector normally invited the USDA or the USDI inspector to participate in these inspections.

During our review, a PHS representative informed us that FDA, USDA, and PHS had entered into an agreement with respect to the formulation of a single standard for dry milk. Each of these agencies and DOD had had a standard for dry milk.

The many agreements needed to coordinate food inspection activities of the Federal organizations involved attest to the need for an overall evaluation of the system currently used in administering the Government food inspection function.

CHAPTER 5

DIFFERENCES IN INSPECTION CONCEPTS AND PRACTICES

We found that there were essential differences in the concepts and practices that the inspection organizations followed in carrying out their responsibilities with respect to food commodities.

To deal with its responsibilities for preventing food-borne illness, the U.S. Public Health Service adopted a concept which may be characterized as "motivation and surveillance." In line with this concept, PHS pursued a policy of collaborating with State and local agencies and private industry in the development and maintenance of effective food protection programs.

Under the PHS milk sanitation and shellfish sanitation programs, the States and local agencies made most of the sanitary inspections, laboratory or other tests and analyses, and inspections of products. These inspection activities, however, were subject to surveillance, including inspections, by the PHS to ensure that the State and local inspections were being made in accordance with the appropriate standards and procedures agreed upon by States and local agencies and PHS.

Primarily, the PHS role was accomplished through the promotion of effective State and local sanitation programs and procedures; the provision of technical assistance, training, and research; the formulation of effective standards; the control of the licensing of State rating officers; and the publication of ratings on compliance with, and enforcement of, sanitary standards.

To carry out its responsibilities for the safety, purity, and wholesomeness of food products--other than meat and poultry products for which USDA was responsible--FDA followed what might be termed the "Problem Approach"--a system of selecting food establishments and products for inspection on the basis of judgment. The selections were made

according to (1) judgments formed as a result of past experience and current intelligence data and (2) priorities given to considerations of health, sanitation, and economics. In this way FDA attempted to channel the efforts of its inspectors into areas of maximum need and importance--in short, where the efforts would do the most good. Under this system inspections of particular products and plants tended to follow an irregular pattern.

The inspection service for fish products administered by the USDI, which might be termed "cooperative assistance," is an impartial national inspection and certification service made available on a voluntary and reimbursable basis to parties interested in fresh, frozen, canned, and cured fish products.

Since the primary objective of the USDI inspection service is to assist the fish industry to improve the quality of its products and develop and improve the bases for trading fish commodities, USDI follows a policy of cooperation with, and assistance to, the fish industry in attaining this objective. The agency assists processors in producing better products by promoting the use of improved methods and practices of handling, processing, standardizing, grading, packaging, and marketing fish and fish products.

Because of the voluntary nature of the inspection service, actual inspection of products is made on a request basis for buyers or sellers, the sellers paying the costs. The inspections are normally made on the basis of samples selected from each lot by a statistical method.

Since 1959 when the implementation of the DOD Quality Assurance Program was commenced, the military concept for procurement inspection might be termed "controlled delegation of responsibility," inasmuch as the policy is to place prime responsibility for product quality on military contractors. Essentially, this has been done through a procedure whereby, in general terms, the military sets forth the requirements a contractor must meet to receive approval of its inspection system. Under the program, contractors submit their plans to the military, for review and approval. These plans detail the procedures that the contractor will

follow to comply with contract provisions and specifications pertaining to the quality of food items.

After approval of the contractor's plan, production may proceed. Military inspectors monitor and verify the contractor's inspection results by making inspections of products, using the "skip lot" technique. This reduces the amount of inspection and verification made by the military inspectors and places the major responsibility for the quality and conformity of products on the contractor.

The USDA inspection concept, which might be characterized as primarily an "in-house" function, differs from that of the other inspection organizations. Certain major programs, such as those for meat and poultry, are legally mandatory and require inspection of all such commodities entering interstate or foreign commerce. Other programs, such as those for dairy products and fruits and vegetables, are--like the USDI program for fish--voluntary services made available to the food industry and have the objective of improving the quality of products and providing a common basis for trading in the commodities.

Because USDA believes that the unique nature of the food industry makes contractor quality assurance an uncertain procedure, its concept is to attain inspection objectives primarily on an in-house basis and, in contrast to the concept of DOD, to place responsibility for product quality and inspection very sparingly on contractors.

At the outset of the DOD Quality Assurance Program, the USDA would not place reliance on contractor testing in procurement operations and would not use it for inspecting, for the military, subsistence items for contract compliance. Our review has indicated, however, that in some cases the USDA now accepts the inspection and grading work of contractor personnel when they operate under the supervision of USDA personnel. According to USDA representatives, contractor employees make inspections on the processing lines at some meat-processing plants and also grade poultry to a limited extent. In general, however, all production lots are examined under USDA procedures and the "skip lot" technique is not permitted, apparently because some lots might then be accepted without any degree of independent Government inspection.

In line with the differing concepts of DOD and USDA, the desirability and extent of using statistical sampling techniques have been a source of controversy between these departments for some time, and, as a result, two separate procurement inspection programs for subsistence items have evolved--one for the military and another for the nonmilitary.

Statistical sampling plans and procedures for procurement of military items in general, including food, are set forth in Military Standard 105 entitled "Sampling Procedures and Tables for Inspection by Attributes" and are applied in connection with the "skip lot" inspection technique. USDA methods for selecting samples are not based on one sampling plan--such as Military Standard 105--but may be based on statistics or judgment depending on the product involved. Ordinarily, each production lot will be inspected. USDA normally will use its own plans and procedures, except when inspecting for nongrading aspects--for example, special packaging requirements of military procurements. In such cases, Military Standard 105 is used.

Military representatives have cited the difference in sampling techniques and USDA's limited use of the contractor quality assurance technique--which they feel results in more costly inspections by USDA--as reasons for not using USDA and USDI inspection services more extensively for inspecting military subsistence items.

The Federal inspection organizations have different concepts and different procedures for reaching their respective objectives. As a result of these differences, it is common to have inspectors for two or more inspection organizations using different criteria in making inspections in the same plant and, on occasion--as pointed out in chapter 3 on food standards--with different results on the same product. It seems desirable to have the maximum standardization in requirements, procedures, and concepts. We believe that this would help to minimize duplication in administration and training and enable the inspection function to be performed more effectively and economically.

CHAPTER 6

EXECUTIVE BRANCH COMMENTS

On July 2, 1969, a draft of this report was submitted for review and comment to the Departments of Health, Education, and Welfare; Defense; Agriculture; and the Interior and to the Bureau of the Budget. The agencies that make food inspections have agreed that there is a need for re-assessment of the Federal role in food inspection and of the participation of the various organizations that currently perform parts of the function. The Bureau of the Budget stated that such a review would fall within its purview but indicated in informal discussions that it did not have the resources or personnel available with the necessary expertise to perform this considerable undertaking. Nevertheless, it agreed to follow up on the matter to the extent permitted by priorities competing for attention and available resources.

Salient comments of the executive branch, together with our views, are discussed below. Full texts of the comments are included in the appendixes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Department of Health, Education, and Welfare has stated that FDA is now a part of the Public Health Service and that this should be acknowledged and so treated in our report.

During our review, two groups of HEW inspectors were making inspections--those directed by FDA and those directed by PHS. Several reorganizations have taken place over the last several years involving HEW organizations responsible for food inspection programs; however, we were informed by HEW representatives in January 1970 that the changes had not yet been approved by the Secretary of HEW. If a complete merger of the HEW inspection programs--including all field activities--is accomplished, it should result in more efficient use of skilled manpower and should preclude the use of more than one HEW inspector to conduct food inspections at a given plant.

In its letter HEW suggested that our report differentiate between different types of standards, identifying those (1) designed primarily to protect the consumer, (2) designed to ensure compliance with contract and procurement specifications of Government agencies, and (3) intended as a service to industry.

We did not categorize standards into various types, as suggested, because we believe that the principal and basic considerations involved are presented in the exhibit to the report which sets forth the responsibility and authority under which each organization sets standards. The primary purpose of the portion of our report dealing with food standards and specifications (ch. 3) is to show that several agencies are involved in setting standards, sometimes for the same commodities, and that this causes some problems. In our opinion the distinctions between standards are not directly pertinent to the objective of the report.

DEPARTMENT OF DEFENSE

The Defense Supply Agency stated, on behalf of the Secretary of Defense, that our draft report

"*** does not adequately differentiate between wholesomeness inspection normally performed by the USDA and simultaneous inspections performed by the Department of Defense personnel to assure compliance with technical specification requirements."

We believe that the specific data presented in chapter 2 on the inspection activities of these organizations and other data included in chapter 5 on inspection concepts and practices indicate the salient points of difference between inspections made by the Departments of Defense and Agriculture.

The Defense Supply Agency letter also stated:

"*** the report [does not] highlight the current utilization of a single agency for those elements of inspection which meet a common need."

We concur that, in many cases where DOD had determined it to be economically and technically feasible, DOD makes use of the inspection work done by other Federal agencies. However, during our review we visited 48 commercial food establishments which were approved as sources of supply for the Armed Forces and found that inspections were being made by:

- Department of Defense inspectors at 42 establishments.
- Department of Agriculture inspectors at 33 establishments.
- Food and Drug Administration inspectors at 23 establishments.
- U.S. Public Health Service inspectors at nine establishments.
- Department of the Interior inspectors at two establishments.
- State and/or local inspectors at 33 establishments.

On the basis of our findings, we believe that the discharge of the Federal food inspection responsibilities at plants such as those we visited could be improved considerably.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture furnished with its comments a copy of a letter dated June 27, 1969, from USDA to the Chairman, Subcommittee on Government Procurement and Economic Concentration, Select Committee on Small Business, House of Representatives, summarizing the results of USDA's review of inspection procedures related to the procurement of fresh fruits and vegetables by the Defense Supply Agency. In its letter to the Subcommittee, USDA estimated that it could handle the military workload for fresh fruits and vegetables at 25 specified locations in substantially less time than it took for DOD personnel to do so.

In its letter to GAO, USDA stressed

"*** that the presence of more than one Federal food inspection service in a commercial processing establishment is not necessarily wrong, nor does it mean that there is inspection duplication. Generally each service has a primary interest or responsibility."

We recognize and have stated in this report (see pp. 7 to 16) that each inspection service has its own objectives or purposes, which differ from those of the others to some degree. Thus it can be rationalized that there is nothing wrong and that no duplication occurs when the different inspection groups make inspections at the same establishment.

We cannot agree that there is no duplication in such circumstances. For example, sanitary inspections conducted by the various inspection organizations are the same or quite similar. Further, although the primary purposes of other types of food inspection differ, the practices followed by different organizations in inspecting the same commodity must overlap to some degree, as illustrated by the examples given in chapter 2.

In its letter USDA also stated that

"Several paragraphs of the draft report refer to the 'industry oriented' concept of USDA voluntary inspection and grading programs. Each of the *** programs serves particular needs, but all serve to facilitate marketing. We [USDA] believe all directly or indirectly benefit consumers, processors and producers as well as those dealing in commodities."

As a general premise, we agree with the USDA position on this matter. However, as indicated on page 5 of the report, USDA inspection and grading programs which are oriented to the quality of products are voluntary and are financed almost exclusively by food producers. For this reason, the thrust of these programs is the furnishing of service to producers. This is not to say that the voluntary programs overlook consumer interests, but rather that consumer benefits accrue more as by-products from these programs.

In contrast, the thrust of USDA mandatory inspection programs for meat and poultry, and the program of FDA, is consumer protection. We believe that a review of the authorizing legislation, the purposes, and the funding operation of voluntary and mandatory food inspection programs warrants the conclusion that voluntary programs tend to be

oriented more to industry interests while mandatory programs are oriented to consumer interests.

DEPARTMENT OF THE INTERIOR

The Department of the Interior stated in its comments that

"*** the information pertaining to our Department's voluntary inspection service is factual *** [and] that further study of the Governmental inspectional activities are in order."

BUREAU OF THE BUDGET

The Bureau of the Budget indicated that our report should more clearly delineate the underlying objectives and the exact nature of the various inspections. We believe that the report covers the major aspects of the Government's role in the food inspection function, including data on the evolution of the function; the basis for, and responsibility of, inspection organizations; the activities of each organization at commercial food establishments; the setting of food standards; the agreements between inspection organizations; and the differences in concepts and practices of the inspection organizations.

In our discussions with a Bureau of the Budget official concerning our recommendation in our draft report, we gathered that the main obstacle to making a timely detailed evaluation of the food inspection function is the lack of personnel in the Bureau--particularly those with the necessary experience, knowledge of food inspection, and related expertise--to perform such a task. We believe that this problem could be overcome by obtaining the needed knowledgeable personnel from the agencies involved in food inspections and having them work under the direction of a nucleus of Bureau personnel who would provide the general guidance, independence, and objectivity to such a study and evaluation.

CHAPTER 7

RECOMMENDATIONS

One of the most conspicuous features of the Government food inspection function is the number of different organizations--Federal, State, and local--that become involved as a result of legal or other formally assigned responsibilities pertaining to either (1) protecting the consumer from food-borne illness or protecting the financial interests of the Government in its procurement of food items or (2) providing an inspection and grading service to industry as an aid to improving the quality of food products and a common acceptable basis for trading in food commodities.

On the basis of our review, we believe that significant opportunities exist for more efficient and economical management of the food inspection function. As a minimum, coordination should be improved between the agencies involved. It appears, however, that administering the function on a more centralized basis would yield greater benefits.

Accordingly, we recommend that the Director, Bureau of the Budget, make a detailed evaluation of the food inspection function, using experienced and knowledgeable personnel from agencies involved in food inspection activities, to determine the most effective method of improving the administration of the function, including the feasibility and desirability of consolidating some of the existing food inspection activities. We also recommend that the findings and recommendations of this evaluation be reported to the Congress as early as possible since reconsideration of existing legislation may be involved.

CHAPTER 8

SCOPE OF REVIEW

Our review was directed to an examination of the food inspection responsibilities and activities of the Departments of Defense, Agriculture, and the Interior and of the U.S. Public Health Service and Food and Drug Administration of the Department of Health, Education, and Welfare. We reviewed the laws and other authorities which established various food inspection programs and activities and examined into pertinent policies, procedures, and practices of the organizations involved.

We reviewed selected records, agreements, and food standards and held discussions with representatives of each Federal organization involved to inquire into the scope and methods of implementing their food inspection programs. We also had discussions with representatives of State agencies that performed food inspections and with food industry representatives.

During our review, we visited various inspection offices of military and civil agencies, and military installations and commercial food establishments located in the States of California, Maryland, New York, New Jersey, Oregon, Pennsylvania, Virginia, and Washington and in the District of Columbia. In general the commercial food establishments we visited were approved sources of supply for the Armed Forces. The type and number of establishments visited are listed below.

<u>Type of establishment</u>	<u>Number of establishments visited</u>
Meat	11
Dairy	10
Poultry	6
Water food	6
Fruits and/or vegetables	3
Storage	7
Other	5

EXHIBIT

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FEDERAL ORGANIZATIONS INVOLVED IN DEVELOPING
AND SETTING FOOD STANDARDS AND SPECIFICATIONS

<u>Organization</u>	<u>Authority for setting standards</u>
Department of Agriculture	Under legislation enacted in 1906 and 1907, the Agricultural Marketing Act of 1946, the Wholesome Meat Act of 1967, and the Wholesome Poultry Products Acts of 1968, the USDA is responsible for and has developed and established standards of quality, condition, quantity, grade, packaging, and identity and composition for food items.
Food and Drug Administration	Under the Food, Drug, and Cosmetic Act of 1938, as amended, the Food and Drug Administration is responsible for and has developed standards prescribing a reasonable definition of identity, quality, and fill of container for food items.
U.S. Public Health Service	In connection with its responsibility for public health, the Public Health Service has coordinated with the States and industry in the development of standards for fluid milk, milk products, and Grade A dry milk products. Under the Public Health Service Act of 1944, as amended, special requirements have also been developed for certain food products served on interstate carriers.
Department of the Interior	Under the Agricultural Marketing Act of 1946, as amended, and the Fish and Wildlife Act of 1956, the USDI is responsible for, and has developed, grade standards for fish and fishery products.
Department of Defense	The Department of the Army's Natick Laboratories is responsible for, and has developed, military specifications for food

products where a Federal specification does not exist, or the military has different requirements.

General Services
Administration

The Federal Supply Service is responsible for, and has developed, through coordination with other Federal agencies, Federal specifications and standards for common use food items procured by Federal agencies.

APPENDIXES

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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 22 1969

Mr. Allen R. Voss
Associate Director, Civil Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Voss:

The Department of the Interior has reviewed the GAO draft report entitled "Study of the Roles of Government Organizations Conducting Food Inspections (Code 88005) Departments of Defense, Agriculture, Health, Education, and Welfare, and Interior" and finds the information pertaining to our Department's voluntary inspection service is factual.

The report treats the various inspection services in a broad sense and, accordingly, all aspects of our service are not clearly evident. The lack of a full description does not, however, detract from the conclusion you reach that further study of the Governmental inspectional activities are in order. The appointment of a Presidential Commission you recommend to evaluate these functions appears as a feasible and desirable approach to increasing the administration and efficiency of the food inspection service.

We appreciate having been afforded the opportunity to review the report in draft.

J. J. Hall Jr.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

OFFICE OF THE SECRETARY

AUG 15 1969

Dear Mr. Charam:

As requested in your letter dated July 2, 1969, we have reviewed the Draft Report of the Roles of Government Organizations Conducting Food Inspections.

The Department of Health, Education, and Welfare concurs generally with the findings and recommendations of the Report. In particular, we endorse the recommendation that a detailed evaluation of the food inspection functions performed by the Federal Government be conducted by a Commission or by the Director, Bureau of the Budget.

There are a few suggestions for improvement which have been made by the Food and Drug Administration, Consumer Protection and Environmental Health Service, U.S. Public Health Service. These are enclosed in the hope that they will be of value in revising the Draft.

Sincerely yours,


James B. Cardwell
Acting Assistant Secretary,
Comptroller

Mr. Philip Charam
Associate Director
Civil Division
U.S. General Accounting Office
Washington, D.C. 20548

Enclosure

RECOMMENDED CHANGES IN THE GAO DRAFT REPORT --
ROLES OF GOVERNMENT ORGANIZATIONS
CONDUCTING FOOD INSPECTIONS

Prepared by the Food and Drug Administration, CPEHS
August 11, 1969

1. The Report is confusing since it refers at different times to FDA and to U.S. PHS in discussing the food inspection functions of the Department of Health, Education, and Welfare. FDA is now a part of the Public Health Service and we recommend that the Report reflect this fact and use consistent terminology throughout the Report in referring to the food inspection activities of the Department -- either FDA throughout or PHS throughout.

[See GAO note.]

3. Chapter 3 of the Draft Report discusses the existence of more than one standard, but in our view, fails to differentiate clearly between formalized standards issued by statutory authority under the provisions of the Administrative Procedures Act or equivalent, informal advisory standards, and procurement specifications. The differences should be clarified. In this regard, it would be helpful to identify those issuances (in whatever category they fall) which are designed primarily to protect the consumer, those that are designed to assure compliance with contract and procurement specifications of Government agencies, and those intended as a service to industry.

GAO note: Deleted comment relates to a matter which we presented in the draft report but which has been omitted from the final report.



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

8 SEP 1969

IN REPLY
REFER TO DSAH-PV

Mr. C. M. Bailey
Director
Defense Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Bailey:

On the behalf of the Secretary of Defense the following comments are provided as requested by your letter of 2 July 1969 concerning your draft report of the study of the roles of government organizations conducting food inspections (Code 88005) (OSD Case #2969).

The Department of Defense concurs in the basic concept of the report which recognizes the magnitude and complexities of the problem as witness its conclusions and recommendations. The report is in consonance with our active policy to avoid any duplication of inspection and where economically and technically feasible to make maximum use of the other Federal Agencies in our procurement quality assurance program.

The report emphasizes the similarities of inspections performed by personnel of different agencies in the individual establishments but does not address equally the unique needs of the Department of Defense and other Federal Agencies. It does not adequately differentiate between wholesomeness inspection normally performed by the USDA and simultaneous inspections performed by Department of Defense personnel to assure compliance with technical specification requirements. Neither does the report highlight the current utilization of a single agency for those elements of inspection which meet a common need.

The Department of Defense is prepared to assist any commission or group established to perform the detailed evaluation of the food inspection function. In the interim the Department of Defense will continue its efforts to improve its coordination with other Federal Agencies and to seek maximum utilization of these agencies in our procurement quality assurance program by means of interagency agreements within the guidelines mentioned above.

Sincerely,

A handwritten signature in black ink, appearing to read "Earl C. Hedlund".

EARL C. HEDLUND
Lieutenant General, USAF
Director



UNITED STATES DEPARTMENT OF AGRICULTURE
CONSUMER AND MARKETING SERVICE

WASHINGTON, D.C. 20250

SEP 12 1969

Mr. Victor L. Lowe
Associate Director
Civil Division
U. S. General Accounting
Office
Washington, D. C. 20548

Dear Mr. Lowe:

This is in response to your letter of July 2, 1969, requesting review and comments regarding the proposed report to the Congress on the Study of the Roles of Government Organizations Conducting Food Inspection. We appreciate the opportunity to offer comments.

We concur in the basic concepts and proposed objectives of the report. We agree the information in the report evidences need for the proposed study.

For your information the Select Committee on Small Business, Subcommittee No. 2, on Government Procurement and Economic Concentration, reported similar interests. In its House Report No. 1975, Second Session, Ninetieth Congress, the Secretary of Defense and Secretary of Agriculture were requested to review existing inspection procedures in the procurement of fresh fruits and vegetables by the Defense Supply Agency. The Department of Agriculture responded to this request on June 27, 1969. (Copy attached).

The draft report portrays a piecemeal, haphazard food inspection service attributed in part to legislative acts and regulations. However, we would like to point out that the presence of more than one Federal food inspection service in a commercial processing establishment is not necessarily wrong, nor does it mean that there is inspection duplication. Generally each service has a primary interest or responsibility.

Several paragraphs of the draft report refer to the "industry oriented" concept of USDA voluntary inspection and grading programs. Each of the several inspection and grading programs serves particular needs, but all serve to facilitate marketing. We believe all directly or indirectly benefit consumers, processors and producers as well as those dealing in commodities.

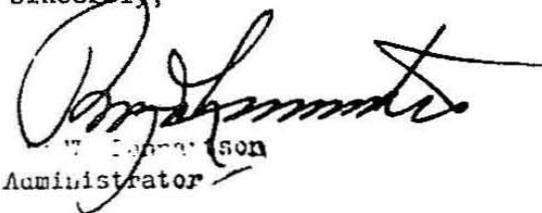
Mr. Victor L. Lowe

Meat inspection, for example, is looked upon primarily as a program for consumer protection or benefit. This it is, but we believe it also facilitates interstate commerce in meats and enhances the market for farm animals sold for meat. Similarly meat grading, while it may be primarily looked upon as a program for facilitating marketing or dealing in meat, is recognized by consumers as a purchasing tool and, we believe as well, benefits the farmer by giving him added assurance of a return fairly related to the quality of the animals sold. On the other hand, the consumer benefits from grading of grain are quite indirect. Performance standards are designed to be uniform whether the service is mandatory or voluntary. Thus, procedures and regulations are geared to the particular need. The consumer's interests are expected to be recognized and protected in each case. It is the needs, and not whether the primary beneficiary is the producer, consumer or industry that determines requirements and methods.

The draft report evidences a need for further study and the establishment of national policy in food inspection and consumer protection. Such a study should, in our judgment, be directed toward such objectives as uniformity of specifications, grades and facility requirements. Either a presidential commission or the Bureau of the Budget could be responsible for a complete reassessment of the food inspection programs.

We would be pleased to cooperate with such a study.

Sincerely,



W. E. Carson
Administrator

Attachment



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

JUN 27 1969

Honorable James C. Corman
Chairman, Subcommittee on Government
Procurement and Economic Concentration
Select Committee on Small Business
House of Representatives

Dear Mr. Corman:

The Select Committee on Small Business, Subcommittee No. 2 on Government Procurement and Economic Concentration, in its House Report No. 1975 of the Second Session of the Ninetieth Congress, requested that the Secretary of Defense and the Secretary of Agriculture review the existing inspection procedures in the procurement of fresh fruits and vegetables by the Defense Supply Agency and to submit a report on these activities. The report was due by June 1, 1969. However, the Defense Supply Agency requested and received an extension of the report date to July 1, 1969.

It was also agreed by representatives of your subcommittee and the Defense Supply Agency representatives that separate reports would be provided by the Department of Agriculture and the Defense Supply Agency. This report to you has been coordinated with officials of the Defense Supply Agency.

In reviewing existing inspection procedures in the procurement of fresh fruits and vegetables by the Defense Supply Agency, we were to address ourselves to the propriety, effectiveness, and economy of such inspections by the Military Veterinary Service instead of by the Department of Agriculture.

A series of meetings between representatives of the Defense Supply Agency and the Department of Agriculture, Consumer and Marketing Service, have been held concerning inspection of fruits and vegetables. We and the Defense Supply Agency are in agreement that inspection of fruits and vegetables on a voluntary basis upon request of buyers, sellers or other interested persons is an integral part of the functions of the Department of Agriculture. We are also in agreement that the USDA fruit and vegetable inspectors are well trained technically to evaluate the grade and condition of fruits and vegetables procured by the Defense Supply Agency. Therefore, the main subject of our joint review was the economy of such inspection by the Military Veterinary Service for the Defense Supply Agency as compared with utilization of the inspection service offered by

Honorable James C. Corman

the Fruit and Vegetable Division, Consumer and Marketing Service, of the Department of Agriculture.

As background information, the Department of Agriculture first provided inspection of fruits and vegetables for the military services in 1917. From 1917 until 1964 the Navy was a regular user of the Department's inspection service at its main installations. Quartermaster Corps of the Army used the inspection service very little before World War II. During World War II heavy use was made of the Department's inspection service at points of origin, export, and at a few supply centers.

Many years ago, the Department of Agriculture established fruit and vegetable inspection offices at the major terminal markets and shipping points. These locations provided origin inspection on local deliveries, destination inspections on car and truck lots, and export shipments. In addition, USDA inspectors carried out general surveillance inspection on products in storage at a number of major depots and the military personnel in some locations were advised which products should be shipped first. This work continued until 1962 when the military reduced its demand on the Department's inspection service.

In fiscal year 1962 the military was furnished 67,454 man-hours by USDA fruit and vegetable inspectors; in 1963, 48,453 man-hours; and in fiscal year 1964, something less than 25,000 man-hours.

Beginning in January 1964 the Department of Agriculture's inspection program was phased out by the Navy and supply centers except for three special locations. Slightly less than 6,000 man-hours were utilized by the military in fiscal year 1965 and about 2,500 man-hours in fiscal year 1968.

The Department of Agriculture continues to perform inspections on fresh fruits and vegetables destined for the military. These are vendor requests which are paid for by the vendor and the grade certificates are issued to him. As explained below, the Defense Supply Agency inspector verifies the identity of the lot and checks on its condition on arrival at destination--he does not, however, draw samples for grade determination unless it appears that the USDA certificate is grossly in error.

The Defense Supply Agency evaluated its current operations and has provided the Department a statistical chart showing inspection personnel, type of inspection performed, frequency of receipts, inspectors' duty periods, etc. Specific information concerning the scope and various elements of fruit and vegetable inspections which they perform and believe appropriate to their needs was provided and is as follows:

Honorable James C. Corman

"Verification Inspection. Destination inspection of small dollar value (less than \$300 per line item) line items that are purchased without USDA inspection at origin based only upon the contractor's 'Certificate of Conformance' (COC). Essentially this is a procurement inspection for all terms of the contract, including grading.

"Reporting Requirements. Nonconforming lots reported to applicable FF&V Branch, SRH-DPSC personnel telephonically with letter-type confirmation when required. On conforming lots just sign (stamp) tally-in.

"Receiving Inspection on Products Inspected at Origin by USDA. This is a destination procurement inspection for condition and identity. Grade is not questioned unless there appears to be gross error.

"On all f.o.b. destination shipments this is an acceptance inspection. If performed by an agency other than the USDA, the results will be final unless the contractor specifically requests the contracting officer for a formal review (reinspection) by the USDA. In the latter case, the results will be final.

"Reporting Requirements. On conforming lots the inspector signs (stamps) the tally-in or receiving report. Nonconforming lots are reported telephonically to applicable SRH-DPSC personnel with letter-type confirmation when required. On formal review the USDA provides an official grade certificate.

"Surveillance Inspection. Daily inspection of FF&V products during brief holds in supply points and ports to:

- (a) assure that products are maintained in a stock readiness condition
- (b) assure that products are rotated in accordance with established policy
- (c) establish priorities of rotation (issue) when condition changes warrant departing from first-in first-out (FIFO)
- (d) inform responsible activities within SRH-DPSC concerning conditions of stock being held
- (e) assure that products are being warehoused in accordance with established policies and contract requirements as applicable.

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"Reporting Requirements. Deteriorating conditions found will be reported telephonically to applicable SRH-DPSC personnel for appropriate action. Written reports only submitted when requested.

"Outgoing Inspections. Inspection for condition and handling of the products at time of shipment to include assuring that priority of issue is followed. This is essentially an extension of the surveillance inspection. The degree of this inspection is directly proportional to the sensitivity of the item, the surveillance history of the item, and the destination. Greater surveillance is exercised over the more sensitive items, those having a surveillance history of deterioration, and those items being shipped overseas. Included is assuring expeditious movement from warehouse to carrier, especially of the more sensitive items.

"Reporting Requirements. Telephonic reports to applicable SRH-DPSC personnel of condition problems not previously reported under surveillance. Annotation of ships manifest on overseas shipments of percent defective found on sampling inspection. Verbal reports and recommendations to applicable warehouse personnel concerning improper priority of issue or handling. Letter-type confirmation when required.

"Carrier Inspection. Inspection of Government contract carriers (second destination carriers). This is an inspection for contract compliance for the adequacy and sanitation of the carrier and this equipment.

"Reporting Requirements. Reports are by exception only using DPSC Form 2572-1 (Report of Inspection Carrier Equipment and Performance). The completed form confirms telephonic report to the transportation officer of the applicable SRH-DPSC."

The Department of Agriculture has fruit and vegetable inspection offices at all supply points and ports except the supply point located at San Diego, California. The Defense Supply Agency has informed the Department they are staffing these supply points and ports with four full-time officers, eighteen full-time enlisted men, twenty-one part-time officers, and sixty-two part-time enlisted men. Total man-hours used, we are informed, is 7,487 each month--of which 3,184 man-hours represent full-time personnel and 4,303 man-hours part-time personnel.

Based on the frequency of inspection, the extent of inspection desired by the Defense Supply Agency, and the current staffing and workload of the Department's fruit and vegetable inspection force at the 25 locations, we estimate the Department would require 4,287 man-hours. Verification inspection, receiving inspection, and surveillance inspection as defined

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above by DSA, would represent seventy-five percent of the inspector's time; outgoing inspection would require twenty percent; and carrier inspection five percent. The cost of the USDA fruit and vegetable inspection service is covered by fees paid for by the applicants. Effective July 13, 1969, the fee for this inspection is \$7.60 per hour. Based on our estimate of 4,287 man-hours each month, the estimated cost would be about \$33,000 each month.

At seven of the specified locations we have sufficient manpower already available to perform the required inspection for the Defense Supply Agency. These locations are Nashville; Denver; Columbia and Charleston, South Carolina; Salt Lake City; Oakland, California; and New Orleans. It is estimated that a total of 255 man-hours would be required at these seven locations. The remaining 18 locations would require additional full-time inspectors; Philadelphia, Pennsylvania; Alameda, California; two each -- Bayonne, New Jersey; five -- and one full-time inspector at each of the remaining 15 locations. The Department, if requested to provide inspection service, would evaluate on a continuing basis the staffing needs we now estimate. Where possible, reductions and consolidation of inspection would be made resulting in lower costs to the Defense Supply Agency.

The Department of Agriculture is agreeable to make available its fruit and vegetable inspection service for use by the Defense Supply Agency at the military supply points and embarkation ports.

We would be required to add additional fruit and vegetable inspectors in order to handle the workload at several points. In the light of present day difficulties in recruiting qualified people who are willing to work in destination markets, especially the large cities, any significant additional inspection work should be undertaken gradually as qualified inspectors can be made available.

Sincerely,

Richard E. Lyng
Assistant Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

NOV 13 1969

Mr. A. T. Samuelson
Director, Civil Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Samuelson:

We have reviewed the draft report, "Study of the Roles of Government Organizations Conducting Food Inspections," transmitted by your letter of July 2.

The Bureau of the Budget defers to the views of the food inspection agencies as to whether the report accurately portrays their respective programs.

We note that the agencies believe the report would be strengthened if the distinctive purposes served by the separate inspections were more adequately described. We agree with the agencies that the feasibility of consolidating these inspection functions can be evaluated only when their underlying objectives and their exact nature are more clearly delineated.

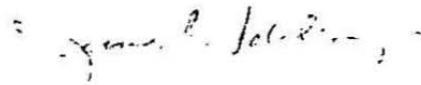
The report recommends that a Presidential Commission, or alternatively that the Bureau of the Budget, conduct a detailed evaluation of food inspection programs. We believe that a study of this nature, concerned with effective management of one aspect of consumer protection rather than a broad area of public policy, would not appropriately be assigned to a Presidential Commission.

We therefore believe that this matter falls within the purview of the Bureau of the Budget in seeking improvement of management within the executive branch. The staff resources required for such a comprehensive undertaking would be considerable. As noted by the Department of Agriculture in commenting on the report, an analysis should consider the feasibility of establishing uniform specifications, grades and facility requirements for the various

consumer protection, marketing service and contract compliance programs. In addition, it would be desirable to include State and local food inspection programs in any further study.

The Bureau of the Budget intends to follow up on this matter to the extent permitted by competing priorities for attention and available resources. We appreciate the opportunity to review the report in draft.

Sincerely,



Acting Deputy Director

APPENDIX VI

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF AGRICULTURE

SECRETARY OF AGRICULTURE:

Clifford M. Hardin	Jan. 1969	Present
Orville L. Freeman	Jan. 1961	Jan. 1969

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

Melvin R. Laird	Jan. 1969	Present
Clark M. Clifford	Mar. 1968	Jan. 1969
Robert S. McNamara	Jan. 1961	Feb. 1968

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SECRETARY OF HEALTH, EDUCATION,
AND WELFARE:

Robert H. Finch	Jan. 1969	Present
Wilbur J. Cohen	Apr. 1968	Jan. 1969
John W. Gardner	Aug. 1965	Mar. 1968

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR:

Walter J. Hickel	Feb. 1969	Present
Stewart L. Udall	Jan. 1961	Jan. 1969