

# NASS VERIFICATION PROGRAM

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# NASS Verification Program - Background

- The program was established on August 2, 2007, under an interim rule.
- The Final Rule was issued June 17, 2008.
- AMS FMMO Market Administrators are responsible for verifying the weekly sales data reported to NASS on:
  - Cheddar cheese, 40# blocks and 500# barrels
  - Butter
  - Nonfat dry milk
  - Dry whey

# NASS Verification Program - Background

- A NASS Verification Program Committee was activated for the purpose of creating and updating the NASS Verification Program Manual.
- Comprehensive set of procedures and guidelines for MA personnel.
- Contains all forms, documents, memos and other materials related to the program.

# NASS Verification Program - Background

- Minneapolis MA office plays a coordinating role in facilitating the flow of data between NASS and the other FMMO MA offices.
- Data are handled electronically in a highly secure, encrypted environment.
- The most recent 5 weeks of data are verified during a plant visit.
- Reporters are required to maintain data for 2 years.

# NASS Verification Program

- All reporting entities were visited during first year.
- Minimum visits in subsequent years:
  - Annual for large entities accounting for 80% of yearly volume for the product (27 plants in 2010).
  - Every two years for all other reporting entities (61 plants in 2010).
  - On special request to verify anomalies.
  - Within 60 days of previous verification for plants where significant procedural discrepancies were found.

# NASS Verification Program

- The 2008 Farm Bill calls for quarterly verification but funding has not been made available.
- There has been some interest in the Appropriations Committee to provide funds for FY 2011.
- AMS again has asked funding for FY 2012.

# NASS Verification Program

- Since the program began in August 2007, auditors have found 119 errors.
- In 2009, auditors found 19 errors.
- 2010 to date, auditors found 18 errors.

# NASS Verification Program

- Examples of discrepancies found were:
  - failure to report all eligible transactions (41);
  - misreporting of price, e.g. improperly including or excluding premiums or transportation costs (18);
  - misreporting of product, e.g. product was too green or too old (17);
  - typing errors (15).

# NASS Verification Program

- 46 late reports since the beginning of the program. (Late reports are those that miss the deadline, but are still received in time to be included in the average.)
- 2 missing reports since the beginning of the program.

# NASS Verification Program

- When a discrepancy is found or a report missed:
  - NASS issues a warning letter.
  - After the 3rd warning letter, AMS issues a letter indicating that another error or missed report will result in the initiation of a cease and desist order.
  - Cease and desist order is issued after the 4th discrepancy.
  - If the discrepancies continue, the offending party could be taken to court.
  - Each discrepancy is subject to a fine of \$10,000.

# Summary

- The most recent 5 weeks of data are verified during a plant visit.
- The numbers of discrepancies reported have dropped as reporters have learned the proper data to report. Missed reports have also decreased.
- Increased verification has not been funded.
- Repeat offenders may be subject to a fine of \$10,000 per offense.

# For More Information

[www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy)

Federal Milk Marketing Orders  
Dairy Product Mandatory Reporting

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