

MEMORANDUM OF UNDERSTANDING
BETWEEN
AGRICULTURAL MARKETING SERVICE
LIVESTOCK AND SEED PROGRAM
AND
GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION
FEDERAL GRAIN INSPECTION SERVICE PROGRAM
CONCERNING PROCESS VERIFICATION SERVICE

I. PURPOSE

The purpose of this memorandum of understanding (MOU) is to set forth an operational and reimbursement agreement for the performance of Process Verification Services (PVS) between the Agricultural Marketing Service (AMS) and the Grain Inspection, Packers and Stockyards Administration (GIPSA) for all products assigned to GIPSA for inspection.

II. BACKGROUND

The public has directed GIPSA through comments to an Advanced Notice of Public Rulemaking to provide process verification services similar to those currently provided by AMS. GIPSA is currently adding the service to its regulations. This agreement provides the mechanism for providing this service for products assigned to GIPSA for inspection prior to the establishment of the service under GIPSA regulations.

III. SCOPE

The scope of PVS will be limited to products assigned to GIPSA for inspection, utilizing AMS authority to provide such services. All activities shall be performed jointly by AMS quality auditors and GIPSA technical experts. Each Agency will be responsible for their respective employee, travel and administrative associated costs related to this agreement.

AMS will be responsible for:

- 1) Administering the audit program under their current authority,
- 2) Providing the lead auditors,
- 3) Billing applicants for the services rendered at the AMS approved rate,
- 4) Issuing the final findings, and
- 5) Posting the results on the AMS process verification web site.

GIPSA will be responsible for:

- 1) Providing qualified technical experts to assist in documentation review and audits, and

2) Assisting in writing the findings of documentation reviews and audits. Audits shall be performed in accordance with GIPSA draft audit criteria based on ISO 9001, 2000 Quality Management System Requirements.

IV. QUALIFICATIONS, EXPERIENCE AND TRAINING

AMS will ensure that the lead auditors are properly trained and meet the job qualifications for any specific assignment. GIPSA will ensure that the technical representatives are properly trained and knowledgeable of the specific assignment.

V. IMPLEMENTATION

All applicants requesting PVS will be referred to the AMS Audit, Review, and Compliance Branch Chief to request services under this agreement. The AMS Audit, Review and Compliance Branch Chief shall notify the GIPSA Data and Information Analysis Branch Chief upon receipt of request for service to arrange for a technical expert(s).

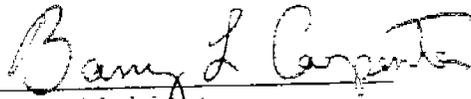
VI. REIMBURSEMENT

Applicants will be charged the AMS, Livestock and Seed Program published hourly rate plus all travel and per diem costs incurred. AMS will reimburse GIPSA actual cost incurred by the GIPSA technical representatives supplying service for the audit. Hourly reimbursement will be at the AMS, Livestock and Seed Program published hourly rate for travel and audit hours incurred.

VII. DURATION

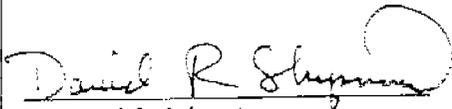
This MOU shall be effective on the date of the last signature affixed hereto. The MOU will continue in force until GIPSA establishes the service under its regulations. At such time, the MOU will expire and cease, unless both parties negotiate a new MOU that sets forth and revises the MOU's terms and conditions. The MOU may be amended or terminated by mutual consent of the parties in writing. Either party may terminate the MOU with 30 days notice in writing to the other party.

Agreed by the Livestock and Seed Program, AMS, at Washington, D.C. on 9/10/03.



Deputy Administrator
Livestock and Seed Program.

Agreed by the Federal Grain Inspection Service, GIPSA, at Washington, D.C. on 9/9/03.



Deputy Administrator
Federal Grain Inspection Service
Grain Inspection, Packers and Stockyards Administration