

**Report On
The United States Department of Agriculture's
Reporting Procedures for Nonfat Dry Milk**

**Pursuant to
The Food, Conservation and Energy Act of 2008,
Section 1508**

*Section 1508. Report on Department of Agriculture reporting procedures for nonfat dry milk.
Not later than 90 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding Department of Agriculture reporting procedures for nonfat dry milk and the impact of the procedures on Federal milk marketing order minimum prices during the period beginning on July 1, 2006, and ending on the date of enactment of this Act.*

From

The Secretary of Agriculture

To

**The Committee on Agriculture
United States House of Representatives**

And

**The Committee on Agriculture, Nutrition, and Forestry
United States Senate**

Executive Summary

Using industry reports, USDA's National Agricultural Statistics Service (NASS) compiles and publishes weighted average prices and associated sales volumes of specified dairy products. This information is used by the Agricultural Marketing Service (AMS) to establish minimum values for milk under the Federal Milk Marketing Order program. In April, 2007, an error was identified in industry-reported information that affected published prices for nonfat dry milk. As a result, NASS published revisions to the weekly nonfat dry milk price for the weeks of April 29, 2006 to April 14, 2007. The AMS determined that calculations based on these revisions indicated a loss to producers of approximately \$50 million.

An interim final rule was published in the *Federal Register* on July 3, 2007 (72 FR 36341), establishing the Dairy Product Mandatory Reporting Program and a Verification process as required by law. The rule became effective on August 2, 2007. This program is carried out jointly by NASS and AMS. AMS began performing verifications on August 6, 2007. AMS completed the rulemaking process, after two public comment periods, by publishing the final rule in the *Federal Register* on June 17, 2008 (73 FR 34175). The final rule adjusted ambiguous reporting specifications and addressed program issues arising after the implementation of the interim final rule. The final rule became effective on June 22, 2008.

The USDA's Office of the Inspector General issued an audit report containing recommendations for action. All actions have now been completed.

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Abbreviations

AMS	Agricultural Marketing Service
BFP	Basic Formula Price
CDFA	California Department of Food and Agriculture
CEO	Chief Executive Officer
CME	Chicago Mercantile Exchange
DEIP	Dairy Export Incentive Program
DPP	Dairy Product Prices
FMMO	Federal Milk Marketing Order
MA	Market Administrators Office
NASS	National Agricultural Statistics Service
OCIO	Office of Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture

Background

Prior to the 2000, USDA's Agricultural Marketing Service (AMS) used the Basic Formula Price (BFP) to determine Federal Milk Order minimum Class III milk prices. Price differentials were added to the BFP to establish minimum prices for Class I and Class II milk. The BFP was based on a monthly survey of prices paid for manufacturing grade (Grade B) milk in Minnesota and Wisconsin which established a Base Month Price. The BFP was then calculated by adjusting the preceding month's Base Month Price by a formula to reflect the most recent changes in cheddar cheese, butter, and nonfat dry milk wholesale prices.

In 1996, due to concerns regarding the cheddar cheese price data from the now closed National Cheese Exchange, AMS asked the National Agricultural Statistics Service (NASS) to implement a survey to provide accurate and timely information on cheddar cheese prices. NASS began collecting weekly data on cheddar cheese sales, volumes and prices, and published the first set of numbers for the week ending March 7, 1997. The NASS cheddar cheese prices were then used by AMS as an input for computation of the BFP, until the Federal Milk Marketing Order reform as required by 1996 Farm Bill was completed.

Stated under AMS' Federal Milk Marketing Order Reform Final Rule, "commodity prices (cheddar cheese, butter, dry whey, and nonfat dry milk) determined by surveys conducted by the USDA's National Agricultural Statistics Service will be used in the formulas that replace the BFP." NASS published the first set of data on butter, nonfat dry milk, and dry whey for the week ending September 5, 1998.

In the AMS "Final Rule" the BFP was replaced by dairy product prices formulas which are used to calculate minimum prices for various milk components. AMS calculates minimum monthly milk component prices from weighted averages of NASS-reported wholesale dairy product prices as follows:

- Butterfat prices from NASS weekly butter prices.
- Protein prices from NASS weekly cheese and butter prices.
- Other Solids prices from NASS weekly whey prices.
- Nonfat Solids prices from NASS weekly nonfat dry milk prices.

Implementation of the Milk Marketing Order Reform was completed on January 1, 2000.

In November 2000, Public Law 106-532 was passed, which required the mandatory price reporting of dairy products (price and volume) used to establish Class III and Class IV minimum prices under the Federal Milk Marketing Order (FMMO) program. Dairy statistics were and continue to be collected under Public Law 106-532 on a weekly basis

as well as an Annual Validation to determine an operation's eligibility for the mandatory reporting program and explain the reporting specifications in the weekly surveys.

NASS officials learned of the possibility of an error in the reporting of nonfat dry milk prices on February 22, 2007, when AMS officials contacted them about a growing difference between the published price for nonfat dry milk in the *Dairy Products Prices* report and the *Dairy Market News*. NASS officials stated that the observed gap was possibly due to methodology differences in the processes used to calculate the prices that became more pronounced as the price of milk increased. Methodology differences do exist between the two price series.

An article in the March 2007 issue of *The Milkweed*, a dairy industry publication, entitled "USDA's Milk-Pricing Fails: Producers Lose Half a Billion Dollars" stated: "The major seller of nonfat dry milk—Dairy America—has improperly reported values of weekly nonfat dry milk sales for the past six months to USDA. In turn, USDA uses formulas incorporating these dairy commodity prices to establish farm milk prices under the complex federal milk market order program." This article prompted a large dairy firm's Chief Executive Officer (CEO) to contact NASS to clarify the reporting requirements for nonfat dry milk.

An April 11, 2007, discussion between NASS and the CEO of a large dairy firm confirmed that the firm was improperly including long-term forward contract volume and price data in its weekly submissions.

On April 12, 2007, NASS asked the dairy firm to revise its nonfat dry milk submissions for the previous four-week period (the weeks of March 10 through March 31) by excluding any long-term forward contracted product data.

NASS issued a press release on April 20, 2007, announcing that "... one dairy product plant made errors in its weekly reporting of price data for nonfat dry milk ..." and, based on a request by NASS, the firm promptly revised its nonfat dry milk volume and price data. The press release also announced that NASS was requesting all 39 firms in the survey to review their data for the past year within 45 days and submit any necessary revisions. All of the firms complied. During the special request verification, five firms made revisions to previously reported price and volume data for nonfat dry milk. The revisions resulted in changes ranging from -0.8 to 8.5 cents per pound in the NASS-reported weekly average price of nonfat dry milk.

On June 28, 2007, NASS released a report covering these updated and revised weekly results for the period of April 29, 2006, through April 14, 2007. AMS determined that the errors in nonfat dry milk prices for the period of April 29, 2006, through April 14, 2007 had affected 14 months of minimum FMMO prices. These revised FMMO prices were applied to the milk in-take volumes for the same period to determine the total amount that should have been disbursed. Comparing the calculation based on revised data to that based on the original published data, the accumulative difference was approximately a \$50 million loss to producers. All of the funds in the FMMO pools for

the 14-month period covered by NASS' revision had previously been disbursed to the dairy farmers (producers), and corrective disbursements to producers were no longer possible. The FMMO program does not include any mechanisms to provide restitution to the milk producers adversely impacted by this reporting error.

Each week, NASS contacts plants that commercially produce one million or more pounds of manufactured dairy products to determine current market prices. Nonfat dry milk prices published by NASS are used by AMS to calculate nonfat solids pricing factors, which are components of the FMMO program formulas. These formulas set minimum classified prices that milk handlers must pay producers for milk pooled in the Federal order system. The *Dairy Products Prices* report, released by NASS generally each Friday, includes nonfat dry milk volume and price statistics for the most recent week and the prior four-week period. The most recent week's statistics are published for the first time and statistics for the prior four weeks are revised, as necessary, and republished. Revisions are necessary when NASS receives a dairy manufacturer's submission too late for inclusion when the specific week was initially published, when a reporting firm finds an error in its original submission, resulting in a change to its volume and/or price statistics, and any discrepancies found during AMS verifications.

An interim final rule was published in the *Federal Register* on July 3, 2007 (72 FR 36341), establishing the Dairy Product Mandatory Reporting Program and verification system as required by law. The rule became effective on August 2, 2007. This program is carried out jointly by NASS and AMS.

AMS completed the rulemaking process, after two public comment periods, by publishing the final rule in the *Federal Register* on June 17, 2008 (73 FR 34175), revising the previous Dairy Products Mandatory Reporting Program. The final rule adjusted ambiguous reporting specifications and addressed program issues arising after the implementation of the interim final rule. The final rule became effective on June 22, 2008.

Actions Taken by the Agricultural Marketing Service

Implementation of Verification Program

The authority to verify dairy manufacturers in the Dairy Product Prices program was included in the Dairy Marketing Act of 2000 and amended by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). The rulemaking necessary to implement a program of mandatory price reporting and verification was begun by NASS after the passage of the 2002 Farm Bill. AMS took over writing the rule in 2006 and published an interim final rule in the *Federal Register* on July 3, 2007 (72 FR 36341). The Dairy Product Mandatory Reporting Program became effective on August 2, 2007.

AMS established a plan to visit all dairy manufacturers eligible to report for the Mandatory Dairy Product Reporting Program at least once during the first year. Every large manufacturer that accounts for 80 percent of the yearly reported product volume of each specified dairy product is visited at least once annually. One-half of the remaining firms are visited each year, visiting each firm at least once every other year. This does not preclude additional visits if necessary.

AMS began visiting firms on August 6, 2007, to verify reported data on nonfat dry milk prices and volumes. Between August 6, 2007, and July 2, 2008, AMS visited all operations reporting nonfat dry milk. Most firms have been visited more than once with two firms having been visited three times to verify data since the interim rule became effective. AMS continues to verify data and subsequently notify NASS of any reporting discrepancies at reporting plants. NASS continues to track late reports and plant discrepancies and contacts those plants to ensure that proper reporting specifications are followed.

As of July 2008 only one operation has been issued a Cease and Desist order by AMS for late reporting, while two manufacturers have received a warning letter. NASS has sent more than thirty warning letters to eighteen different operations not meeting the reporting deadline of noon local time, and of these nine have received more than one warning letter.

Currently, five operations have not received a reporting discrepancy, and no operation has received more than two of the same type of discrepancy. All the firms receiving one or more discrepancy have reduced the amount of volume involved in the discrepancies, in turn reducing the impact on the published price in the weekly Dairy Product Prices report and FMMO price.

After AMS implemented the interim final rule and the subsequent final rule, data accuracy and program compliance improved, immediately. Most reporting firms' implemented internal controls to meet the reporting specification from the final rule. The addition of these internal controls have substantially reduced the data errors and increased accuracy of nonfat dry milk data from firms submitting information to NASS.

Verification Process

General Procedures

On a weekly basis, NASS provides the reported data to the Minneapolis Market Administrator (MA) office through a secure File Transfer Protocol location via an encrypted data file. The Minneapolis MA office decrypts, separates, re-encrypts, and transfers NASS reported data to each MA office for verification. Each MA office receives location specific information from the NASS reported data files and then assigns an auditor to complete data verifications with the individual operations. After data verification has been completed the MA office transfers the verification information to the Minneapolis MA office using encrypted files. The Minneapolis MA office bundles and transfers the data using encrypted files to NASS for discrepancy determination and follow up contact with plants incorrectly reporting data (if necessary).

Field Verification

After, NASS reported data has been provided by the Minneapolis MA to individual MA offices, the auditors prepare written Verification Plans. The plans disclose the methodology to be used to verify NASS reported data. The Verification Plans are submitted to the Audit Manager for approval. All plans must address the specific requirements listed below:

- Identify all products sold and shipped with product volumes and values and post to the Standardized work paper templates.
- Use spreadsheet formulas in the Standardized work paper templates to distinguish reportable and non-reportable sales as indicated in the reporting instructions.
- Verify the Reporter has a good understanding of the proper NASS reporting procedures
- Complete NASS Verification Forms for each week of the period indicating differences and include detailed comments to be electronically submitted to Minneapolis MA office and NASS.
- Perform exit interview.
- Complete a Verification Report.

While at the reporting location, the auditor gathers all pertinent data, then analyzes the data and completes a Verification Report based on a Verification Plan. The Verification Report must contain the following elements:

Introduction:

- A description of the entity being verified, including legal name and organization particulars (parent organization, subsidiaries of consequence).

- Regulatory status under Federal or state order or other legal entities.
- General description of the entity size, scope, reportable product(s) of interest, and/or other identifiers that describe the entity in relation to the market.

Finding:

- A description of the testing methodologies conducted, including the records used to verify the reported data, and the procedures used to perform the tests.
- Any deviations from the Verification Plan, including the reasons for the deviations and a statement indicating Audit Manager Approval.
- Disclose verification work performed by other auditors.

Conclusions:

- Conclusions reached from the process of verifying the data, including the reasons for differences, if any, from the reported data.
- Notable issues for the next auditor, including expected changes in the reporting (client system corrections), changes in the control structure, expected recurring adjustments, explanations for expected variances items used to assess risk, record-keeping systems changes, etc.
- An overview of the comments included on the NASS Verification Form.

Exit Interview:

- Names of reporting entity representative present.
- Titles of reporting entity representative present.
- The date of the interview.
- A summary of items discussed.

Actions Taken by the National Agricultural Statistics Service

Below is a summary of the actions taken by NASS since the discovery of misreported data on April 11, 2007 until July 31, 2008. Some of the actions taken by NASS have previously been outlined in the Background Section.

Summary of Actions by NASS

- April 12, 2007 – NASS requests dairy firm to revise previous 4 week's nonfat dry milk data.
- April 20, 2007 – NASS issues a press release about misreported data and announces a request will be made to all current Dairy Product Prices reporters.
- May 22, 2007 – NASS submits data collection materials to USDA OCIO and OMB for emergency approval for inclusion of a mandatory cause and a confidentiality clarification.
- June 12, 2007 – NASS completes all 2007 Annual Validations by personal interview.
- June 25, 2007 NASS receives emergency approval from OMB changing the questionnaires to include mandatory and confidentiality clarifications.
- June 28, 2007 – NASS releases report updating data covering the period of April 29, 2006, through April 14, 2007.
- June 28, 2007 – OIG begins audit of Dairy Product Prices Program administered by NASS.
- July 2, 2007 – NASS completed contacting all respondents to inform them that AMS was going to begin visiting operations to verify reported data.
- September 3, 2007 – NASS completes and installs additional data analysis package.
- September 4, 2007 – NASS provides all respondents an informational packet explaining the obligations of the Dairy Product Prices program.
- September 18, 2007 – NASS provides Field Office staff with additional tracking tools to assist in logging all contacts made with respondents.
- October 2, 2007 – NASS releases additional data analysis tool to Field Office Staff.
- December 4-7, 2007 – NASS conducts national training of Field Office staff working on the Dairy Product Prices Survey.
- January 22, 2008 – NASS submits data collection materials to USDA OCIO and OMB for three year approval.
- January 31, 2008 – NASS receives three year approval from OMB with minimal changes from the previous emergency approval.
- February 14, 2008 – OIG releases their findings.
- March 5, 2008 – NASS sent letters to all nonfat dry milk firms requesting verification of the past reporting procedures of data.
- March 24, 2008 – NASS begins review of data collection materials in conjunction with planned release of the final rule published by AMS.

- March 28, 2008 – NASS sent a follow-up letter to non-respondents of the initial data verification request.
- April 9, 2008 – NASS mailed data to all firms requesting a review of their reported data for January 5, 2002 through April 22, 2006.
- May 16, 2008 – NASS received no additional data from March 5th request.
- May 27, 2008 – NASS HQ provides newly developed Interviewer’s Manual to Field Office staff to assist in conducting the Annual Validation.
- May 27, 2008 – NASS HQ provides Estimation Manual to Field Office staff to assist in carrying out the Dairy Product Prices Program.
- May 27, 2008 – NASS conducted a teleconference to discuss DPP specification changes made by AMS and the upcoming Annual Validation survey.
- May 28, 2008 – NASS submits data collection materials to USDA OCIO and OMB for emergency approval.
- June 13, 2008 – NASS receives emergency approval from OMB changing the questionnaires to include all final rule specifications, completing the revision of all data collection instruments used for the Dairy Product Prices Survey.
- June 19, 2008 – NASS issues news release outlining the reasons for not issuing a special report as required by OIG audit.
- July 31, 2008 – NASS completes all 2008 Annual Validations of firms by personal interview.

NASS actions to answer the OIG recommendations and improve the collection of Dairy Product Prices data are outlined below:

Data Verification

OIG Recommendation 1:

NASS should request that all reporting firms review their submitted data, and provide revisions when appropriate for the period covering January 4, 2002 through April 22, 2006. NASS should then publish revised weekly nonfat dry milk quantity and price data. This will ensure that the publicly available data series is based on accurate information in its milk pricing formulas to produce corrected FMMO prices and determine the total dollar impact of this error on producers.

NASS implemented a two-step approach, approved by OIG, for contacting the firms that previously reported nonfat dry milk (NFDm) data and collecting appropriate revisions for data prior to April 22, 2006. On March 5, 2008, NASS sent a letter to all firms reporting NFDm. The letter reiterated reporting instructions for nonfat dry milk, requested firms to acknowledge whether or not they correctly reported nonfat dry milk between January 4, 2002 and April 22, 2006.

A follow up letter was sent on March 28, 2008 to firms not responding to NASS’s initial request. Additionally, these firms were asked to fill out a form which included the reporting instructions for nonfat dry milk and were given two options from which to select.

The first option asked firms to review the reporting instructions and determine if they had reported correctly for the specified time period and no further review or revision of the data was necessary on their part. The second option gave firms the opportunity to request NASS send them the data they reported and verify if the data was reported correctly for the specified time period. Three firms requested their previously reported data for further review, but did not submit any additional revisions. NASS agreed to summarize results of this process in a special report to be released on June 19, 2008. However, none of the firms provided corrected data; therefore NASS did not issue a special report. NASS released a statement outlining the results from the data inquiry on June 19, 2008.

Note: Under Public Law 106-532 firms are required to maintain and make available original contracts, agreements, receipts, and other records associated with the sale of any dairy products during the two year period beginning on the date of creation of the records.

Survey Questionnaire Updates

Prior to 2007, NASS conducted reviews every three years of all data collection material associated with the Dairy Product Prices surveys, including the Annual Validation and all weekly questionnaires for cheddar cheese, butter, nonfat dry milk, and dry whey. NASS would then submit any proposed changes to the OCIO and the OMB for approval. After approval was granted questionnaires were dispersed to NASS Field Office staff for use.

NASS reviewed the Annual Validation Worksheet, all weekly questionnaires and corresponding electronic data reporting (EDR) forms for Dairy Product Prices after the discovery of the misreported data. NASS updated all questionnaires in May and June of 2007 to include a statement about the survey's mandatory nature and a reference to Public Law 106-532. Wording of the confidentiality clause protecting respondent's disclosure was also revised to include an exclusion associated with AMS enforcement action. NASS submitted the proposed changes to OCIO and OMB for emergency approval on May 22, 2007. OCIO and OMB approved the questionnaires with minimal changes. The emergency approval was granted on June 25, 2007 for a period of six months.

On January 22, 2008 NASS submitted the Dairy Product Prices questionnaires for three-year approval with no changes to the previously approved material. OCIO and OMB approved the questionnaires with no changes. The request was granted on January 31, 2008.

The OIG audit report contained recommendations for additional revisions to questionnaires.

OIG Recommendations 2:

NASS needs to review and modify this question to state, "When reporting nonfat dry milk sales data to NASS, did you exclude forward pricing sales (sales in

which the selling price is established, and not adjusted, 30 or more days before the transaction is completed)?” This modification changes the context of the question to better solicit an accurate, clear, and concise response. NASS needs to review all of the questions contained in the Annual Validation Worksheet and eliminate any ambiguities.

OIG Recommendation 4:

NASS needs to modify both forms of data collection instruments to include an acknowledgment by the data provider that he/she has read and understands the instructions. This wording and accompanying acknowledgement check box needs to be added to the data section of the instrument. This will supply a confirmation by the data provider stating that they have read and understand the reporting instructions.

NASS began another review of the data collection material on March 24, 2008. NASS and AMS collaborated on all updates. After the public comment periods were closed, AMS finalized the changes to the final rule to ensure data collection materials and final rule changes corresponded. NASS worked with AMS to make all forms and instructions more concise and eliminate any duplication of specifications for respondents.

- The Annual Validation questionnaire was expanded from four to eight pages. Several questions were redesigned to clarify potentially ambiguous reporting specifications. Screening questions were added to streamline the questionnaire and reduce respondent burden. Sections 1 through 4 were updated with context clarifications and additional questions to verify eligible sales data separately from new and current respondents. Also, an additional response selection was added for use when the response item was not applicable for a particular operation.
- The current weekly questionnaires and corresponding EDR versions were redesigned to create consistent instructions across surveys and remove any redundancy. Additional instructions were added throughout the reporting table to aid respondents in properly preparing the report for NASS. An acknowledgement “check box” was added to have respondents acknowledge whether they understand the instructions and to act as a mechanism to request help from NASS.
- NASS and AMS further reviewed all questionnaires during March through June of 2008 based on comments received from the public to clarify ambiguous specifications and include any new specifications from the final rule.

NASS submitted the proposed changes to OCIO and OMB for emergency approval on May 24, 2008. OCIO and OMB approved the questionnaires after additional comments were submitted to explain the changes. The emergency approval was given on June 13, 2008 for a period of six months. The customary three year OMB approval process is scheduled for December 2008.

Contacts with Respondents

Prior to 2007, NASS completed the Annual Validations through three modes of contact: personal interview, phone, and mail with all operations producing more than one million pounds of cheddar cheese, butter, nonfat dry milk, or dry whey.

OIG Recommendation 3:

NASS needs to verify that it has implemented its plan to conduct site visits to all reporting firms to complete the Annual Validation Worksheet to ensure that each firm understands its reporting requirements for the Dairy Product Prices report.

In 2007, NASS completed Annual Validation Worksheets with eligible dairy manufacturers using only personal interview contacts. The visits were completed by NASS representatives on or before June 12, 2007.

NASS further contacted all respondents by sending an information packet by registered mail on September 4, 2007. The packet included:

- A copy of the Dairy Product Prices Policies and Procedures, which outlined their obligation to report on the DPP survey.
- A copy of the initial Question and Answer explaining unique reporting situations and how they should be handled.
- A copy of the Public Law 106-532 governing the collection of dairy statistics.
- A copy of the interim final rule published by AMS outlining the Dairy Product Prices Program.

NASS developed an Interviewer's Manual and other reporting materials to aid agency personnel in conducting the Annual Validation Worksheet. These additional materials gave detailed instructions for data collection of the Annual Validation Worksheet including: updated survey definitions, survey procedures, handling of special reporting situations, and description of each question in the Annual Validation.

NASS conducted a teleconference on May 27, 2008 with personnel from all NASS Field Offices in states in which an eligible plant was located. The new Interviewer's Manual, Annual Validation procedures, and other reporting aids were explained during the teleconference. Field Office personnel were instructed that a personal interview was required when conducting the Annual Validation of operations. Field Office personnel had opportunities to ask questions during the teleconference to clarify any part of the Dairy Product Prices Program and were instructed to submit additional questions following the teleconference.

All current reporters completed an Annual Validation Worksheet with a NASS representative on or before July 2, 2008. In addition, NASS Field Offices completed all other required interviews of potential reporters for the Annual Validations during late June through July 2008. Some dairy manufacturers requested additional clarification/confirmation from NASS regarding the reporting specifications during the

Annual Validation interviews. All questions were answered in a prompt and timely manner. Also, all answers were made available to the public in the updated Question and Answer posting on the NASS website (http://www.nass.usda.gov/Data_and_Statistics/Dairy_Products_Mandatory_Program/index.asp).

Analysis System Upgrades

OIG Recommendation 5:

NASS needs to verify that it has implemented sufficient changes to strengthen the internal controls associated with the Dairy Products Prices report. The internal controls must assure the appropriateness and accuracy of the information collected so that data reporting irregularities are promptly identified and corrected. This may be accomplished by verifying that reporting firms are aware of the requirements for properly completing the weekly reports to NASS, by strengthening the internal review process, and by promptly addressing any discrepancies disclosed by audits conducted by AMS.

NASS strengthened analysis procedures in both headquarters and Field Offices after the conclusion of the OIG audit. NASS implemented additional analysis procedures on September 3, 2007.

- The first level of analysis is during data entry when data that is visually questionable can and has been identified. NASS personnel will make immediate call-backs to the reporting plant to verify and reconcile the data.
- The second level of analysis consists of simple computer edit checks. These checks look for missing data and for inconsistencies between reported data items. If a problem is identified, personnel will check the original form to verify data entry and any other obvious issues. If the data can not be reconciled, personnel will place a call-back to the respondent to verify the correct information is used in the report.
- The third level of analysis consists of more advanced computer edit checks using data relationships and percent change from previous reports to identify possible data inconsistencies. The advanced edits have been set to flag a greater range of potential inconsistencies for review and follow-up. Again, respondents are re-contacted to resolve questionable data.
- NASS Headquarters personnel conduct an independent review of all data as it comes in from the Field Offices. Data verification requests from Headquarters are sent to Field Offices for follow up and additional comments to explain any unusual situation.

- To strengthen the analysis process Headquarters and Field Offices have been provided with additional charts to review reported data along with AMS administrative data and CME spot price data. This analysis package was released to Field Office staff October 2, 2007. Headquarters has the ability to view all U.S. data and relationships between geographic regions. Also Field Offices now have the capability to view data collected by other Field Offices so they can compare the relationships between data in their geographic area.

Field Office staffs have been provided with additional tracking tools to assist in logging all contacts made with respondents. The tracking tools are designed to manage all types of contacts including: data verifications, late reporting compliance, and any other general questions about weekly or annual questionnaires. Since December 2007, an average of two data verification requests have been reviewed each week.

NASS updated the Estimation Manual to aid agency personnel in carrying out the Dairy Product Prices Program. This manual gives detailed instructions for all aspects of the estimation program including: updated survey processing procedures, new instruction for data analysis, and updated list management procedures.

NASS continues to evaluate analysis procedures and edit constraints to ensure data analysis is timely, accurate, and relevant to the current situation in the dairy industry.