



U.S. Department of Agriculture  
Office of Inspector General

# Food Safety and Inspection Service's Cooperative Interstate Shipment Program

July 2025

Audit Report 24601-0004-22





# Food Safety and Inspection Service's Cooperative Interstate Shipment Program

## Audit Report 24601-0004-22

OIG reviewed FSIS's compliance with the Cooperative Interstate Shipment program requirements of the 2008 Farm Bill.

### OBJECTIVE

Our objective was to determine whether FSIS administered the CIS program in compliance with the requirements set forth in Section 11015 of the 2008 Farm Bill.

### REVIEWED

We evaluated CIS program activities for fiscal years 2022 and 2023. We interviewed relevant officials and reviewed laws, regulations, and agency directives. Additionally, we reviewed program participation data, State Meat and Poultry Inspection program reports, eligibility and oversight reviews of establishments, and program and financial reports.

### RECOMMENDS

We recommend that FSIS update its policy to include applicable legal requirements and financial processes pertaining to the CIS program.

### WHAT OIG FOUND

Established by the 2008 Farm Bill, the Food Safety and Inspection Service's (FSIS) Cooperative Interstate Shipment (CIS) program allows selected State-inspected meat and poultry plants to ship their products across State lines. The CIS program aims to expand market opportunities for smaller establishments while ensuring food safety. To participate, plants must comply with Federal inspection standards and employ 25 or fewer people. States with Meat and Poultry Inspection programs oversee inspections under Federal guidelines, with FSIS providing oversight and reimbursing at least 60 percent of eligible State inspection costs.

We found that FSIS administered the CIS program in compliance with the provisions set forth in Section 11015 of the 2008 Farm Bill. However, FSIS had not updated its policy to include applicable CIS program requirements, such as the inspection cost reimbursement percentage that is unique to the CIS program. According to FSIS officials, FSIS is in the process of updating its governing financial directive, but staff turnover and changing priorities of the agency have delayed the update. FSIS did not provide us with its draft directive for confirmation, citing the potential for further changes before full clearance as the reason. Consequently, we were unable to verify whether the directive addresses CIS program requirements and processes. As a result, the outdated directive may reduce FSIS's financial compliance with CIS program requirements and operational efficiency, especially during staff turnover.

FSIS agreed with our finding and recommendation. We accepted management decision for the recommendation.



## OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



**DATE:** July 3, 2025

**AUDIT**

**NUMBER:** 24601-0004-22

**TO:** Dr. Denise Eblen  
Administrator  
Food Safety and Inspection Service

**ATTN:** Eric Lippold  
Chief Financial Officer  
Food Safety and Inspection Service

**FROM:** Brent Watson  
Acting Assistant Inspector General for Audit

**SUBJECT:** Food Safety and Inspection Service's Cooperative Interstate Shipment Program

This report presents the results of our audit of the Food Safety and Inspection Service's Cooperative Interstate Shipment Program. Your written response to the official draft is included in its entirety at the end of the report. Based on your written response, we are accepting management decision for the one recommendation in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of the date of each management decision. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<https://usdaoig.oversight.gov>) in the near future.

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## Background and Objective

### Background

The Food Safety and Inspection Service (FSIS), a public health agency under the U.S. Department of Agriculture (USDA), ensures that meat, poultry, and egg products are safe, wholesome, and accurately labeled. FSIS has the authority to inspect all meat and poultry products sold in interstate commerce under the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA).<sup>1 2</sup>

Additionally, FSIS is authorized to work with State agencies to develop and administer State Meat and Poultry Inspection (MPI) programs with standards that are “at least equal to” those of the Federal inspection program. Products inspected under a State MPI program are limited to intrastate commerce.

The 2008 Farm Bill authorized the establishment of the Cooperative Interstate Shipment (CIS) program.<sup>3</sup> FSIS implemented this voluntary cooperative program in 2011, allowing selected State-inspected establishments to expand their business opportunities by shipping their products across State lines. The CIS program provides an alternative to State-inspected establishments to enter interstate commerce without needing a Federal inspection, as long as their State’s inspection standards are the same as those of FSIS.

There are 10 States participating in the CIS program,<sup>4</sup> and the number of establishments participating has steadily increased since the first State joined in 2012 (see Figure 1).



### Cooperative Interstate Shipment Program

**Purpose:** Allows State-inspected meat and poultry establishments to ship products across State lines, expanding market access.

**Legislative Authority:** 2008 Farm Bill (Section 11015); implemented in 2011.

**Limited to:** 29 States with MPI programs and establishments with 25 or fewer employees.

**Inspection Standard:** Same as Federal requirements.

**State Reimbursement:** 60 percent of inspection costs.

**Participating States:** 10

**Participating Establishments:** 167

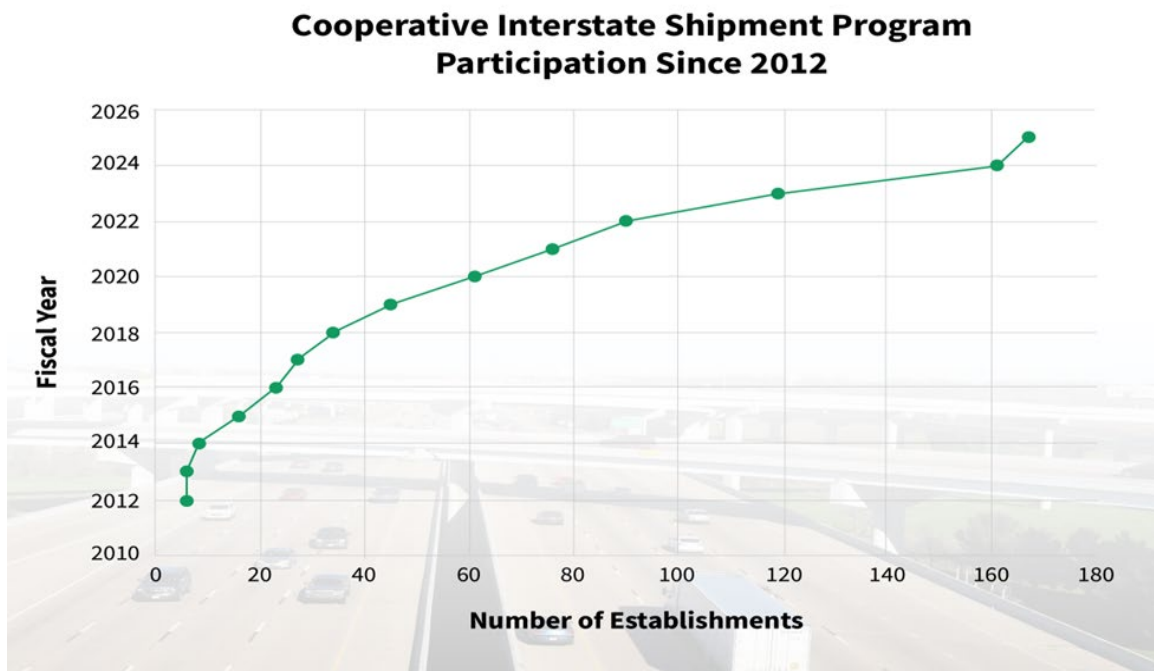


<sup>1</sup> Federal Meat Inspection Act of 1907, Pub. L. No. 59-242 (codified at 21 U.S.C. § 601, et seq.).

<sup>2</sup> Poultry Products Inspection Act of 1957, Pub. L. No. 85-172, 71 Stat. 441.

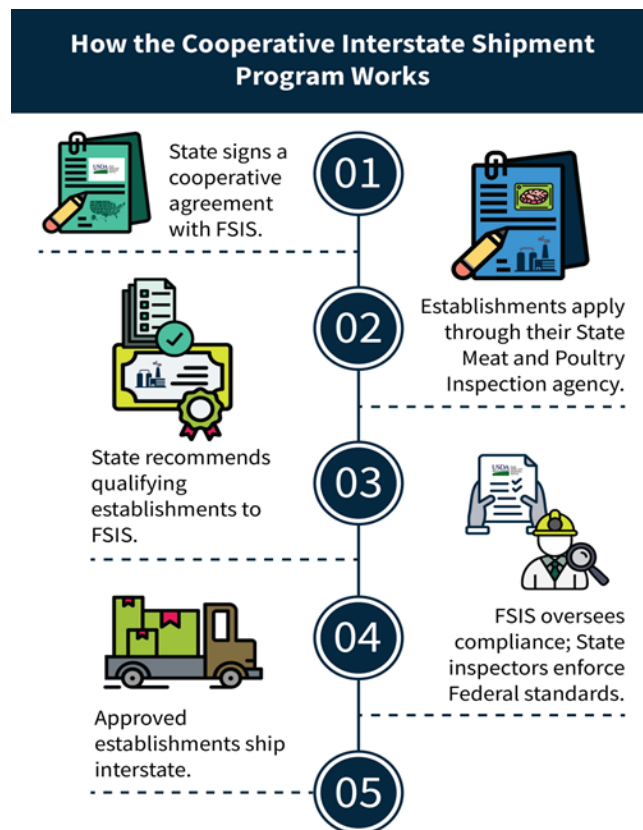
<sup>3</sup> Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, tit. XI, § 11015, 122 Stat. 2124 (codified at 21 U.S.C. 683 § 501 and 21 U.S.C. 472 § 31).

<sup>4</sup> As of April 2025, participating states include Indiana, Iowa, Maine, Missouri, Montana, North Dakota, Ohio, South Dakota, Vermont, and Wisconsin.



**Figure 1: Number of Establishments Participating in the CIS program since 2012.**  
Figure by the Office of Inspector General (OIG).

To participate, a State must enter into a cooperative agreement with FSIS agreeing to provide inspection services to selected establishments and operate the CIS program in the same manner as the Federal inspection program. Participation is limited to the 29 States that have implemented an “at least equal to” State MPI program and are able to provide the necessary inspection services to selected establishments. The program is limited to establishments that employ 25 or fewer employees. FSIS reviews establishments recommended by the States to verify CIS program eligibility. To qualify and be recommended by the State for the CIS program, a State-inspected establishment must meet all Federal standards. This includes sanitation performance, approved water and sewage systems, written sanitation procedures, and a compliant hazard analysis and critical control point plan. Figure 2 illustrates how the CIS program works.



**Figure 2: Description of the CIS Program.** Figure by OIG.

FSIS must designate a Federal employee to act as a State coordinator to provide oversight and enforcement of the program and oversee the training and inspection activities of State agency personnel.<sup>5</sup> Specifically, the State coordinator must visit selected establishments in an appropriate frequency to ensure they are operating to program standards, submit quarterly compliance reports on selected establishments under their jurisdiction, and immediately notify the Secretary of Agriculture of any violations of FMIA or PPIA. If the State coordinator finds that an establishment violated the Acts, the FSIS District Office is authorized to deselect the establishment from the CIS program or suspend inspections at that selected establishment. An establishment deselected from the CIS program must transition to become a Federal-inspected establishment.

FSIS must reimburse States at least 60 percent of their eligible inspection costs for establishments participating in the CIS program. In fiscal years (FYs) 2022 and 2023, FSIS reimbursed States more than \$1.7 million and \$2.1 million, respectively, for CIS program inspections costs. Additionally, the Secretary may provide grants to appropriate State agencies to assist the agencies in helping establishments transition to selected establishments. Furthermore, the law requires FSIS to coordinate the initiatives of any other appropriate agency in USDA to perform or provide grants to States for outreach, technical assistance, education, and training to establishments.<sup>6</sup>

## **Prior Audit**

In our prior audit, we recommended that FSIS amend its policy instructing the Selected Establishment Coordinators to prepare written documentation of their onsite verification visits.<sup>7</sup> The documentation needed to include, at a minimum, a brief overview of review procedures performed for each of the eight compliance areas and a description of the analyses conducted. FSIS agreed with the recommendation and revised its policy on May 11, 2021.<sup>8</sup> During this review, we confirmed that FSIS implemented the recommendation.

The 2008 Farm Bill requires OIG to perform a compliance audit on all CIS program activity no less than every 3 years to determine the program's compliance with the Act.

## **Objective**

Our objective was to determine whether FSIS administered the CIS program in compliance with the requirements set forth in Section 11015 of the 2008 Farm Bill.

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<sup>5</sup> The Federal employee assigned to provide oversight and enforcement of the CIS program at the FSIS District Office is called the Selected Establishment Coordinator.

<sup>6</sup> Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, tit. XI, § 11015, 122 Stat. 2124 (codified at 21 U.S.C. 683 § 501 and 21 U.S.C. 472 § 31).

<sup>7</sup> Audit Report 24601-0002-22, *Cooperative Interstate Shipment Program*, Dec. 2019.

<sup>8</sup> FSIS Directive 5740.1, *Cooperative Interstate Shipment Program – Revision 1* (May 11, 2021).

## Section 1: FSIS Administered the CIS Program in Compliance with the 2008 Farm Bill Provisions

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We determined that FSIS administered the CIS program in compliance with the provisions set forth in the 2008 Farm Bill. Specifically, we evaluated FSIS’s compliance in the areas of eligibility, financial assistance, oversight and enforcement, and coordination.



### Eligibility

FSIS ensured that States and establishments were meeting the eligibility requirements of the CIS program. By reviewing MPI reports, we found that FSIS conducted reviews of States to ensure they are maintaining standards “at least equal to” Federal standards. We also found that FSIS conducted reviews of State-selected establishments prior to accepting them into the CIS program to ensure establishments are meeting program requirements.



### Financial Assistance

FSIS complied with State reimbursement requirements. By reviewing Federal Financial Reports and year-end closeout documentation, we found that FSIS reimbursed States at least 60 percent of their program inspection costs. FSIS did not provide any transition grants to State agencies during our scope period.



### Oversight and Enforcement

FSIS complied with oversight and enforcement requirements. By reviewing onsite verification reports, we found that FSIS conducted oversight and assessed establishments in accordance with its directive. Additionally, we found that the Des Moines District Office prepared quarterly reports that describe the status of each selected establishment. Quarterly reports were appropriately submitted to the National CIS Coordinator. By reviewing the quarterly reports, we found no establishments were deselected by FSIS from the CIS program during our scope period.



### Coordination

FSIS provided technical assistance and coordinated with other USDA agencies as appropriate to provide outreach, education, and training to establishments. FSIS communicates the understanding of food safety regulations and other technical guidance to small plants through its website, monthly newsletters, monthly calls with establishments, and through a series of small plant roundtable discussions held each year. Additionally, small plant owners and operators can submit questions through FSIS’s small plant help desk. FSIS provides a forum at its small plant roundtables for other USDA agencies to promote grant funding opportunities for establishments. Furthermore, FSIS coordinates with other USDA agencies during the grant award process by providing agencies with the eligibility status of establishments applying for grants.



Although we determined that FSIS complied with the provisions set forth in the 2008 Farm Bill, FSIS's financial policy does not incorporate CIS program requirements, as discussed in Finding 1.

## Finding 1: FSIS's Financial Policy Does Not Include the CIS Program

We found that FSIS did not document its CIS program State reimbursement control activities in its policy. Specifically, FSIS did not update its governing financial directive to include CIS program requirements and processes.<sup>9</sup> According to FSIS officials, staff turnover and changing priorities of the agency have delayed its efforts to update the directive. As a result, the outdated directive may reduce FSIS's financial compliance with CIS program requirements and operational efficiency, especially during staff turnover.

The *Standards for Internal Control in the Federal Government* explains that effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel, and that management should implement control activities through policies.<sup>10</sup>

Although FSIS maintains a financial directive for State cooperative inspection programs, it has not updated the directive to include the CIS program. This is important because State reimbursements differ between cooperative inspection programs. For example, FSIS reimburses up to 50 percent of States' MPI inspection costs but reimburses at least 60 percent of eligible CIS program inspection costs. However, the CIS program reimbursement requirement is not documented in the current directive. The directive also provided guidance for reporting State expenditures using a Federal financial report form that is obsolete.<sup>11</sup>

While we found that FSIS correctly reimbursed States' CIS program inspection costs, FSIS should update its financial directive to include CIS program processes. Documentation helps retain organizational knowledge and mitigate the risk of limiting knowledge to a few personnel. Without updated guidance, the risk of non-compliance increases, especially during staffing changes. By updating the directive, FSIS strengthens its operational continuity and enhances its overall efficiency, even during workforce changes.

FSIS officials generally agreed with our finding and stated that FSIS is in the process of updating its directive, but the update has been delayed due to staff turnover and changing priorities. FSIS did not provide OIG with its draft directive for confirmation, citing the potential for further changes before full clearance as the reason. Consequently, we were unable to verify whether the directive addresses CIS program requirements and processes.

## Recommendation 1

We recommend that FSIS update its policy to include applicable legal requirements and financial processes pertaining to its Cooperative Interstate Shipment program.

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<sup>9</sup> FSIS Directive 3300.1 Revision 2 *Fiscal Guidelines for Cooperative Inspection Programs* (Mar. 5, 2004).

<sup>10</sup> Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G (Sept. 2014).

<sup>11</sup> States report expenditures using Form SF-425 *Federal Financial Report*, but the directive has not been updated to reflect this change.

**Agency Response**

In concurrence with the OIG recommendation, FSIS will update FSIS Directive 3300.1, Fiscal Guidelines for Cooperative Inspection Programs, to include the specific legal requirements and financial processes related to the CIS program. This update will encompass the reimbursement percentage for the CIS program and other pertinent financial processes to ensure clarity and compliance.

FSIS provided an estimated completion date of March 31, 2026.

**OIG Position**

We accept management decision for this recommendation.

## Scope and Methodology

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We conducted an audit to determine whether FSIS administered the CIS program in compliance with the requirements set forth in Section 11015 of the 2008 Farm Bill. We reviewed CIS program activities for FYs 2022 and 2023. We performed our fieldwork with the FSIS Headquarters office located in Washington, D.C. and the FSIS District Office located in Des Moines, Iowa to obtain an understanding of FSIS's internal controls and procedures for administering the CIS program. To test for compliance, we selected the two States (Iowa and Wisconsin) that had the most establishments operating in the CIS program overseen by the Des Moines District Office. We randomly selected two establishments in each of these two States.

Additionally, we performed focused confirmation testing of CIS activities at one randomly selected establishment from Indiana, Maine, Missouri, Ohio, and Vermont. We performed our audit fieldwork from June 2024 through April 2025. We discussed the results of our audit with agency officials on May 14, 2025, and included their comments, as appropriate.

To accomplish our audit objective, we:



Reviewed applicable laws and guidance to gain sufficient knowledge of the CIS program.



Examined State MPI reports, annual CIS renewal agreements, and initial eligibility survey reports of establishments.



Interviewed FSIS Headquarters and District Office officials regarding FSIS's oversight and administration of the CIS program.



Reviewed onsite verification and quarterly reports, CIS budgets, Federal Financial Reports, and end of year closeout documentation.



Analyzed CIS program participation data for FYs 2022 and 2023.

We assessed internal controls significant to the audit objective. Specifically, we assessed the following components and underlying principles:

Component	Principle
Control Activities	Management should design control activities to achieve objectives and respond to risks.
Control Activities	Management should implement control activities through policies.
Monitoring	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
Information and Communication	Management should internally communicate the necessary quality information to achieve the entity's objectives.



We designed our audit work to assess these internal control components and underlying principles; as such, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

To obtain the universe of participating establishments, we downloaded publicly available listings from FSIS's website. We obtained confirmation from FSIS that these listings are correct and complete. Additionally, we manually validated the listing for our selected district office to provide reasonable assurance of the accuracy and completeness of our universe. We make no representation regarding the adequacy of any agency computer systems, or the information generated from them because we did not assess the reliability of information systems, as it was not related to our audit objective.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions, based on our audit objective.

## Abbreviations

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CIS .....	Cooperative Interstate Shipment
FMIA.....	Federal Meat Inspection Act
FSIS.....	Food Safety and Inspection Service
FY .....	fiscal year
GAO .....	Government Accountability Office
MPI .....	Meat and Poultry Inspection
OIG .....	Office of Inspector General
PPIA.....	Poultry Products Inspection Act
USDA.....	U.S. Department of Agriculture

**Food Safety and Inspection Service's  
Response to Audit Report**



U.S. DEPARTMENT OF AGRICULTURE


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Food Safety and  
Inspection  
Service

1400 Independence  
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Washington, D.C.  
20250

TO: Yaris River-Rojas  
Acting Assistant Inspector General for Audit  
Office of Inspector General

FROM: Dr. Denise Eblen  
Acting Deputy Under Secretary  
Office of Food Safety

  
/s June 13, 2025

SUBJECT: Office of Inspector General (OIG) Official Draft Report,  
Food Safety and Inspection Service's Cooperative Interstate  
Shipment Program, Audit Number 24601-0004-22

The Food Safety and Inspection Service (FSIS) appreciates the opportunity to review and comment on the Official Draft report regarding the Cooperative Interstate Shipment (CIS) Program.

FSIS concurs with the OIG's determination that the CIS program was administered according to the provisions of the 2008 Farm Bill and correctly reimbursed States for the CIS program inspection costs.

To clarify, for the reader, participation in the CIS program is limited to 10 States that have demonstrated authority under their own laws to carry out the Federal Meat Inspection Act and the Poultry Products Inspection Act and provide the same inspection services as FSIS provides in official Federal establishments.

Finding 1: FSIS' Financial Policy Does Not Include the CIS Program

Recommendation 1

We recommend that FSIS update its policy to include applicable legal requirements and financial processes pertaining to its Cooperative Interstate Shipment program.

FSIS Response

In concurrence with the OIG recommendation, FSIS will update FSIS Directive 3300.1, Fiscal Guidelines for Cooperative Inspection Programs, to include the specific legal requirements and financial processes related to the CIS program. This update will encompass the reimbursement percentage for the CIS program and other pertinent financial processes to ensure clarity and compliance.

Estimated Completion Date: March 31, 2026



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