

SECTION 4 - SHELL EGG SURVEILLANCE INSPECTION INSTRUCTIONS

I. PURPOSE

This instruction prescribes the procedures for registering and performing shell egg regulatory inspections at egg handlers and the identification and handling of restricted eggs.

II. AUTHORITY

The authority of duly authorized representatives of the U.S. Secretary of Agriculture is contained in 21 U.S.C. 1031-1056 cited as the Egg Products Inspection Act (Public Law 91-597 and Public Law 102-237), Regulations Governing the Inspection of Eggs and Egg Products, instructions, and directives.

Section 8(e) of the Egg Products Inspection Act (EPIA) provides that no person, while an official or employee of the United States Government or any State or local governmental agency or thereafter, shall use to his/her own advantage, or reveal other than to the authorized representatives of the United States Government or any State or other Government in their official capacity, or as ordered by a court in a judicial proceeding, any information acquired under the authority of this Act concerning any matter which is entitled to protection as a trade secret.

III. LICENSING

A license card will be issued by the Department of Agriculture (USDA) to each qualified person whose services will be utilized to carry out the provisions of shell egg surveillance (SES) inspection work under the Act. Each inspector shall have the license card in his/her possession while on duty and present it upon request.

In cooperating States, the State Surveillance Coordinator is responsible for training a prospective licensee. A shell egg surveillance inspector must be proficient in detecting restricted categories of eggs, and fully understand shell egg surveillance inspection procedures and report preparation. The State Surveillance Coordinator should present to USDA an applicant, approved by the cooperating agency, and qualified for licensing. Applicants must satisfactorily pass a 1,000-egg comparative grading test administered by the Federal-State supervisor or the Assistant Federal-State supervisor. The comparative grading accuracy shall average 95-percent or higher to qualify for a Shell Egg Surveillance license.

In addition, all applicants must complete the Shell Egg Regulatory Inspectors Exam with an accuracy rate of 90-percent or higher, prior to being licensed. Each inspector must demonstrate a complete understanding of shell egg surveillance inspection procedures, have a thorough knowledge of the preparation and distribution of all forms and reports to be utilized in shell egg surveillance inspection, and know how to adjust, focus, and clean a candling light.

IV. POLITICAL ACTIVITY

Licensed inspectors are forbidden, during the period of their respective appointments or licenses, to take an active part in political management or in political campaigns. Political activities in city, county, State, or national elections, whether primary, regular, or on behalf of any party or candidate, except as authorized bylaw or regulations of the U.S. Department of Agriculture, are prohibited.

V. DEFINITIONS

The following list of terms is applicable in performing shell egg regulatory inspection activities.

Eggs - mean shell eggs of the domesticated chicken, turkey, duck, goose, or guinea.

In-shell Pasteurized Eggs - means shell eggs of the domesticated chicken, which have been subjected to a process to destroy viable microorganisms of public health concern, identified by the Food and Drug Administration. Such processes must meet the criterion for pasteurization set forth by the Food and Drug Administration (FDA).

Grading Station - means any party (including retail, restaurant, institution or universities) engaged in the sorting of eggs into their various qualities, either mechanically or by other means, for the ultimate consumer.

Note: Repackaging of shell eggs at a retail outlet that were incidentally damaged during transport or handling shall not be cause for registering that facility as a Grading Station.

Producer/Packer - means any person with an annual egg production from more than 3,000 birds that sort and pack into various qualities from their own production for distribution to the ultimate consumer.

Cooked Egg - Cooked egg operations are not required to register under the shell egg surveillance program unless the firm is purchasing nest-run eggs, processing eggs that otherwise exceed the restricted egg tolerances permitted in U.S. Grade B shell eggs, or grade eggs for the ultimate consumer. Firms meeting the above listed criteria shall be registered as a Grading Stations.

Inedible Collection/Processing – means locations identified for the accumulation of shell eggs or liquid inedible egg products for shipment to a further processing facility. The accumulation and control of inedibleegg product requires facility registration. The records showing receipt and shipment of de-characterized inedible egg product as well as the proper de-characterization and labeling of the product identified as not for human food shall be verified to assure proper control and disposition by the handler.

Exempt Breaker – Food processing facilities that: receive, break the eggs, and process the content of the eggs on the premises producing a FDA-regulated food item (facility not subject to FSIS egg products inspection) must be registered as an Exempt Breaker. The facility records must validate that Grade B or better eggs are purchased and presented for processing and proper controls have been implemented for eggs segregated as not fit for human food.

Ultimate Consumer - means any household consumer, retailer, restaurant, institution, or any party who has purchased or received shell eggs for consumption.

VI. SHELL EGG HANDLER REGISTRATION

Grading Stations, Producer/Packers, Hatcheries, Cooked Egg, Inedible Collection/Processing, and ExemptBreakers are required to complete and submit Form LP-155, Registration of Shell Egg Handlers, to the USDA/AMS, Livestock and Poultry Program, STOP 0258, 1400 Independence Avenue, SW, Washington, D.C. 20250-0258 (See Exhibit I) or by electronic transmission to the National Supervisor, Shell Egg Branch.

Federal or State correctional systems and universities that sell eggs in commerce, outside of their institution system, must be registered. Additionally, some Cooked Egg operations must be registered; for information on the registration of Cooked Egg operations, refer to Section 05 of this Handbook. The Livestock and Poultry Program, upon receipt of the completed registration form, will assign a registration number and return a copy of the form to the handler showing the assigned registration number and date of registration. A copy of the completed registration form will also be sent to the respective Federal-State supervisor and when applicable, the State agency handling the surveillance inspection work.

Generally, surveillance work will be performed at locations other than retail outlets. However, when retail stores are found to be purchasing nest-run eggs and segregating the eggs into various qualities for consumersale, the store shall be registered as a Grading Station.

It is the responsibility of each inspector to supply any person or firm required to be registered with the registration form and to notify the State surveillance coordinator or Federal-State supervisor that the person or firm is not registered. When a registered firm goes out of business or otherwise should be de-registered, a statement in the “Comments” section of Form LP-156, Shell Egg Regulatory Inspection Report, is to be made as follows: “ This company is no longer in business, (Or an explanation as to the change in business that would cause deregistration to be completed) please deregister.” For proper completion of the form, refer to Exhibit IV.

The inspector must electronically transmit, mail or hand deliver the Form LP-156, indicating deregistration to the Federal-State submanagement office at the end of the week. The Federal-State

submanagement office will transmit Form LP-156, electronically to the National Compliance Officer (SES@usda.gov). When the National Compliance Officer receives the Form LP-156 requesting deregistration of a firm, the information will be entered into the Shell Egg Surveillance Information System database.

Similarly, any change to a registrant's name or address or nature of business is to be reported in the "Comments" section of Form LP-156, without requesting deregistration of the firm (See Exhibit V). A new registration number will not be assigned. The National Office will make the requested change on the file copy of Form LP-155.

If the business ownership has changed, a revised Form LP-155 must be submitted.

If a registrant ceases operations causing deregistration and then at a later date decides to initiate operations, a new Form LP-155 must be submitted for assignment of an SES registrant number.

Each Federal-State submanagement area is responsible for providing the applicable State agency in their submanagement area, a quarterly printout of registrants to be visited. This information is to be distributed by the first week of the first month of the new quarter for use by the surveillance inspectors in planning their random surveillance visits and preparing Form LP-156.

VII. SURVEILLANCE VISITS

A. Introduction

Biosecurity and the protection of poultry flocks from the introduction and spread of disease have been important issues for the poultry industry. Periodically the industry has been plagued by serious outbreaks of diseases, such as Newcastle, avian influenza, etc. Therefore, inspectors are to continually exercise effective disease prevention controls.

Whether the disease is introduced accidentally or deliberately, failure to observe basic sanitary precautions can contribute to its spread. Many hatcheries and producers have placed restrictions on visits to hatcheries or production facilities. When plant management requires increased biosecurity measures to be followed while completing the required SES activities to determine compliance with the EPIA, any expenses incurred by the SES representative while performing the provisions of the Act will be reimbursed. In this instance, Federal-State supervisors will provide guidance to inspectors for reimbursement, review expense claims, and approve expense claims accordingly. Unless the owner of the facility or another Federal or State agency in a specific geographical area imposes more stringent measures, inspectors are to follow the minimum procedures outlined below:

- a) When conducting grading/inspection activities, avoid all physical contact with live poultry, poultry housing, and to the extent possible, equipment used at the

production site.

- b) When possible, park vehicles on paved, concrete, or gravel areas away from poultry housing to avoid contact with dirt, mud, or manure. Additionally, all practical measures should be taken to maintain vehicles in a reasonably clean condition, especially the areas around the tires and wheel wells.
- c) Wash hands with soap and water or an antibacterial gel upon entering and leaving the processing/packing facilities or hatcheries to avoid transmitting diseases from person to person.

If hand-washing facilities are not available, personnel are to use the sanitizing towels provided for this purpose. Contact your immediate supervisor to request sanitizing towels.

- d) Multiple visits during a day to other facilities where production exists should be minimized.
- e) Wear uniforms or clean outer clothing.
- f) Practice good personal hygiene, and at the end of the workday, thoroughly bathe.

In addition to the above, it has been demonstrated that pet birds, free flying birds, waterfowl, and seabirds serve as a vector for the spread of a variety of avian diseases, including Newcastle and avian influenza viruses. For this reason, inspectors must refrain from raising or working with small home flocks of poultry or exotic type birds. If you are currently involved with this type of activity, you must immediately advise the LP, Federal-State supervisor.

Shell egg surveillance inspection visits should be limited to assuring compliance with the provisions of the Act. In hatcheries, the inspection visit is to be limited to areas specific to the handling of incubator rejects, restricted eggs, and the review of records. If the records indicate that surplus eggs from breeder flocks are being sold, the refrigerated storage area must be inspected. At production facilities, the visit is to be confined to the egg packaging and processing rooms. Hatcheries and Producer/Packers should be visited prior to Grading Stations when visited on the same day.

Each inspection made under authority of the Act shall be documented on Form LP-156. (See Exhibit III.) This includes visits to release detained product not released during the scheduled visit. Refer to Exhibits V, VI, VII, and VIII for examples of completed Form LP-156. The form is not to be used when performing destination inspection visits. If it is determined that a firm cooking eggs is to be registered as a Grading Station, quarterly inspections are to be made and documented on Form LP-156.

If a Producer/Packer or Grading Station is not operating or is temporarily closed, do not prepare Form LP-156. However, cooperating States are to document and explain travel cost and time for making the visit on Form LP-76-1, "Daily Surveillance Cost Report" (see Exhibit XIV). Visits should be scheduled while the firms are operating. Arrangements must then be made to visit the firm prior to the close of the quarter. An exception to this would be de-registering a firm on Form LP-156 when it is no longer in business.

B. Frequency of Visits

1. **Producer/Packers With More Than 3,000 Birds And Grading Stations Packing Product For Consumers** - Quarterly visits are required.
2. **Firms Operating Under Voluntary USDA Scheduled Grading Programs** - The required quarterly visits and related reports are to be completed by the Federal-State supervisor, Assistant Federal-State supervisor, Assistant to the Federal-State supervisor, or designated personnel.
3. **Firms Operating Under Voluntary USDA Unscheduled (Temporary) Grading Programs** – The required quarterly visits and related reports are to be completed by the agency administering the surveillance program.
4. **Hatcheries** - All hatcheries will be visited a minimum of once each fiscal year. Certain hatcheries are seasonal in their operation; seasonal hatcheries are to be visited during periods of operation. The SES inspector must investigate new hatchery operations to determine if operations are limited to game birds. Such hatcheries do not require registration.

Hatcheries segregating and packing eggs for sale to the ultimate consumer must be registered separately as a Grading Station and is to be visited each quarter. To clarify, a facility will have two separate registration numbers assigned to the operation, in this instance (Hatchery and Grading Station).

5. **Inedible Collection/Processing, Cooked Egg, Exempt Breaker** – All Inedible Collection/Processing, Cooked Egg, and Exempt Breaker operations will be visited a minimum of once each fiscal year.

C. Followup Visits

Followup visits are to be performed in accordance with the following policy without regard to whether the surveillance program is administered by Federal or State personnel. Followup visits in official plants are to be made by members of the Federal-State supervisory staff or designated personnel. As with initial visits, followup visits are to include an examination of all available product and records.

Visits made strictly for the purpose of regrading and releasing detained product are not to be considered

followup visits.

Followup visits are required whenever excessive restricted eggs are found in consumer packaged product. Inedible shell eggs or egg products improperly denatured, improperly segregated restricted eggs, or recordkeeping and labeling non-compliances generally will not require followup visits. At the discretion of the Regional Director, repeated denaturing, recordkeeping, and labeling violations may require followup action. See Exhibit VIII for documenting a followup visit.

Refrigeration labeling non-compliances or temperature violations will not require followup visits. However, the verification of refrigeration labeling is required whether it is an initial visit, followup visit, make-up visit, or a visit to release detained product. Unless otherwise requested from the Food Safety and Inspection Service (FSIS), checking and reporting of ambient cooler temperatures are not to be included on followup visits. Generally, the number of followup visits will be limited to one, unless the seriousness of the non-compliance or the compliance history of the handler dictates otherwise. In this situation, the Federal-State supervisor and the State Coordinator shall obtain Regional Office approval for additional followup visits to be completed prior to the end of the calendar quarter.

When a non-compliance (including followup visits) cannot be conducted before the quarter ends, the initial visit shall be made early in the next quarter, not later than 30 days from the beginning of the quarter. If this regular visit requires a followup visit, it shall be made within the calendar quarter.

D. Make-up Visits

If the initial visit to a registered handler is not completed on time, a make-up inspection must be made no later than 30 days from the beginning of the next quarter. The "Comments" section of Form LP-156 is to be documented to show that it is a first-quarter make-up visit, second-quarter make-up visit, etc., as applicable. A make-up visit shall be made in addition to the initial quarterly visit or a visit scheduled at a reduced frequency of inspection. The initial visit shall not be made at the same time as the make-up visit. Recurring make-up visits will require a review of program management.

E. Inspection Procedures

The surveillance visit includes the following components: (1) a brief introduction upon arrival, (2) a walk-through review of the operation, (3) obtaining an approximate inventory of graded product to be sampled, (4) the sampling and grading of product, (5) a review of the records, (6) and completion of the required documents.

1. Introduction

It is imperative that surveillance visits be unannounced to accurately evaluate a registrant's daily operational procedures. Therefore, the introduction phase of the visit should be brief and limited to

the inspector's identification and informing management as to the purpose of the visit.

2. Refused Access

When access to any plant is denied, the inspector shall inform management of the provisions of the Egg Products Inspection Act, Section 8(d)(8), pertaining to accessibility to any plant at any reasonable time to duly authorized personnel and, if necessary, the penalties provided for under Section 12(a). The Office of the General Counsel advises that thorough documentation is required when regulatory and surveillance inspectors are refused access to a plant or any of its rooms.

Inspectors must show that they:

- properly identified themselves
- informed plant representatives of their authority to enter
- informed plant representatives that refusing entry is prohibited by the Act
- again requested entry and were refused

If possible, the exact words of the plant representative refusing entry are to be documented.

Regulatory and surveillance inspectors are to use the following statement in their narrative report when access is refused:

Mr. / Ms. _____ refused to allow me into his/her (plant, freezer, etc.). I explained that:

- (1) I am a representative of the Secretary of Agriculture,
- (2) I am authorized to enter his/her (plant, freezer, etc.) to determine compliance with the EPIA, and
- (3) Refusing access to a representative of the Secretary is prohibited by section 8(d)(8) of the Act.

I again requested Mr./Ms. _____ to permit me access to his/her _____ . He/she again refused by saying "_____."

This information shall be made a part of the narrative report and attached to Form LP-156 or, if prepared, Form LP-518-1, Alleged Violation and Detention Notice.

When access to enter is refused or the ability to satisfactorily complete the surveillance visit is hampered by management or their representatives, the inspector shall contact the applicable Federal-State supervisor or State Shell Egg Surveillance Coordinator at once (by telephone) for guidance. In the event the Federal-State supervisor cannot be contacted, the Regional Director is to be notified.

3. **“Walk-Through” Review**

The purpose of the walk through review of the operation is to check the denaturing and labeling of inedible egg products and the labeling of restricted eggs. All non-compliances are to be recorded and documented on Form LP-156.

Additionally, the inspector shall observe the general sanitation of plant premises and the processing and storage areas. Any observation of egregious conditions or failure to employ good manufacturing practices (GMP's) constituting a high risk of contamination or a violation of the Federal Food, Drug, and Cosmetic Act (FDCA) will be reported separately on the “Report of Alleged Violation of the Federal Food, Drug, and Cosmetic Act – Shell Eggs”.

Instructions for compilation and submission of the report can be found in [QAD 703](#). The Livestock and Poultry Program will provide training and guidance regarding current GMPs to all inspectors.

(a) **Identification of Restricted Eggs**

The EPIA requires that eggs classed as “restricted eggs” (dirties, checks, leakers, loss, inedible, and incubator rejects) be labeled with required information as outlined below:

- (1) Shipping containers of restricted eggs must bear the packer's name, address, city, state, and zip code, or a corporate name and address and other egg packer identification codes approved by the National Office, and the type of restricted eggs in the container (e.g., dirties, checks, inedible, or loss); and
- For checks and dirties: “Restricted Eggs-- for Processing Only in an Official USDA Egg Products Plant.”
- For inedible and loss eggs in shell form: “Restricted Eggs--Not to be used as Human Food.”
- (2) Loss and inedible eggs shall not be intermingled in the same container with checks and dirties.
- (3) Restricted eggs packaged for direct sale to a household consumer, exclusively for household use, under the exemptions provided in 57.100(c), (d), or (f) must bear the packer's name and address and the quality of the eggs either on the immediate container or alternatively, this information may be displayed on a point-of-sale sign. The eggs must be labeled as checks, dirties, checks and

dirty, or restricted eggs. Use of consumer labeled cartons under this exemption is limited as defined in item (4) below.

- (4) Containers of segregated restricted eggs custom packaged for a producer for ultimate sale to household consumers under the exemptions noted in (3) above must bear the name and address of both the producer and the packer, and the type of eggs in each container.
- (5) The regulations require that restricted eggs be properly labeled at the point and time of segregation. Accordingly, the product should be labeled prior to movement from the packing area unless product identity can otherwise be assured.
- (6) Registrants reusing clean, sound containers bearing consumer grade identification, (i.e. USDA stamps, or old restricted egg labels) must remove or obliterate such labeling before reusing the container for any type of eggs.
- (7) The wording of the required labeling must be conspicuous and legible. The name, address, and zip code of the packer need not appear on the label if it appears elsewhere on the container.

See Exhibit X for examples on the labeling of restricted eggs.

(b) Labeling of Inedible Egg Products

The EPIA requires that all inedible, unwholesome, or adulterated egg products be labeled with certain required information. The collection containers of inedible egg products at the point and time of segregation need only be labeled with the word, “Inedible” unless; they are used as the final shipping container. In this case, the containers shall be legibly identified as, “Inedible Egg Product - NOT TO BE USED AS HUMAN FOOD.” The name, address, and zip code of the packer or distributor must appear on the label or container (See Exhibit X). Lids are required on the final shipping container of inedible egg products.

(c) Denaturing Restricted Eggs and Inedible Egg Products

Inedible shell eggs must be denatured or decharacterized at the point and time of segregation. Containers of liquid egg products need not be denatured or decharacterized at the point and time of segregation unless they are used as the final shipping container. Sufficient denaturant must be used to make it readily evident, either visually or by odor, that the eggs or egg product is unfit for human consumption.

Inedible and loss eggs that are to be transported in the shell from the point of segregation must be decharacterized or denatured by coloring the shells with a sufficient amount of Food, Drug, and Cosmetic (FD&C) dye to give a distinct change in appearance or by applying a substance that will penetrate the shell and decharacterize the egg meat.

(1) Satisfactory Denaturants for Shell Eggs

- (a) FD&C black, blue, green or red dyes.
- (b) Aromatic cedar, eucalyptus, pine oil, fish oil, or wintergreen.

(2) Satisfactory Denaturants for Liquid Eggs Only

- (a) Caramel, brown, black, blue, or green dyes.
- (b) Meat and Fish by products (non-deodorized).
- (c) Ground grain and milling by-products.
- (d) Beet meat and pulp.
- (e) Fish oil, aromatic cedar, eucalyptus, pine oil, wintergreen,

(3) Other Denaturants

Request to use denaturants, other than those listed, that will distinctively render the shell eggs or egg products because of appearance or odor as unfit for human consumption, must be submitted to the National Office for comment and/or approval.

(4) Unsatisfactory or Unsafe Denaturants

Those which may not be used for either shell eggs or egg products are:

- (a) Any of the fluorides.
- (b) Any of the borates.
- (c) Nitrobenzene.
- (d) Phenols.

(d) **Disposition of Restricted Eggs**

Restricted eggs shall be disposed of by one of the following methods at point and time of segregation:

- (1) Checks and dirties may be shipped directly or indirectly to an official egg products plant for processing. Dirties may be shipped to another shell egg plant for cleaning. Checks and dirties may not

be sold to restaurants, bakeries, or food manufacturing facilities but can be sold to household consumers when such sales are exempted by section 15 of the Egg Products Inspection Act and not prohibited by State law.

- (2) Leakers, loss, and inedible eggs must be destroyed for human food purposes at the grading station or point of segregation by one of the methods listed below:
 - (a) Crushed, intermingled and discarded with refuse such as filler flats, old egg cartons, paper, trash, etc. This will allow the inedible product to be discarded by hauling to a dump, sanitary landfill, or disposing on the premises where produced.
 - (b) Processed into an industrial product or animal food. Such product shall be denatured or decharacterized in accordance with section 57.504(c) and identified as provided in sections 57.840 and 57.860 of the regulations. However, product which was produced under official USDA supervision and transported for industrial use or animal food need not be denatured or decharacterized if it is handled in accordance with the guidelines outlined in the Shell Egg Graders Handbook.
 - (c) Leakers, loss, and inedible eggs may be shipped in shell form provided they are properly labeled and denatured by adding FD&C color to the shell or by applying a substance that will penetrate the shell and de-characterize the egg meat.
 - (d) Processing into an industrial product or into an animal food at the grading station. Inedible product used for animal food or otherwise destroyed on the premises where produced may be handled without denaturing provided the final disposition is verified by the surveillance inspector.

The shipment of inedible egg product in commerce that is not de-characterized is under the jurisdiction of FSIS. Refer

to Section 5 of the Shell Egg Graders Handbook for proper shipping instructions.

- (3) Incubator rejects (eggs which have been subjected to incubation) may not be moved in shell form and must be crushed and denatured or decharacterized at the point and time of removal from incubation. Incubator rejects containing eggs at the embryo stage will be considered as satisfactorily denatured and decharacterized if they are crushed without the addition of denaturants or de-characterizing materials. Incubator rejects subjected to fumigants prior to incubation are not eligible for processing as pet food in accordance with FDA regulations.
- (4) Other methods of disposition of restricted eggs may be used only when approved by USDA. Any alternate procedure will be verified by the SES inspector.

(e) **Restricted Egg Exemptions**

Restricted eggs may be sold under the following exemptions:

- (1) Site-of-production sales made directly to household consumers for their exclusive use by producer/packers from their own flocks' production.
- (2) Eggs sold by producer/packers from their own flocks' production to household consumers on door-to-door routes or at established places or businesses owned and managed by the producer/packers away from the site of production shall contain no more loss, leakers, or dirt than allowed in the official standards for U.S. Consumer Grade B shell eggs.
- (3) Sales made by grading stations on their own premises directly to household consumers for their exclusive use.
- (4) Sales by producer/packers who have their production custom packed are exempt provided controls are established at the shell egg packing plant to preserve the identity of the producer's eggs through segregation, packing, storage, and transportation. Federal-State supervisors are responsible for assuring adequacy of the controls established by the custom packer.
- (5) All of the above restricted egg sales shall be limited to 30-dozen eggs per purchase.

(f) **Special Provisions**

- (1) Nest-Run Eggs - Eggs which are merchandised as they come from the production facilities without washing, grading, or sizing are exempt from the labeling provisions in 57.801. However, when such eggs are packed and sold to consumers or when offered for sale to restaurants, bakeries, institutions, food manufacturers, etc., they may not contain more checks, dirties, leakers and loss than allowed in the official standards for U.S. Consumer Grade B shell eggs. Although identified as nest run eggs, FDA regulations state that eggs sold to the consumer must be clean. Product exceeding these tolerances shall be placed under retention. When nest-run product shows any evidence of segregating, the removal of top quality eggs, washing, or sizing, the remaining product shall be labeled as follows:
- (2) Washed Ungraded - Eggs which have been washed, sized or un-sized, and segregated to remove obvious defects (leakers, dirties, etc.) but not graded or segregated for quality. This product is not subject to inspection during a surveillance visit unless there is evidence that the product is being offered for sale in commerce identified as meeting a grade standard (i.e. Grade AA, A, etc.). A proper review of the registrant's records is important to assure that this product is being handled correctly and sales, including quality, are properly documented.
- (3) Unclassified Eggs - To Be Regraded – Hatchery culls that are washed, unwashed, or show evidence of daylight segregation or sizing. This product is not subject to inspection during a surveillance visit unless there is evidence that the product is being offered for consumer sales. A proper review of the registrant's records is important to assure that this product is being handled correctly when reviewing the shell egg handler's records.

Eggs identified as "To be re-graded" or that are diverted to an egg breaking facility must be stored and transported in accordance with the applicable FDA regulations (refer to Section 3 of the Shell Egg Graders Handbook for instructions). Facility refrigeration capability and records (quantity, lot identity, date of production, ambient storage temperature) must demonstrate compliance.

- See Exhibit X for examples on labeling of eggs to be classified as listed above.
- See Exhibit XV for the refrigeration requirements of eggs that are not processed (washed and graded) within 36-hours from the time of lay.

(g.) **Other Provisions**

- (1) In-shell Pasteurized Eggs – Currently, there are no grade standards for pasteurized shell eggs. However, the regulations promulgated under the EPIA state that shell eggs for sale in commerce may not contain more restricted eggs (checks, dirties, leakers, and other type loss eggs) than allowed in the official standards for U.S. Consumer Grade B eggs. Therefore, during surveillance inspections, pasteurized shell eggs shall be examined to determine that product packed for the ultimate consumer meets this criteria and the required refrigeration labeling. Refer to item E.4, (a) (2), of this section for refrigeration labeling.
- (2) Guidelines for the Use of Incubated Eggs for Production of “Baluts”
 - (a) Hatcheries incubating eggs exclusively for the production of baluts do not require registration. This policy does not affect the registration status of hatcheries producing baluts in conjunction with normal hatchery operations.
 - (b) Baluts or eggs containing a partially developed embryo are considered ethnic delicacies and are exempt from inspection under the Act. The eggs may be placed in incubators expressly used for the manufacture of baluts or in incubators used for hatching eggs. Since during incubation, baluts are indistinguishable from eggs for hatching, identification of the baluts is not required during incubation. The fertile eggs are normally removed from the incubator at 14 to 18 days depending on the kind of poultry.
 - (c) All eggs determined to be infertile or otherwise unsuitable for use as baluts shall be crushed and denatured or decharacterized at the point and time of removal from the incubator as specified in the Act and regulations.

- (d) After incubation, eggs suited for use as baluts shall be legibly and conspicuously labeled with the word “embryo” or “balut,” preceded by the name of the kind of poultry, or labeled as “Incubated Fertile Eggs,” or words of similar meaning. Labeling must include the complete name and address of the hatchery. Processing, handling, and labeling of baluts are subject to FDA and State regulations.
- (e) Records shall be maintained indicating the date, quantity, and kind of eggs shipped, and the complete name and address of the buyer.

4. Cooler Temperature and Product Labeling Requirements

The 1991 amendments to the Egg Products Inspection Act stipulate that shell eggs packed into containers destined for the ultimate consumer must be stored and transported under refrigeration at an ambient temperature not to exceed 45 degrees Fahrenheit. In addition, the amendments state that shell egg containers must be labeled to indicate that refrigeration is required. Food Safety and Inspection Service (FSIS) Directive 8840.1, Enforcement of Refrigeration and Labeling Requirements for Shell Eggs Packed for Consumer Use, provides background and policy information pertaining to these requirements (See Exhibit II).

Inspectors, when performing a quarterly shell egg surveillance inspection at a Producer/Packer or Grading Station, are to verify and document ambient cooler temperatures of all coolers holding shell eggs destined for the ultimate consumer. When eggs packed for the ultimate consumer are observed in non-refrigerated areas located in the processing facility, document in detail on Form LP-156, the location, approximate quantity (if accessible), and the ambient temperature. The non-refrigerated areas are not to be identified as coolers on the Form LP-156, instead, list the information in the comments section.

The “ultimate consumer” is defined as any household consumer, restaurant, institution, or any other party who has purchased or received shell eggs for consumption. Inspectors are to indicate on the Form LP-156, instances when shell eggs packaged for the ultimate consumer are being loaded / unloaded on or from transport vehicles that do not have refrigeration equipment or equipment that is obviously non-functional.

Recognizing that restricted eggs are not eligible for distribution to the ultimate consumer, but are subject to the Egg Safety Rule, the eggs must be stored and transported at ambient temperatures not exceeding 45 degrees Fahrenheit when the eggs exceed 36 hours subsequent to time of lay. In accordance with the Egg Safety Rule, restricted eggs must be stored under refrigeration subsequent to packaging and upon completion of daily processing operations. Refer to Exhibit XV, illustrating a

timeline for refrigerated storage and transport of shell eggs.

When an SES Inspector observes restricted eggs labeled in a manner demonstrating the eggs were produced in excess of 36 hours from the time of lay and the product is not properly refrigerated, document the detailed observations in a separate letter to the appropriate Federal-State supervisor responsible for the voluntary shell egg grading program. The letter should include, but not be limited, to the name and addresses of the registrant, quantity of affected restricted eggs, labeling information, the identification of the storage area, and ambient temperature in that area.

(a) **Verification Procedures**

(1) Ambient cooler temperatures

Inspectors will be provided digital thermometers equipped with air probes specifically designed for measuring ambient air temperature. Temperatures of each cooler holding consumer packaged product are to be checked and recorded as outlined below.

Temperatures may be checked anytime during the surveillance inspection, to the extent possible, the SES inspector should avoid measuring the ambient temperature during prolonged periods of product loading or unloading. If temperatures must be taken during these periods and are non-compliant, the inspector is to include a statement in the “Comments” section of Form LP-156 indicating that cooler temperatures were taken during periods of product loading or unloading, as applicable.

Prior to checking temperatures, the inspector is to pre-cool the thermometer to assure an accurate reading. Pre-cooling is to be accomplished by placing the thermometer probe in the cooler until the temperature reading has stabilized – **about 10 minutes**.

Temperatures are to be taken at approximately shoulder height at five separate locations in each cooler, excluding areas within a five – foot radius around doorways or directly in front of cooling units. The five temperatures are to be averaged to determine the overall ambient temperature of each cooler and either rounded up/down to the nearest tenth for a final temperature reading.

For Example: If the air temperature readings are 42.4°F, 42.3°F, 45.8°F, 46.9°F, and 46.5°F, the average ambient temperature is 44.78°F*. For each cooler, record both individual air temperatures and average temperatures (round to the nearest tenth of a degree) and the time the temperatures were taken on the Form LP-19, Shell Egg Surveillance Worksheet, as follows:

Time Temperatures Were Taken	Cooler #	Ambient Air Temperature					Average Ambient Air Temperature
		1	2	3	4	5	
1:45 PM	1	42.4	42.3	45.8	46.9	46.5	44.8

* The example shows correct rounding from 44.78 to 44.8 degrees Fahrenheit. When rounding, a figure of 0.06 to 0.09 is carried to the next higher digit. Conversely, a figure of 0.01 to 0.04 is carried to the

next lower digit.

Inspectors are to record only the “Average Ambient Air Temperature” in the applicable section of the Form LP-156, as illustrated in Exhibit VI. Product in coolers with temperatures exceeding the established requirements is not to be detained. The National Compliance Officer will be responsible for forwarding all non-compliant temperature data to the appropriate enforcement agency. The National Compliance Officer will be responsible for providing FSIS, a quarterly report of all cooler temperatures reported for each registrant.

(2) Product Labeling

Verification that the product meets the refrigeration labeling requirements is to be determined by the inspector during any surveillance visit (initial, make-up, followup, etc.). All product packed for the ultimate consumer must be labeled to indicate that refrigeration is required with wording such as “keep refrigerated,” “keep under refrigeration,” “keep refrigerated at or below 45° F,” or words of similar meaning. For shell egg cartons, the refrigeration statement must be located on the principal display panel, front or back and not on the in-lid. For consumer labeled containers (USDA grademarked product,) the safe handling instruction includes the required refrigeration terminology. However, when the safe handling instruction is printed on the in-lid, the words indicating “Keep Refrigerated” must be conspicuously placed on the principal display panel of the container.

For packing material containing loose packed eggs on filler flats, the refrigeration terminology required in FSIS regulations (9 CFR 590.50) statement must be prominently displayed on the front, side, or top panels. The statement must be clear and legible.

During inspection of the initial sample, inspectors are to review product labeling to assure compliance with the requirements. If product is not properly labeled, the inspector is to detain the mislabeled product. Record the detention in the “Description of Detained/Retained Product” section of the Form LP-156, indicating that the product was mislabeled. See Exhibit VI for an example of improperly labeled product.

Improperly labeled product that is detained must be relabeled and brought into compliance before it can be transported for distribution in commerce. After relabeling, inspectors are to verify that the product is in compliance and, subsequently, remove the detain tags.

Upon disposition of the detained improperly labeled product, the inspector will submit a written letter to the National Compliance Officer (SES@usda.gov) providing a description of the labeling violation, description of the labeling material or photograph, quantity of product, dates of detention and final disposition. The National Compliance Officer will be responsible for providing FSIS a report of all labeling violations.

(3) Transport Vehicles

When an inspector observes the loading or unloading of shell eggs packaged for the ultimate consumer on or off transport vehicles that are obviously not in compliance with refrigeration requirements, the observations are to be recorded in the “Comments” section of the Form LP-156. See Exhibit VI for an example of documenting a non-compliant incident. Submit the Form LP-156 as outlined in the table on page 29 of this section.

The National Compliance Officer will be responsible for providing FSIS, a memorandum when any registrant is observed loading and unloading transport vehicles that are not in compliance as described above. The memorandum will identify the registrant; provide a detailed description of the violation(s), and any supporting documentation.

(b) Verification of Thermometer Accuracy

The accuracy of digital thermometers used for monitoring ambient cooler temperatures is to be verified by the Federal-State supervisor at least once a year by comparing the temperature readings of the digital thermometer with a certified test thermometer. The verification frequency is to be increased when repeated temperature non-compliances are encountered which may result in legal proceedings being initiated for an identified registrant.

Each verification check is to be documented in the supervisor’s trip report to the Regional Director, the Form LP-227 or other forms of documentation approved by the Regional Director. Certified test thermometers will be provided to each Federal-State supervisor for this purpose. To verify accuracy, place each thermometer in a cold water bath at approximately 45°F. While agitating the water, read both thermometers for comparison. If the thermometers are within 1°F of each other, the digital thermometer is considered accurate. Surveillance inspectors are to report to the Federal-State supervisor any circumstance that may indicate that a thermometer is not accurate or is otherwise malfunctioning.

5. Inventory

An inventory shall be determined of the amount of product subject to sampling for examination. The surveillance inspector is to inventory all consumer labeled product by size that was packed by the registrant being visited. This may be accomplished either by physically determining the inventory or by obtaining the volume from company records. It is unnecessary to inventory cartoned and loose eggs separately. A coding system such as “c” for cartons, “l” for loose, “b” for baskets, “1/2” for half cases, etc., may be used to assist in identifying a category of product for sampling purposes.

Record the volume in the “Product Inventory” section of Form LP-156, indicating the total volume of product on hand at time of visit that was not previously graded by AMS under the voluntary shell egg grading program. If product previously graded by AMS is sampled according to discretionary sampling procedures as outlined in section 6.(a) below, that volume shall be

added to the inventory as well. All inventory totals shall be converted to 30-dozen cases or equivalent. Refer to Exhibits V, VI, and VIII for examples of recording product inventory.

6. Sample Selection and Inspection

(a) Initial Sample

The product sampled during a surveillance visit will be limited to product packed by the registrant being visited. If a surveillance inspector retains product during a surveillance visit only to learn later that the product was packed elsewhere, the product not packaged by the registrant must be brought into compliance only if it exceeds destination tolerances for restricted eggs state in the U.S. Grade B standards. Regardless, no followup visit would be made to the origin packer unless the registrant elects to re-work the product requiring reinspection prior to release in commerce.

The initial sample size is based on the total inventory of product packed for the ultimate consumer. A maximum of 40-initial samples shall be inspected during any surveillance visit regardless of the product inventory. After the sample size is determined, the initial sample(s) is selected proportionally from each weight class lot based on the inventory and prior knowledge of a registrant's compliance history. An initial sample of product packed for the ultimate consumer shall be conducted on the registrant's current inventory. The inspection result of the initial sample provides a quick review of product quality and indicates which subplot(s) are to be further sampled. [The inspector shall observe restricted and inedible egg containers for labeling compliance, but restricted class eggs shall not be inventoried for quality sampling purposes.](#)

A minimum of one sample shall be selected for each weight class lot of 75 cases or less, and two samples selected for weight class lots exceeding 75 cases.

The initial sampling rates for consumer packs are as follows:

Product Not Previously Checkgraded by a USDA Grader

1-1,000 cases - one percent (1%) of product packed for the ultimate consumer.

1,001 cases plus - in addition to sampling up to the first 1,000 cases at the one percent (1%) rate, amounts over that will be sampled at one-half percent (0.50%).

Product Previously Checkgraded by a USDA Grader

Product that has been officially graded by USDA under the voluntary shell egg grading program and officially identified with a USDA stamp will be sampled on a discretionary basis only. A discretionary re-examination of USDA officially identified shell eggs during a scheduled quarterly SES visit will be conducted when obvious mishandling or damage is observed, a review of the grader's records indicates

recurring noncompliance issues, or if historical grading or SES records indicate a compliance problem associated with a particular size product or package. It is not otherwise necessary to sample officially graded product.

To be eligible for discretionary sampling procedures under this category, product must bear official USDA identification and fall under the authority of the Voluntary Grading of Shell Eggs (7 CFR 56). Non-officially identified product that may have been sampled as an additional service to customers does not qualify for discretionary SES sampling and must be sampled according to Product Not Previously Checkgraded by a USDA Grader.

When discretionary sampling of previously graded product is necessary, the following sampling rate will be used:

1-1,000 cases - one-half percent (0.50%) of product packed for the ultimate consumer.

1,001 cases plus - in addition to sampling up to the first 1,000 cases at the half of a percent rate (0.50%), amounts over that will be sampled at one-quarter percent (0.25%).

The surveillance inspector shall randomly select the initial samples from the shell egg inventory and grade the eggs to assure that all eggs have been properly segregated, labeled, and/or otherwise handled in accordance with requirements of the Act. Samples are to be personally selected by the inspector, however, plant employees may aid in the physical selection of containers previously identified by the inspector. Each container is to be numbered and initialed at the time of selection to establish identity according to the weight class lot from which each sample was selected. The physical location of the sample on the pallet and its location in the cooler should be noted in the event the inspection results indicate a potential problem requiring sublotting and additional sampling.

Each weight class lot will be accepted without further sampling provided the following **Action Level** is not exceeded:

The average of the initial samples representing each specific weight class lot does not exceed the restricted egg tolerances stated in the standard for U.S. Grade B.

When the **Action Level** criteria are exceeded, the inspector shall sublot and conduct a secondary sampling of the affected product.

(b) Secondary Sampling (Sublotting)

Each initial weight class lot is composed of product representing various sublots. If the **Action Level** criteria are exceeded, the inspector shall determine which sublot(s) of the initial weight class lot are affected. When results show that the initial samples exceed the **Action Level** criteria, the sublots are to be sampled further until a reasonable determination can be made as to product compliance.

Sublots are to encompass, at a minimum, the same weight class and grade, and when possible, production dates. If sufficient time and resources are available, product should be further subotted by brands and similar packaging and packing materials, i.e., cartons or flats. After the number of cases in the subplot is determined, additional samples shall be randomly selected to provide one half (1/2) of a full representative sample including the initial sample(s).

A chart, listing the number of samples to be selected for an official representative sample, is located below (if the half sample size is less than a whole number, increase the sample size accordingly, i.e. 5 samples divided by 2 equals 2.5 samples which is increased to 3). If the average results of this secondary sample indicate the product to be in compliance with the **Action Level** tolerances, the subplot is accepted without further sampling.

If the average results of the secondary sample continue to indicate non-compliance, a full representative sample is to be selected and examined. However, if at any time during the sampling of an initial or full sample, the sample results exceed the restricted egg tolerance for the lot or an individual case tolerance, the sampling may be discontinued and the product detained based on the samples examined.

If product is detained without a full representative sample, reason(s) for retention and percentages listed on the Form LP-156 will be based on the grade results of product sampled.

Representative Sample Chart

<u>Cases in Lot</u>	<u>Cases in Sample</u>
30-Dozen	
Less than 50 eggs.....	All Eggs
50-359 eggs.....	50 eggs
1 case.....	1 case
2-10 Inclusive.....	2 cases
11-25 Inclusive.....	3 cases
26-50 Inclusive.....	4 cases
51-100 Inclusive.....	5 cases
101-200 Inclusive.....	8 cases
201-300 Inclusive.....	11 cases
301-400 Inclusive.....	13 cases
401-500 Inclusive.....	14 cases
501-600 Inclusive.....	16 cases

For each additional 50 cases, or fraction thereof, in excess of 600 cases, one additional case shall be included in the sample.

The following example is being provided to clarify the sampling and inspection process:

ABC Egg Company is a grading station with an inventory of consumer packed eggs totaling 3,600 cases and an initial sample size of 23 samples.

1,000 cases x .01 = 10 samples

2,600 cases x .005 = 13 samples

3,600 cases Total = 23 samples

The inspector prorates the samples based on the number of cases in each weight class and their knowledge of the company's previous compliance history. The weight class lot size and prorated number of initial samples are as follows:

Jumbo	(350 cases)	3 samples
Extra Large	(850 cases)	6 samples
Large	(1530 cases)	10 samples
Medium	(800 cases)	3 samples
Small	(70 cases)	1 sample

The results of the initial sample for the Jumbo weight class are as follows:

Sample 1 – Jumbo Grade A, loose 20 egg flats - 6 checks

Sample 2 – Jumbo Grade A, ABC brand 1 dozen cartons, code 035 – 7 checks

Sample 3 – Jumbo Grade A, ABC brand 1 dozen cartons, code 036 – 16 checks, 1 dirt

At this point, the average of the 3 Jumbo weight class samples for checks (9.66%) and dirties (0.33%) is within the **Action Level** tolerances and therefore the Jumbo weight class lot is accepted without further sampling.

The inspector proceeds to the next initial weight class lot, Extra Large. The results of the initial sample for the Extra Large weight class are as follows:

Sample 1 – Grade AA, ABC brand, 1 doz. cartons, code 035 – 10 checks

Sample 2 – Grade A, BCD brand, 1 doz. cartons, code 035 – 12 checks

Sample 3 – Grade A, BCD brand, 1 doz. cartons, code 035 – 10 checks

Sample 4 – Grade A, BCD brand, 18 egg cartons, code 036 – 13 checks, 1 dirt

Sample 5 – Grade A, loose 20 egg flats, no code – 14 checks

Sample 6 – Grade A, loose 20 egg flats, no code – 13 checks

In this example, the initial lot average for checks is 12% which exceeds the **Action Level** criteria and secondary sampling is required. The inspector selects samples for secondary sampling by identifying the initial samples that contributed to the Extra Large weight class lot exceeding the **Action Level**

criteria.

There are 4 sublots with similar characteristics in the initial sample. Since sample #1 does not exceed the **Action Level** criteria, the subplot represented by sample #1 does not require additional sampling. The remaining sublots exceed the **Action Level** criteria and, subsequently, require additional sampling as follows:

- Even though sample #3 has only 10% checks, it is combined with sample #2 having 12% checks because they have similar subplot characteristics.
- Sample #4 represents a separate subplot.
- Sample #5 is combined with sample #6 because they have similar subplot characteristics.

Next, the inspector inventories each of the identified sublots that need additional secondary sampling as follows:

Sublot 1 - Extra Large Grade A, BCD brand 1 doz. cartons, code 035 – 250/30 doz. cases

Sublot 2 - Extra Large Grade A, BCD brand 18 egg cartons, code 036 – 120/30 doz. cases

Sublot 3 - Extra Large Grade A, loose 20 egg flats, no code – 300/30 doz. cases

For secondary sampling, the inspector selects 4 additional samples for **Sublot 1** which, when added to the original initial sample, provides a sample equal to one-half the official sample. The results of the secondary sampling for **Sublot 1** are as follows:

Sample #3 – 6 checks

Sample #4 – 8 checks, 1 LS

Sample #5 – 7 checks, 1LK

Sample #6 – 5 checks, 1 D

At this point, the average of the six samples representing **Sublot 1** for checks (8.00%), leakers and dirt (0.33%), and large blood spots (0.17%) is within the Action Level tolerances and, therefore, the Sublot is accepted without further sampling.

The inspector then selects and examines the secondary sample for **Sublot 2** which requires an additional 3 samples. The results of the secondary sampling are as follows:

Sample #2 – 16 checks

Sample #3 – 13 checks, 1 LK

Sample #4 – 17 checks

At this point, the average of the four samples representing **Sublot 2** for checks (14.75%) and leakers

(0.25%) exceeds the **Action Level** criteria and must be fully sampled. An additional four samples are selected and the results combined with the original four samples to determine the acceptance of **Sublot 2**.

For **Sublot 3**, an additional four samples are selected to provide a sample equal to one-half the official sample. The results of the secondary sampling are as follows:

Sample #3 – 8 checks, 1 LK
Sample #4 – 5 checks, 1LS, 2D
Sample #5 – 10 checks
Sample #6 – 9 checks, 1D

As with **Sublot #2**, the average of the six samples representing **Sublot 3** for checks (9.83%), leakers and dirt (0.83%), and large blood spots (0.17%) exceeds the **Action Level** criteria and must be fully sampled.

Additional five samples are selected and the results combined with the original six samples to determine the acceptance of **Sublot 3**.

The same procedures are repeated for each of the remaining weight class lots.

(c) **Eggs to be Graded**

Grade 100 eggs from each sample case in the lot. For 30-dozen cases, the odd numbered samples are to be checked on the numbered end of the case. The even numbered samples are to be checked on the opposite end of the case. On odd numbered samples; that is 1, 3, 5, 7, etc., examine the top 100 eggs and on even numbered cases examine the bottom 100 eggs. For 15-dozen cases or baskets, examine odd numbered samples; that is 1, 3, 5, 7, etc., from the top 100 eggs and on the even numbered samples examine the bottom 100 eggs. For racks or bossies, the 100 eggs from the designated imaginary half-case position will be examined in the following rotation:

<u>7 High (Shelves 1 & 2)</u>		<u>6 High (Top Shelf)</u>	
Sample #	1 - Layer 1-2-3	Sample #	1 - Layer 1-2-3
	2 - Layer 4-5-6		2 - Layer 4-5-6
	3 - Layer 1-2-7		3 - Layer 1-2-6
	4 - Layer 3-4-5		4 - Layer 3-4-5
	5 - Layer 1-6-7		5 - Layer 1-3-5
	6 - Layer 2-3-4		6 - Layer 2-4-6
	7 - Layer 5-6-7		

Repeat in same sequence
for samples in excess of 7.

Repeat in same sequence for
samples in excess of 6.

When less than a complete flat or carton is graded to complete the 100-egg sample, the grader is to
initial the applicable flat or carton and grade the following eggs:

30-Egg Flat

X	X	X	X	X
X	X	X	X	X

18-Egg Carton

LID					
		X	X		
X	X	X	X	X	X
		X	X		

12-Egg Carton

LID					
		X	X		
		X	X		

8-Egg Carton

LID			
	X	X	
	X	X	

36-Egg Carton

LID					
X	X	X	X	X	X
	X	X	X	X	
	X	X	X	X	
	X	X	X	X	
	X	X	X	X	
X	X	X	X	X	X

24-Egg Carton

LID					
		X	X		
		X	X		

6-Egg Carton

LID		
X		X
X		X

(d) **Segregation of Eggs While Grading**

As eggs are graded, inspectors are to place the eggs of each quality in separate fillers, or if the lot of eggs is uniform, they are to segregate the undergrades and place them in separate areas of one filler. When grading eggs packed in cartons, the undergrades are to be returned to the individual cartons in which they were packed. If specifically requested by the registrant, it is permissible for inspectors to remove undergrades.

(e) **How to Replace Graded Eggs in the Sample Case**

Inspectors are to return the 100 eggs which were graded to the top layers in the end of the case examined.

(f) **Use of Abbreviations to Record Dirty, Leaker, Loss, and/or Inedible Eggs**

To promote uniformity when reporting detentions on the Form LP-19, the following abbreviations are to be used for recording the character of dirty, loss, and/or inedible eggs, as applicable.

Black Rot.....	BLRT	Green White	GW
Blood Ring	BR	Large Blood Spot	LS
Bloody White	BW *	Large Meat Spot.....	LS
Cooked Egg.....	CE	Leaker	LK
Dirty Adhering	DA	Mixed Rot	MR
Dirty Fecal.....	DF	Moldy	MLDY
Dirty Yolk	DY	Sour Rot	SR
Frozen.....	FZ	Stuck Yolk.....	SY

* Eggs with blood spots which show a slight diffusion into the white around the localized spot are not to be classified as bloody white.

(g) **Recording Grading Results**

An example of Form LP-19 with a section for inventory is attached to this section as Exhibit XI. Form LP-19 was designed for use by Federal surveillance inspectors and is available in pads of 100 sheets. State and county worksheets may be used in lieu of the Form LP-19, provided the required information is present.

7. **Tolerances**

Consumer packaged product that exceeds the tolerances for restricted eggs permitted in U.S. Grade B shall be detained and handled in accordance with section 57.720, 57.800, and 57.860. For Grades

AA, A, and B, no lot, regardless whether the individual case or average tolerance requirements are exceeded, shall be rejected or downgraded due to the quality of a single egg except for loss other than blood or meat spots. [The one egg over rule only applies when determining whether retention action is necessary based on a full sized lot sample. The one egg over rule may not be applied when determining whether secondary or full sized sampling is required.](#)

Eggs with moderate or prominent stains are not classified as dirties when conducting shell egg surveillance inspections.

(a) **U.S. Grade B Tolerance - Origin**

- (1) Checks - 10 percent maximum lot average permitted. Individual sample cases may not exceed 20 percent checks. Product exceeding such percentages shall be placed under detention.
- (2) Product may not exceed 0.50 percent leakers, dirties, or loss (due to meat or blood spots) in any combination, except that such loss may not exceed 0.30 percent. Other types of loss are not permitted. Product exceeding such percentages shall be placed under detention.

(b) **U.S. Grade B Tolerance - Destination**

For destination inspections, a full representative sample must be examined regardless of whether the initial sample exceeds the tolerances for restricted eggs or individual case tolerances.

- (1) Checks - 10 percent maximum lot average permitted. Individual sample cases may not exceed 20 percent checks. Product exceeding such percentages shall be placed under detention.
- (2) Product may not exceed 1.00 percent leakers, dirties, or loss (due to meat or blood spots) in any combination, except that such loss may not exceed 0.30 percent. Other types of loss are not permitted. Product exceeding such percentages shall be placed under detention.

Loss other than meat or blood spots is not permitted.

8. Procedures for Handling Detained Product

(a) Handling Detained Product at Point of Detention

When consumer packaged shell eggs exceed the restricted egg tolerances provided for in the standards for U.S. Grade B eggs, or when restricted eggs are not properly labeled or segregated, the inspector is to complete the section, “Description of Retained Product” on Form LP-156. If product is detained and not released during the visit, place a Form LP-36 U.S.D.A Hold Tag, on the product.

When it is necessary to use the hold tag on product, a sufficient number of tags should be attached to the lot in a conspicuous manner so as to preclude the inadvertent unauthorized movement or use of the detained product.

It is recommended that a minimum of one tag be affixed to each pallet or skid in the lot. Only one tag must be completed in detail, but the tags are to be cross-referenced by numbers. The upper portion of the tag is to be attached to the product and the lower portion is to be retained for control. When corrections have been made, the upper portion may be discarded. The lower portion of the hold tag is to be attached to the copy of the worksheet that is sent to the National Office. Also provided for product control is “USDA Hold Tape” which is to be used in conjunction with the hold tags and in sufficient quantity to control the product.

Plant management is to be advised of any product placed under retention and their responsibilities in controlling the disposition of the product. Prior to the product being released for shipment, be sure all tags and hold tape are removed from the lot. If plant management notifies the inspector that corrections will be made prior to the inspector’s departure, it is not necessary to prepare hold tags. In this situation the number of cases involved is to be shown under the section “Release of Retained Product” of Form LP-156 even though a hold tag is not prepared. If corrections will be made after the inspector leaves the plant, the product should be re-checked as soon as possible. Graders in official USDA scheduled (resident) and unscheduled (temporary) plants are permitted to supervise the re-working and release of detained product.

The unauthorized removal of hold tags, the shipment of any detained product or the disappearance of any product under USDA hold, is a violation of the Egg Products Inspection Act and must be reported immediately by phone to the appropriate USDA Regional Office. A Form LP-518-1, Alleged Violation and Detention Notice, is to be completed and distributed the same day by the inspector after guidance from the Federal-State supervisor or the Regional Director.

(b) Handling Detained Product at Places Away From Point of Detention

The following will apply when detained product is moved from the point of detention to another location. In many instances, the movement will be back to the original packer or an egg products plant.

At the time of detention, the shell egg surveillance inspector is to follow the detention guidelines previously outlined in VI, E. 8. a. In addition:

- (1) Determine the name and address of the handler where the product will be shipped.
- (2) Determine that plant management has contacted the applicable destination Federal-State supervisor to arrange for the supervision of re-working, relabeling, processing or other final disposition of the product. For expediency, the inspector should offer to make this call (at management's expense) before leaving the plant.
- (3) Prepare a Retained Product Transfer/Release Memorandum (Exhibit XII) to accompany the shipment of product to the destination location. To facilitate returning the transfer/release memorandum and hold tags, the origin inspector's mailing address is to be placed on the memorandum. Additionally, the memorandum is to include the handler's name and registration number, number of cases involved, the hold tag numbers, and date of detention. The original copy of the transfer memorandum is to accompany the detained product. One copy is to be placed in the inspector's file.
- (4) After the product has been re-worked and the tags have been removed, the destination surveillance inspector will send the completed transfer/release memorandum and the upper portion of the hold tag(s) to the origin inspector advising that the product has been received and indicating how it was handled.
- (5) Upon receipt of the transfer/release memo, the origin inspector will complete a new Form LP-156 documenting the release of the detained product.

(c) Re-working and Reinspection Options

The prompt re-working, reconditioning, and subsequent regrading and release of all detained product is to be encouraged to preclude any additional quality decline. Additionally, the longer a period of time that a lot of eggs remain under detention, the greater the risk the product will be lost or shipped without authorization.

In accordance with Section 57.240 of the regulations, action must be taken by the registrant to re-work or dispose of detained product within 20 days. The inspector must remain cognizant of this

period and followup when necessary to determine disposition. Final disposition shall be documented on Form LP-156. The inspector is to notify the National Compliance Officer when a registrant exceeds the 20-day period for disposition of detained product.

When authorized by the inspector and proper controls are maintained, product can be re-worked after the inspector leaves the plant. The eggs must remain under detention until reinspection and release by the inspector.

- (1) Re-worked, Regraded, and Released – Reinspection of detained product shall be on a lot or subplot basis with a full representative sample graded prior to release. Additionally, detained eggs may be blended with eggs currently being processed.
- (2) Relabel as “Restricted Eggs” - The eggs may be labeled as restricted in accordance with 7 CFR 57.800 and released without reinspection.

9. Records Review

A proper review of a registrant’s records is an important and essential part of a complete surveillance visit and is to be performed during the initial visit each quarter. Usually, it will only be necessary to check the records completed since the last review. If the registrant’s records are maintained at a location other than the plant, it will be necessary to perform the records review at that location. In the event the records are not satisfactory or are not being kept, place a “No” entry in “block 11” of Form LP-156. Explain in detail and show in the “Comments” section the number of records checked and the number of those that were not satisfactory. When unsatisfactory records are found, the inspector is to inform plant management as to the deficiencies in their recordkeeping and the changes needed to comply. When records are not checked, place a N/A entry in “block 11” of Form LP-156.

Registrants are required to maintain and provide, for a period of 2 years, the data required in section 57.200(a) and (b) of the regulations. Records of each individual transaction must be in such detail and form so that the inspector can be assured that the disposition of restricted eggs is satisfactory.

Records shall indicate the:

- (a) Date, quantity and quality of eggs purchased, and from whom (including a complete address unless a master list is maintained).
- (b) Date, quantity and quality of eggs sold, and to whom (including a complete address unless a master list is maintained, except as noted in item h).

- (c) Quantity stated as dozens, cases (including size, i.e. 15, 24, 30, etc.) or pounds and for graded eggs, the weight class.
- (d) Quality stated as “AA”, “A”, “B”, “nest run”, “current receipts,” “checks,” “restricted eggs,” etc.
- (e) Type of liquid/frozen egg products (i.e., egg whites, whole eggs, 10-percent salted yolks, etc.) purchased and sold.
- (f) Date, pounds or dozens of loss eggs sold or given away for animal food or other uses, and to whom (including a complete address unless a master list is maintained).
- (g) Date, pounds of inedible egg products or incubator reject product sold or given away for animal food or other uses or otherwise disposed of, and to whom (including a complete address unless a master list is maintained).
- (h) Individual or composite (running tally) record of restricted egg sales to household consumers. Records should show number of dozen cases sold on a daily basis. The name and address of the consumer is not required.

10. **Document Preparation**

(a) **Form LP-19, Shell Egg Surveillance Worksheet (Exhibit XI)**

The Form LP-19 is designed for use by surveillance inspectors to record the sampling results and grading of product made during the surveillance inspection. State and County worksheets may be used if they provide the necessary information. The following instructions provide guidance on how to complete Form LP-19.

(1) **Front of LP-19**

HANDLER NAME Enter the handler’s name as it appears on the registration printout.

DATE Enter the date of the inspection visit or the date of reinspection.
This date is to be expressed numerically; e.g., 1-1-25. If the visit covers two or more days, show the beginning date of the inspection visit. The visit date is to be shown on each form.

INSPECTOR NAME Enter name of the surveillance inspector performing the visit. If more than one inspector is performing the visit, record the name of all

inspectors.

**REGISTRATION
NUMBER**

Enter the two digit Federal Information Processing Standards (FIPS) code for the state. If more than one form is used, show the code number on each form.

Enter the three digit county code number.

Enter the four digit handler code number as it appears on the registration printout. If more than one form is used, show the handler code number on each form.

SAMPLE SECTION

This section has been designed to accommodate a variety of stationary lot grading situations. Therefore, entries are not limited to four sampling lots per worksheet. Multiple lots can be documented on one form, provided there is adequate spacing of lots sampled. See Exhibit XI on how to document multiple lots on one form.

**GRADE/SIZE
BRAND/LOT**

Enter the product grade, size, brand, and lot number.

S#

Enter the applicable sample number.

CK

Enter the total number of checks found.

L

Enter the total number of leakers found.

D

Use the appropriate abbreviations to identify the type of dirty eggs found.

LO

Enter the total number of loss eggs found.

TY/LO

Use the appropriate abbreviations to identify the type of loss found.

(2) Reverse of LP-19

Product Inventory

Record the total volume of shell eggs on hand at time of visit. Totals shall be recorded in dozens.

NON-USDA PRODUCT

Enter the total volume of product not previously check graded by a USDA Grader.

USDA PRODUCT	Enter the total volume of product previously check graded by a USDA Grader, whether it will be sampled or not.
DISCRETIONARY SAMPLING	Check either yes or no to indicate if samples will be taken of USDA product. If samples are taken, add comment in remarks box.
RESTRICTED & INEDIBLE EGG HANDLING	Check either yes or no and indicate cases/pounds retained, as applicable.
RECORDS REVIEW	Check yes, no, or NA for all four fields descriptive of the records review.

Temperature Checks (Ambient Storage Temperature)

Inspectors are to use this section to record the time temperatures are taken, cooler number, temperature recordings, and average ambient temperature of all coolers holding processed eggs.

REFRIGERATION LABELING	Check as applicable. Refer to Section E.4, Cooler Temperature and Product Labeling Requirements, when recording observations regarding the storage of eggs packaged for the ultimate consumer located in non-refrigerated areas.
TRANSPORT VEHICLES	Check as applicable.
REMARKS	Record any additional remarks and/or observations in this section. If necessary, use form LP-19-1 for additional sampling or remarks.
DISTRIBUTION	Non-compliant reports (LP-156 and LP-19) must be mailed to the Federal-State submanagement office <u>on the day the non-compliance was encountered</u> . Compliant reports (LP-156 and LP-19) can be mailed on a <u>weekly</u> basis.

When possible, electronically transmit non-compliant reports.

The Federal-State submanagement office will retain completed hard copies of shell egg surveillance forms (LP-156 and LP-19) in accordance with R-1 of the Supervisors/Resident Grader's Shell Egg Index.

Distribution of form(s) following retention:

SES Inspector	Federal-State Submanagement Office
Average Ambient Cooler Temperatures 46°F or Above LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from the LP-156 into the database.
Labeling Violations (Missing “Keep Refrigerated” Statement, Missing restrict labels, Missing inedible labels) LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from Form LP-156 into the database.
Product Detentions (Grade B or better product, Restrict, and Inedible) LP-156 and LP-19 Send to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 and LP-19 to the National Compliance Officer and the Regional Office. The National Compliance Office will enter the data from Forms LP-156 and LP-19 into the database.
Deregistrations and Name Changes LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from Form LP-156 into the database.

(b) **Form LP-156, Shell Egg Regulatory Inspection Report (Exhibit III)**

This form is required for each visit made under the surveillance inspection program. It is imperative that all reports be complete and legible. The following guidelines provide information on how to complete the various sections of Form LP-156.

- (1) General Information Section (Numbering corresponds to form)

1. Enter the name of the egg handler exactly as shown on the registration printout. If more than one form is used, show the name of the egg handler on each form.
2. Enter the two digit Federal Information Processing Standards (FIPS) code number. If more than one form is used, show the code number on each form.
3. Enter the three digit county code number.
4. Enter the four digit handler code number shown on the registration printout. If more than one form is used, show the handler code number on each form. No entry is to be made when visiting a new registrant who has not been assigned a handler number. Explain in the “Comments” section that the egg handler is a new registrant.
5. Enter the date of the inspection visit or the date of reinspection. The date is to be expressed numerically; e.g., 1-11-21. The visit date is to be shown on each form. If the visit covers two or more days, show the beginning date of the inspection visit.
6. Each page of the form is to be numbered. If one page is used, number the form as page 1 of 1. If multiple forms are used, sequentially number each page; e.g., page 1 of 3, page 2 of 3, etc.
7. Enter the address exactly as it appears on the registration printout. Use the abbreviations shown for each State. Include the zip code on all addresses. If more than one form is used, the address is only required on the first page. If the address on the printout is incorrect, check “block 10” on the form and explain in the “Comments” section.
8. Enter type of visit as follows:

Initial = Mark when performing a regular quarterly visit.

Release = Mark when performing a separate visit to, or intending to, release detained product.

Make-up = Mark when performing a make-up of an initial visit not completed on time.

Followup = Mark when performing a followup of non-compliances found on an initial visit. The nature and extent of the followup visit is to be documented in the “Comments” section.

Other = Mark when detained product is being released without performing an actual visit; e.g., when scheduled graders supervise the re-working

and release of detained product or when detained product is transferred from the point of retention and released at an egg products plant.

9. Record the nature of business as it appears on the registration printout. If the nature of business is different from what is on the printout, check “block 10” on the form and explain in the “Comments” section.
10. Check only if applicable. A change of company name or address, nature of business, or if a firm goes out of business is to be reported in the “Comments” section.
11. Check as applicable. If “no,” explain the details in the “Comments” section.
12. Check as appropriate.

(2) Description of Detained/Retained Product Section

This section is to be completed when product is detained for excess restricted eggs or when restricted eggs are found to be improperly labeled. All non-compliant product is to be detained, regardless of whether or not a hold tag is issued. Entries are to be made in the applicable column(s). Enter the quantity, grade, size, and loss identification for each detained lot. When product exceeds the tolerances for restricted eggs allowed, show the actual percent restricted eggs for each applicable category that exceeds the tolerances; that is, checks, dirties, leakers, etc.

Quantity (dz) The number of dozens detained in the lot; e.g., 70/15 dozen = 1,050 total dozens. If more than one page is used, show the total number of dozens detained on the last page.

Grade Code The applicable code from the reverse of Form LP-156 must be entered.

Size Code The applicable code from the reverse of Form LP-156 must be entered.

Checks (%) Enter the percentage of checks found if it exceeds the lot average or individual case tolerances as specified in U.S. Grade B shell eggs. If sampled product is detained for exceeding individual case tolerance, enter the percentage of checks for the lot. Document in the “Remarks” section that: The sampled product is detained for exceeding the individual case tolerance and the percentage of checks for the individual sample.

Leakers (%) Enter the percentage of leakers found, if individually or if in combination with dirties and loss, the amount exceeds U.S. Grade B tolerance for restricted eggs.

Dirties (%)	Enter the percentage of dirties found if individually or if in combination with leakers and loss exceed U.S. Grade B tolerance for restricted eggs.
Loss Type 1	Enter the loss type with the highest percentage (excluding leakers). Use loss codes provided on the reverse of Form LP-156.
Loss 1 (%)	Enter the percentage of loss type 1 if the percentage of dirties, leakers, and loss in any combination exceeds the tolerances for U.S. Grade B.
Loss Type 2	Enter the type of loss with the next highest percentage (excluding leakers). Use loss codes provided on the reverse of Form LP-156.
Loss 2 (%)	Enter the percentage of loss type 2 if the percentage of dirties, leakers, and loss in any combination exceeds the tolerances for U.S. Grade B.
	Note: Any remaining loss must be documented by type and percentage in the “Remarks” section.
Mislabeled	Check “Restricted” when restricted eggs are not properly labeled.
	Check “Temp (°F)” when the refrigeration statement is not included on packing and/or packaging material.
Tag or Lot Number	If product is detained and not released during the visit, the U.S. Hold Tag, Form LP-36 must be used. Enter the primary tag number in this block. Multi-tag detentions will be cross-referenced on all tags with each identifying the “primary” tag number for the detained lot. Secondary tag numbers are to be entered as such in the “Remarks” section. If detained product is released during the visit and no hold tag is issued, the inspector is to assign and enter an identification code for each lot of detained product. The identification will begin with an “L” followed by the lot number. The lot number can be the consecutive day on which the eggs were packed (e.g., 132) or any other type of lot numbering system not to exceed six digits.
USDA Identified	When the product retained is identified with the USDA grademark, place an “X” in the column.
Remarks	Document the type of packing and brand name of product detained and record any additional type of loss by percent found. Enter secondary hold tag number(s) used for multi-tag detentions.

(3) Inedible Section

Quantity (lbs) Report all inedible product detained regardless of its end use. (This includes inedible shell eggs and inedible egg product to be destroyed.) Convert inedible shell eggs into liquid by multiplying the number of cases by 40 pounds.

For Example: 100/30-dozen cases multiplied by 40 yields 4,000 pounds of inedible product. If more than one page is used, enter the entire quantity of detained inedible product on the last page.

Tag or

Lot Number Inedible product not released during the visit must be detained using the primary hold tag. Enter the primary tag number in this block. Instructions on documenting multi-tag detentions are outlined in the “Description of Detained/Retained Product” section. If detained product is released during the visit and no hold tag is issued, the inspector is to assign and enter an identification code for each lot. The identification will begin with an “L” followed by the lot number. The lot number can be the consecutive day of the year on which the eggs were packed (e.g., 132) or any other type of lot numbering system not to exceed six digits.

Remarks Separately record the total pounds of inedible and, as applicable, the total number of buckets/barrels, and the reason(s) for detaining; e.g., One barrel at 450 pounds not properly denatured, 1 bucket at 30 pounds not properly labeled, 5/30- dozen cases = 200 pounds not properly labeled, etc. If more than one page is used, enter this information on the last page.

(4) Release of Detained/Retained Product Section

This section is to be completed only when detained product is released. The final disposition is to be recorded based on how the product is re-worked or reconditioned and released. If product is released with multiple dispositions, through part of the same tag or lot number; a separate line should be filled out completely for each separate disposition. If a visit is made to release product, but product was not released, complete a Form LP-156 and record in the comments section that no product was released.

Tag or

Lot Number Enter the primary hold tag used or the lot identification assigned to each lot of detained product.

Quantity**(dz or lbs)**

Enter quantity of detained product released. Show number of dozens re-worked and released; e.g., 70/15 dozen = 1,050 total dozens. Also, show the pounds of inedible product released. Convert inedible shell eggs into liquid by multiplying the number of cases by 40.

For Example: 100/30-dozen cases multiplied by 40 yields 4,000 pounds of inedible product.

Disposition**Code**

Enter applicable code listed on the reverse of Form LP-156

Remarks

Document the type of packing and brand names of detained product re-worked and released. Record secondary tag numbers for multi-tag detentions.

(5) Comments Section

Enter the average ambient air temperature, the identification of the cooler and location, and the appropriate statements when product does not comply with FSIS refrigeration or labeling requirements. Additionally, enter the inventory totals of consumer labeled product, by size, and restricted eggs packed by the registrant.

Average**Ambient Air****Temperature**

Record the cooler number and the average ambient air temperature of all coolers holding shell eggs destined for the ultimate consumer.

Product**Inventory**

Document the total volume of non-identified shell eggs on hand at time of visit. USDA identified product is only to be added to this inventory if it was sampled on a discretionary basis. [Totals shall be listed in dozens. Leave the field for restricted egg inventory blank.](#)

(6) USDA Representation Section

Enter the name, signature, license number, and applicable duty code of the surveillance inspector performing the visit. If more than one inspector is performing the visit, enter only the name and signature of the primary inspector. However, all inspectors are to record their individual inspection license number and the applicable duty code on the Form LP-156. The duty codes are listed on the reverse of Form LP-156. Other USDA representatives, excluding Federal or State trainee(s), are to include their inspection license number and duty code on the form. Assigning the applicable duty code

is based on the representative's function at the time of the visit. For instance, two inspectors performing the visit are to enter duty code "SI" or "CI," scheduled graders releasing detained product are to enter duty code "RG," State supervisors making inspection visits are to enter duty code "SI," and inspectors/supervisors performing inspections in official plants are to enter duty code "SO." If more than one form is used, this information is to be placed on the last page.

(7) Company Representative Section

Date Enter the date, expressed numerically; e.g., 1-11-25, when a company representative signs the form. If more than one form is used, enter the date on the last page.

Title and Signature Management representative's title, printed/typed name, and signature must be shown. If more than one form is used, enter this information on the last page. If management refuses to sign, print their name and title and enter in the comments section, "Management refused to sign." Management need not sign the form when the purpose is only to release product.

Distribution Non-compliant reports (LP-156 and LP-19) must be mailed to the Federal-State submanagement office on the day the non-compliance was encountered. Compliant reports (LP-156 and LP-19) can be mailed on a weekly basis.

When possible, electronically transmit non-compliant reports.

The Federal-State submanagement office will retain completed hard copies of shell egg surveillance forms (LP-156 and LP-19) in accordance with R-1 of the Supervisors/Resident Grader's Shell Egg Index.

Distribution of form(s) following retention:

SES Inspector	Federal-State Submanagement Office
Average Ambient Cooler Temperatures 46°F or Above LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from the LP-156 into the database.
Labeling Violations (Missing “Keep Refrigerated” Statement, Missing restrict labels, Missing inedible labels) LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from Form LP-156 into the database.
Product Detentions (Grade B or better product, Restrict, and Inedible) LP-156 and LP-19 Send to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 and LP-19 to the National Compliance Officer and the Regional Office. The National Compliance Office will enter the data from Forms LP-156 and LP-19 into the database.
Deregistrations and Name Changes LP-156 and LP-19 Mail to the Federal-State Submanagement Office	Transmit electronically (email, fax) a copy of the completed LP-156 to the National Compliance Officer and the Regional Office. The National Compliance Officer will enter the data from Form LP-156 into the database.

(c) **Form LP-76, Shell Egg Surveillance Quarterly Cost Report (Exhibit XIII)**

Form LP-76 is to be submitted quarterly by each State Cooperating Agency. The form documents actual allowable costs reported by States for personnel performing shell egg surveillance (SES) work. Information contained on the form will be used as a basis for payment to cooperating States. All costs (e.g., personal, travel, and other) reported on the form must be reasonable and reflect actual costs

incurred to perform SES inspection.

Cooperating States must maintain documentation to support reported costs and provide such documents upon request. Costs not identified in these instructions, such as expenses for staff meetings and destination followup inspections, will not be allowed unless prior written authorization is granted by the applicable Regional Director. The following provides detailed guidelines for reporting allowable costs:

1. Cooperating Agency:

Show the Cooperating Agency name and location (City and State).

2. Reporting Quarter:

Show the inclusive dates of the quarter being reported (example: 10/1/96 to 12/31/96).

3. Personnel Salary Costs:

Show the hours and salary costs separately for inspectors, supervisors, and clerical personnel who are involved in SES work. Document salary costs for each employee in the block to the right of Section 3 or attach supporting documentation on a worksheet. Supervisors who make inspection visits to registered handlers and complete the Form LP-156, "Shell Egg Regulatory Inspection Report," are to include their hours and salary costs for these visits under the "Inspector" designation (item 3a). These times must also be detailed on Form LP-76-1, "Daily Surveillance Cost Report." The supervisor's time involved in reviewing the work of an inspector and time spent in the office reviewing Form LP-156 inspection reports, Form LP-19 worksheets, alleged violation reports, etc., is to be shown under the "Supervisor" designation (item 3b).

Any unusual or nonrecurring costs included in this section, or in Section 5, "Travel Costs," such as initial training for a new surveillance inspector, or performing authorized destination followup inspections, are to be explained in the space to the right of the applicable section.

For Example: "Includes \$250.00 for training new inspector, Sam Smith." Costs to perform destination followup inspections must be detailed on Form LP-76-1. Add items a, b, and c. Enter total in box on line d.

4. Fringe Benefits:

Enter the percentage rate and multiply it times the total personnel salary cost amount shown on line d. If the fringe is different for each employee, provide an explanation in the block to the right of Section 4 or attach documentation on a worksheet to support the amount charged. Enter the resultant amount in box on line e.

5. Travel Costs:

Enter mileage rate in accordance with State published rates. If there are no published rates covering all State employees, show the rate reimbursed to the inspector, not to exceed the current Federal Government mileage rate. Show actual travel costs reimbursed to the inspector or supervisor, as applicable, under each category for all personnel involved in SES work. “Other Travel Costs” (line h), must be explained in the block to the right and, if necessary, in the “Remarks” section or attach supporting documentation. Mileage and travel costs must be detailed on Form LP-76-1. Add items f, g, and h. Enter total in box on line i.

6. Other Costs:

Show other applicable costs, which are directly chargeable to the SES Program. “Telephone,” “Supplies,” and “Miscellaneous” costs are to be explained in the block to the right of Section 6 or attach supporting documentation. If costs shown are prorated, rather than actual, explain the basis on which costs are calculated. Add items j, k, and l. Enter total in box on line m.

7. Total Actual Direct Costs:

Add items d, e, i, and m. Enter total in box.

8. Indirect Costs:

Indirect costs are authorized by the cooperative agreement with the State. However, indirect costs may be claimed only if there is a current indirect cost negotiated agreement in effect between the State and the Federal Government, and the items claimed are not shown elsewhere as an actual direct cost. If applicable, enter the approved indirect cost percentage rate as stated in the negotiated agreement (a copy should be on file in State office) on line 8. Multiply the approved percentage rate times the base costs to which it applies and enter in box.

For Example: If the approved rate applies to all program costs, multiply it times the amount shown on line 7. If the rate applies to salaries only, multiply it times the amount shown on line d, etc. Show the calculation used to determine indirect costs in the block to the right of section 8.

9. Total Quarterly Costs:

Add items 7 and 8. Enter total in box.

10. Remarks:

Show the total number of State visits made during the quarter as follows:

Initial Visits	Followup	Release	Make-up
<u>Type 1-2-3</u>	<u>Visits</u>	<u>Visits</u>	<u>Visits</u>

11. Signature of State Representative:

It is the responsibility of the State cooperating agency to assure that reported costs are accurate before signing the form in “block 11”. In signing the form, the State is certifying that the costs were incurred for performing SES activities. Show State representative’s title in “block 12” and the date the form was signed in “block 13”. After the signature of the State representative is entered, the form is to be forwarded to the Federal-State supervisor.

14. Signature of Federal-State Supervisor:

It is the responsibility of the Federal-State supervisor to review the form for reasonableness of costs and accuracy. Upon completing this review, sign and date the form in “blocks 14 and 15”, respectively, and distribute as stated below.

Distribution: Send the original and 2 copies to the applicable Federal-State supervisor by the 20th of the month following the end of the reporting quarter. Retain one copy for your records. After reviewing the form, the Federal-State supervisor will sign and date the original and one copy before mailing to the applicable Regional Office within 10 days of receipt. After entering the data from the Form LP-76 into the system, the Regional Office will mail the record copy to the Business Operations Branch. The other copy is kept for their records.

(d) **Form LP-76-1. Daily Surveillance Cost Report (Exhibit XIV)**

Form LP-76-1 is a supporting document for Form LP-76, “Shell Egg Surveillance Quarterly Cost Report,” and is to be completed for each shell egg surveillance (SES) inspection visit. All costs (e.g., travel time, mileage, meals, and lodging) reported on the form must be reasonable and reflect actual costs incurred to perform shell egg surveillance inspections. Cooperating states must maintain documentation to support allowable costs (e.g., time sheets, travel vouchers, daily activity sheets, and other records) and provide such documents upon request. The following provides detailed guidelines to report actual costs incurred performing SES inspections:

1. Enter cooperating State and Federal Information Processing Standards (FIPS) code [Example: NY(36)].

- 2a. Enter quarter being reported.
- 2b. Enter fiscal year being reported.
3. Print full name of inspector performing SES work. A separate form should be prepared by each inspector or supervisor. Supervisors making inspection visits to registered handlers, reviewing the work of an inspector, or performing authorized destination followup inspections are to complete Form LP-76-1. If reviewing the work of an inspector, provide a statement in the "Remarks" section such as, "Purpose of visit to review the work of inspector, Sam Smith."
4. Enter date of visit.
5. Enter name of egg handler exactly as shown on the registration printout. Include county and handler code numbers.
6. Enter type of visit. **For Example:** Initial (I); Followup (F); Release (R); Make-up (M); or Destination Followup Inspection (DFI).
7. Enter the time and location where the trip began.
8. Enter the time and location where the trip ended.
9. Enter travel time paid to the inspector as follows: When conducting only SES work, travel time to and from registrants is allowed. However, when traveling to conduct SES work and State program work, prorate travel time based on percentage of SES work performed.
- For Example:** During an 8-hour day, 4 hours are spent traveling and the other 4 hours are spent performing inspection work. Of the 4 hours worked only one hour (25%) is spent performing SES work and the other 3 hours (75%) are spent performing other activities. The travel time charged to the SES program is only 1 hour (4 hours x .25). The travel time charged to the applicable State program is 3 hours (4 hours x .75).
10. Enter total miles driven by and paid to the inspector to perform SES work as follows: When conducting only SES work, mileage to and from registrants is allowed. However, when traveling to conduct SES work and State program work, prorate the total miles driven based on the percentage of SES work performed.

Note: Using the example in number 9 above for hours worked, if 100 miles are driven in one day, 25 miles (100 miles x .25) are to be charged to the SES program and the other 75 miles (100 miles x .75) are to be charged to the applicable State program.

11. Enter work hours to conduct the SES visit.
12. Enter the number of samples examined during the SES visit.
13. Cost of meals incurred by the inspector are allowable only to the extent such costs do not exceed charges allowed by the State. Enter costs of meals paid to the inspector. However, when traveling to conduct SES work and State program work, prorate the cost of meals paid based on the percentage of SES work performed.

Note: Using the previous example in item 9 for hours worked, if the cost of meals, total \$25.00, \$6.25 ($\$25.00 \times .25$) would be charged to the SES program and \$18.75 ($\$25.00 \times .75$) to the applicable State program.

14. Lodging costs incurred by the inspector are allowable only to the extent such costs do not exceed charges allowed by the State. Enter costs of lodging paid to the inspector. However, when traveling to conduct SES work and State program work, prorate lodging costs based on percentage of SES work performed.

Note: Using the previous example in item 9 for hours worked, if the cost of lodging totals \$34.00, \$8.50 ($\$34.00 \times .25$) would be charged to the SES program and \$25.50 ($\$34.00 \times .75$) to the applicable State program.

15. Miscellaneous - Miscellaneous costs are allowed only if they are directly associated with the SES program. Costs are to be prorated as noted above when conducting other than SES work. Explain any miscellaneous expenses in remarks.
16. Enter totals for columns 9, 10, 11, 13, 14, 15.

Distribution: Send the original and one copy to the applicable Federal-State supervisor by the 20th of the month following the end of the reporting quarter. Retain a copy for your records. After reviewing the forms, the Federal-State supervisor will initial, date, and mail the original copy to the applicable Regional Office. The other copy is kept for their records.

VIII. HATCHING EGG IMPORTS

When hatching eggs are imported, a copy of Form LP-222, Import Request (Exhibit IX) will be sent to the appropriate Federal-State supervisor by the National Office, the U.S. Customs Service, or the broker. The Federal-State supervisor will be responsible for verifying the arrival and amount of product received by the hatchery using one of the following methods:

- A. Mailing Form LP-222 to the applicable surveillance inspector for verification

- during the routine hatchery visit,
- B. Mailing Form LP-222 to the applicable State Coordinator or surveillance inspector for verification by phone with the appropriate hatchery personnel, or
- C. Personally verifying during a routine visit or by phone.

Regardless of the method used, the verification is to be noted on the reverse of Form LP-222. The completed Form LP-222 is to be sent to the National Office.

IX. PROCEDURES FOR COMPILING EVIDENCE INVOLVING NONINSPECTED EGG PRODUCTS PROCESSING OPERATIONS

Whenever illegal egg-breaking operations or non-inspected egg products are observed during the course of a surveillance visit, the shell egg surveillance inspector shall take the following action:

- A. Place any observed egg products under retention immediately by applying Form LP-36, U.S. Hold Tag, on the product.
- B. Immediately notify the Regional Office (by telephone) who will further advise the Food Safety and Inspection Service (FSIS), of the situation.
- C. Prepare a Form LP-518-1 and narrative report, as applicable. Refer to Section 7 of this Handbook, "Alleged Violations," for more detailed instructions. Include in the narrative report the following:
 - (1) The name of persons involved in the breaking operations.
 - (2) Detailed personal observations as to type of shell eggs being used to produce the egg products (perform an official grading), sanitation, equipment being used, type and condition of immediate container, frozen, or liquid, where held, etc.
- D. Attach photographs of the illegal breaking operation, including shell eggs used, equipment, storage freezers, sinks, drains, rooms, etc., if a camera is available.
- E. Number, date, and initial all evidence obtained at the illegal egg breaking operation.
- F. Attach copies of any labels being used on this product.
- G. Review the plant records for accuracy of invoices, completeness, possible sales of product, and names and addresses of receivers and attach such material to the report.

Ask the processor to whom they sell such product and include this information on Form, [LP-518-1](#).

X. DESTINATION INSPECTIONS

The National Office may authorize destination inspections when repeated non-compliances are found during surveillance visits to a particular shell egg registrant. These inspections consist of sampling shell eggs at retail outlets, warehouses or other locations. Destination inspections are to be conducted by Federal-State supervisors or other designated inspectors who have received proper guidance and training in performing this activity.

Destination inspections shall be conducted during the quarter in which approval is granted and continue through the following two quarters with a minimum of one inspection per month. The National or Regional Office may authorize a variation in the frequency or time duration as deemed appropriate.

A. Records Review

After destination inspections have been authorized, a detailed audit of the registrant's records of retail sales should be completed to determine locations where the inspections will be made. Along with the receiver's names and addresses, detailed notes should be made that include number of cases, sizes, and frequencies of shipments to destination locations.

B. Introduction

Upon arrival to retail store, warehouse, or other locations, inspectors are to introduce themselves to the highest management official available and advise them that an inspection of the shell eggs on inventory will be conducted. The specific firm approved for destination gradings shall not be identified.

C. Initial Sampling of Product

Prior to sampling, an inventory of all product packed by the registrant is to be taken to determine the products to be sampled. If the destination location has product from more than one registrant, only product from the registrant identified for the destination inspection is to be sampled. After completing the inventory, an initial sample shall be selected from each weight class using the criteria set forth in VI. E. 6, of this Section. Samples shall be selected from the holding or storage cooler rather than the display case. This is to eliminate the possibility of sampling damaged product due to customer handling.

If only product in the display case is available, samples shall be selected and examined with a notation on the worksheet, "display samples".

The brand name, lot and code numbers, total number of cases in the lot and any other pertinent observations shall also be recorded on the worksheet. If dirty eggs are found during the grading, the type of dirt shall be indicated on the worksheet i.e., fecal material, egg yolk, etc. All loss eggs are to be identified by category of loss. When more than one inspector is involved in the sample selection and grading process, each inspector must initial his/her sample results on the worksheet.

D. Full Sampling of Product

If results of the initial sampling reveal excessive percentages of restricted eggs, a full representative sample must be selected from each subplot in question. After fully sampling, any product exceeding the restricted egg destination tolerances for U.S. Grade B shall be placed under detention. If retained tags are required, the tag numbers are to be recorded on the worksheet. Before leaving the destination location, the inspector is to assure that arrangements have been made to have the product re-worked at that location, or returned to the origin packer or another location for re-working. If detained product is moved to another location, the applicable Federal-State supervisor is to be notified so that arrangements can be made for re-inspecting the product prior to release.

E. Document Preparation

When violations are observed, the Federal-State supervisors or other designated inspectors shall prepare the following documents:

1. Form LP-518-1, "Alleged Violation and Detention Notice".
2. Copy of sales slip, invoice, or bill of lading.
3. Copy of labeling material.

Inspectors must assure that all sales slips, invoices, bills of lading, etc., are to be applicable to the product detained and the dates on the documents correspond to those listed on the Alleged Violation and Detention Notice, Form LP-518-1. All documents must be dated and signed or initialed, as applicable.

F. Distribution

Immediately upon the completion of each destination inspection, the Federal-State supervisor or other designated inspector is to submit all applicable documents to the National Compliance Officer.

XI. FURTHER PROCESSING OF DENATURED INEDIBLE PRODUCTS

Locations where denatured inedible products are received and processed shall be visited by the

Federal-State supervisor, Assistant Federal State supervisor or designated personnel a minimum of once annually to determine that the product(s) is properly denatured and labeled when received and after reprocessing.

Processing firms shall maintain adequate inventory and processing records showing disposition of the product(s). Such records shall be made available for review by an authorized USDA official upon request. The firm is required to maintain the records for a period of 2 years. During the visit, the USDA representative shall observe the processing operations involving inedible shell eggs and egg products to the extent deemed necessary. There will be no charge for the time and expenses incurred in visiting these operations.

XII. NONDENATURED INEDIBLE PRODUCT

The movement (shipping and receiving) and disposition of non-denatured inedible shell eggs and egg products must be strictly controlled. Non-denatured inedible products may not be accumulated in non-USDA plants or in plants utilizing temporary unscheduled shell egg grading service since USDA cannot continuously monitor and control inedible product located at these locations. See the Shell Egg Graders Handbook for complete instructions on controlling the movement of non-denatured inedible egg product in official USDA plants.

XIII. FINANCIAL INTEREST OF INSPECTORS

No inspector shall inspect any product in which they are financially interested nor shall they inspect any product in which their supervisor has a financial interest.