

Best Practices for Surviving a Grain Examination

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Overview

This document describes the basic examination processes that state and federal examiners generally follow when performing a grain examination. Also listed are critical steps for establishing a clean examination cut-off and to preserve data so various reports can be run at a later date, if requested by the examiner. Finally, some tips are included to help grain businesses avoid regulatory issues.

Setup

Examinations Generally Consist Of The Following

This can vary, depending on the state, if a state exam OR if it is a federal exam:

- Take physical inventory and compare to DPR.
- Review the Daily Position Report for each commodity handled, going back to the date of the previous exam, and make sure enough grain is in licensed space each day to cover storage obligations.
- Prove out all line items of the DPR as of exam cutoff.
- Review the long/short (Trading Position Report) for each business day since their previous examination.
- Review contracts (generally Price Later type) for signatures.
- Randomly select one or more business days prior to exam cut-off and spot check inbound numbers, spot check settlement transactions for accuracy, shipments, etc.

After the Examiner Arrives and an Examination Cut-off Time is Set:

- Make sure all transactions up to that point in time are entered into Agvance.
- If cut-off is to be close of a business day, follow the End of Period (Daily Procedure) guidelines to prove out the DPR.
- **MOST IMPORTANTLY**, make an image of your database as of the exam cut-off time. This will ensure that you will always have the ability later to generate reports from the database as it existed on the cut-off date and time.
- Discuss with examiners the Agvance ability to export a text file (EDI) that can include the same information they normally will manually input into their laptops. See if they are interested in this EDI capability to save time.

- Discuss with examiners the type of information for which they will need a report. Then immediately run those reports before entering transactions for the next day's business.
- Suggest running the Daily Position Report (form - Detailed DPR) which lists all the detail that makes up the line item totals or the Combined DPR/TPR (form - Detailed) which lists all the detail for each day's activity for each line item. With the Combined DPR you have the option of setting a DPR number range or a date range.

Helpful Tips To Avoid Problems With Examiners

- Follow SSI's recommended Daily Procedures to prove out each day's activity and ensure accuracy of the day's ending Daily Position Record. (You might consider keeping the supporting documentation that proves out each day's DPR in case examiner requests this documentation, although you should be able to generate this same information again upon request.)
- The first scale ticket used in a business day and the last ticket used should be readily identifiable, especially if the elevator end of business day is in the middle of the afternoon. Keep a hard copy of every scale ticket on file, in numerical order.
- Get negotiable warehouse receipts back and cancel them before shipping the grain represented by those receipts.
- Do not combine multiple days' activity (scale tickets, shipments, settlements, etc.) into the same day's activity in the DPR. Each business day's ending DPR must reflect ONLY that day's activities and ending balances.
- Take physical inventory of grain stocks at least once a month to ensure the DPR reflects actual inventory. Examiners take physical inventory and discrepancies can lead to more frequent exams and additional scrutiny of grain activity records.
- Make sure adequate handling and moisture shrink is taken periodically to ensure that the DPR inventory reflects actual inventory on hand.
- Make sure to have enough inventory in licensed space at the end of each business day to cover warehouse receipted and non-receipted storage obligations. The un-receipted, company owned inventory line item should never be a negative number.
- Always make sure contracts that need to be signed are signed and dated.
- Be familiar with the state and/or federal grain laws and regulations that apply to your business.

