

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Livestock Programs 4-DAP (Revision 1)	Amendment 20
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Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 B has been amended to reference the programs provided in this handbook.

Paragraphs 421 and 721 have been amended to provide the ending signup date for LIP and FIP, respectively.

Subparagraphs 453 B through J and paragraph 454 have been added to provide spot-check procedures for LIP.

Subparagraphs 753 B through I and paragraph 754 have been added to provide spot-check procedures for FIP.

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Part 1 Basic Information**1 Handbook Purpose and Coverage****A Handbook Purpose**

This handbook has been issued to provide procedure for livestock programs implemented by DAFP, through PECD.

B Related Handbooks

--Handbooks related to the programs provided in this handbook include the following:--

- 1-APP for appeals
- 1-CM for signatures, power-of-attorney, and name and address files
- 6-CP for conservation compliance
- 7-CP for finality rule provisions
- 1-FI for direct deposits
- 3-FI for deleting incorrect program codes on automated CCC-257's
- 58-FI for claims and withholdings
- 61-FI for prompt payment information
- 63-FI for assignments and joint payments
- 64-FI for establishing and reporting claims in the Automated Claims System
- 67-FI for establishing and reporting debts in CRS
- *--1-PL for "person" and AGI provision determinations--*
- 2-PL for updating subsidiary information in the System 36
- 3-PL for updating subsidiary information in the web-based system.

C Sources of Authority

This handbook provides procedure for multiple livestock programs. The programs are separated by part in this handbook. See the applicable part for the source of authority and regulations for a specific program.

2-10 (Reserved)

Section 2 Policy and Procedure

421 Signup Period

A 2005 Hurricanes LIP Signup

--Signup for 2005 Hurricanes LIP began May 17, 2006, and ended September 29, 2006.--

Important: There are **no** late-filed provisions for 2005 Hurricanes LIP.

422 Eligibility Criteria

A Eligible Livestock

To be eligible livestock for 2005 Hurricanes LIP, the livestock must meet all of the following:

- been owned by an eligible livestock owner, or in the case of contract growers, was in the possession of an eligible contract grower on the day the livestock perished
- been maintained for commercial use as part of a farming operation on the day the livestock perished
- perished in a disaster county during an applicable disaster period as a result of the applicable Hurricane, as provided in Exhibit 20
- been 1 of the following, as defined in paragraph 403:
 - adult or non-adult beef cattle
 - adult or non-adult dairy cattle
 - adult or non-adult beefalo
 - adult or non-adult buffalo
 - sheep
 - goats
 - swine
 - equine animals
 - deer
 - poultry, including egg-producing poultry.

Important: If an animal was pregnant at the time of death, only the pregnant animal that perished is eligible for payment under 2005 Hurricanes LIP. The unborn animal is **not** eligible livestock under 2005 Hurricanes LIP.

--422 Eligibility Criteria*A Eligible Livestock (Continued)**

See paragraph:

- 403 for definitions of eligible livestock, commercial use, and farming operation
- 423 for further delineation of eligible livestock by payment rate.

B Ineligible Livestock

Animals **not** eligible for 2005 Hurricanes LIP include, but is not limited to, all of the following:

- livestock produced or maintained for reasons other than commercial use as part of a farming operation, including, but not limited to, recreational purposes such as:
 - hunting
 - show
 - pleasure
 - pets
 - consumption by owner.

Example 1: Mike Jones owns 5 horses, 2 beef steers, and 3 goats. Mr. Jones maintains the horses for pleasure riding and fox hunting, and maintains the goats as pets for his children. He maintains the beef steers to be consumed by his family. Accordingly, Mr. Jones does not maintain any of the livestock for commercial use as part of a farming operation. All of the animals perished in a disaster county as a result of Hurricane Katrina.

Because none of Mr. Jones' livestock is maintained for commercial use as part of a farming operation, the animals are **not** eligible livestock for 2005 Hurricanes LIP purposes.

Example 2: Joe Smith owns 5 horses which he uses to pull hansom cabs in the tourist district of the local city. The hansom cabs are Mr. Smith's business activity he engages in as a means of livelihood for profit.

However, because the horse are not maintained as part of a farming operation, they are not eligible livestock for 2005 Hurricanes LIP purposes.--*

452 Acting on FSA-573 for 2005 Hurricanes LIP (Continued)**E DD Review and Report of Initial FSA-573's for 2005 Hurricanes LIP (Continued)**

DD review of the initial FSA-573's and supporting documentation submitted is critical to ensuring that 2005 Hurricanes LIP is being administered according the procedures provided in this handbook and the regulations in 7 CFR Part 760.

Reviewing the initial FSA-573's and supporting documentation in a timely manner:

- identifies possible weaknesses in the administration of the program that may be resolved by additional training, clarified procedures, or modified software
- prevents numerous producers from being impacted by erroneous administration of the program
- allows corrections to be made in a timely manner before erroneous payments are issued.

453 Spot Checks**A Informing Producers**

Spot checks are performed to:

- verify the accuracy of the data certified by the producer on FSA-573
- ensure that all eligibility requirements were met
- determine whether correct payments were issued.

Exhibit 19 provides a list of:

- data elements that may be spot-checked for 2005 Hurricanes LIP
- documents or other data that may be requested from producers selected for spot check.

County Offices shall:

- not modify Exhibit 19
- reproduce copies of Exhibit 19 locally
- provide a copy of Exhibit 19 to each producer at the time FSA-573 is submitted for 2005 Hurricanes LIP.

* * *

453 Spot Checks (Continued)

***--B Selecting 2005 Hurricanes LIP FSA-573's for Spot Check**

Spot checks are performed to determine the following:

- accuracy of the number and kind/type/weight range of claimed livestock deaths on FSA-573
- whether the producer exceeded AGI limitation
- whether a valid signature was obtained on FSA-573
- whether claimed livestock died and cause of death was the result of applicable hurricane
- amount of monetary compensation the participant received from the contractor for loss of income from the perished livestock.

Spot checks shall be performed initially on a minimum of 10 percent, not to exceed a total of twenty 2005 Hurricanes LIP FSA-573's in a county for which a payment was generated.

Note: The total percent of FSA-573's initially spot-checked may exceed 10 percent because of required spot checks, such as COC members.

The National Office shall:

- randomly select 10 percent of all LIP FSA-573's in each applicable county for which a payment was generated to be reviewed by the County Office

Note: A minimum of ten FSA-573's per county will be selected. If there are less than ten FSA-573's in a county, all FSA-573's in the county will be selected.

- provide each State Office with a list, by county, of LIP FSA-573's to be spot-checked.

In addition to the 2005 Hurricanes LIP FSA-573's selected by the National Office, the County Office shall conduct a required check of **all** the following 2005 Hurricanes LIP FSA-573's:

- all LIP FSA-573's submitted by Federal and State level FSA employees, including SED, STC members, DD's, their spouse, and minor children

Note: STC alternates and advisors are **not** required spot checks.--*

453 Spot Checks (Continued)

***--B Selecting 2005 Hurricanes LIP FSA-573's for Spot Check (Continued)**

- all LIP FSA-573's submitted by county level FSA employees, including CED, COC members, their spouse, and minor children

Note: COC alternates, CMC members, and advisors are **not** required spot checks.

- any LIP FSA-573 for which COC questions the information provided.

STC:

- may establish additional LIP FSA-573's to be spot-checked
- shall thoroughly document justification for additional spot checks in the STC meeting minutes.

C Information To Be Spot-Checked

For each 2005 Hurricanes LIP FSA-573 selected for spot check according to subparagraph B, the County Office shall:

- verify FSA-573 has valid signatures according to subparagraph D
- request evidence to support the AGI certification on CCC-526 when COC has reason to question the certification according to subparagraph E
- review documentation submitted as proof of death according to subparagraph F
- for FSA-573's approved based on third party certifications according to subparagraph G:
 - conduct the farm visit to determine the following:
 - number of livestock in current inventory
 - reasonableness of number of livestock in inventory at the time the deaths occurred
 - interview third party to determine whether the individual is a reliable source who was in a position to have knowledge of the number and kind/type/weight range of perished livestock
 - review documentation submitted to support the reasonableness of the number of livestock in inventory at the time the deaths occurred--*

453 Spot Checks (Continued)

***--C Information To Be Spot-Checked (Continued)**

- verify claimed livestock died and cause of death was the result of the applicable hurricane according to subparagraph H
- for contract grower FSA-573's, contact the contractor to determine whether the contractor provided the participant any monetary compensation for the loss of income from the perished livestock according to subparagraph I.

All reviews and findings shall be thoroughly documented in the COC meeting minutes.

STC:

- may establish additional data to be spot-checked
- shall thoroughly document additional data to be spot-checked and justification for such spot checks in the STC meeting minutes.

D Valid Signature

Spot checks are performed to determine whether a valid signature was obtained on FSA-573. For each FSA-573 selected for spot check according to subparagraph B, the County Office shall verify that the participant's signature on FSA-573 is acceptable according to subparagraph 422 E and 1-CM, Part 25, if applicable.

A discrepancy in a signature is when the participant's signature on FSA-573 is not acceptable according to subparagraph 422 E and 1-CM, Part 25, if applicable.

If COC determines that the participant's signature on FSA-573 is not acceptable, as determined according to subparagraph 422 E and 1-CM, Part 25, as applicable, COC shall:

- determine the participant ineligible for 2005 Hurricanes LIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.--*

453 Spot Checks (Continued)***--E AGI Certification**

Spot checks are performed to determine whether the participant exceeded AGI limitations. To be eligible for 2005 Hurricanes LIP benefits, applicants had to certify that AGI limitations were not exceeded by filing CCC-526. A discrepancy is when the individual's or entity's AGI certification is determined to be inaccurate.

COC shall request evidence from the participant to verify that the individual's or entity's certification on CCC-526 is accurate only when there is reason to question the individual's or entity's certification on CCC-526.

Example: John Smith certified that he did not exceed the AGI limitations on CCC-526. During a spot check of Mr. Smith's livestock operation, the County Office discovered Mr. Smith's livestock and farming operation was much larger than they had previously thought. In addition, the County Office discovered that Mr. Smith was operating a seed and fertilizer dealership. Based on the new information, COC questions the certification on CCC-526 and requests Mr. Smith provide evidence to support the certification.

COC shall verify whether the AGI limitations according to 1-PL, paragraph 633 were exceeded.

If COC determines that the individual or entity did not correctly certify to AGI provisions, COC shall:

- determine the participant ineligible for 2005 Hurricanes LIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

F Verifying Documentation of Proof of Death

Spot checks are performed to determine the accuracy and authenticity of the documents provided by the participant as proof of death of the livestock according to subparagraph 451 D.

Note: See subparagraph G if participant used a third party certification as proof of death because they could not provide any documents proving death of claimed livestock.--*

453 Spot Checks (Continued)

***--F Verifying Documentation of Proof of Death (Continued)**

COC shall:

- thoroughly review **all** documents provided as proof of death to determine whether the documents are verifiable and authentic

Important: To be considered verifiable, the documentation must contain contact information, such as a name and telephone number or address, for the source of the document.

- contact the source of the document and verify all the following:
 - document is authentic
 - participant was customer or party to the transaction
 - accuracy of the number and kind/type/weight range of animals listed
- compare the number and kind/type/weight range of animals certified on FSA-573 to the data provided on the documents.

If COC determines that the documents provided as proof of death are any of the following, County Office shall contact the participant and request additional verifiable proof of death documents for the livestock claimed on FSA-573:

- not verifiable
- not authentic or the authenticity is questionable
- participant was not the customer or party to the transaction
- livestock on documents is not the same number and kind/type claimed on FSA-573.

A discrepancy is when any of the following apply:

- documents provided are not verifiable and/or authentic
- participant was not customer or party to the transaction
- data on the documents provided does not support the data certified on FSA-573.--*

453 Spot Checks (Continued)

***--F Verifying Documentation of Proof of Death (Continued)**

If the participant does **not** provide verifiable and authentic proof of death, COC shall:

- determine the participant ineligible for 2005 Hurricanes LIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

When the documents provided as proof of death are authentic and verifiable, but do not support the number and kind/type/weight range of animals claimed on FSA-573, the County Office shall handle discrepancies according to subparagraph J.

G Verifying Proof of Death Based on Third Party Certifications

Spot checks are performed to determine all of the following:

- participant's and third party's certifications:
 - meet **all** requirements according to subparagraph 451 E
 - are not provided on a form, document, or worksheet developed by the State or County Office
- reasonableness of the number of livestock in the participant's inventory at the time the deaths occurred
- whether the third party is a reliable source that was in a position to have knowledge of the number and kind/type/weight range of perished livestock
- whether livestock deaths claimed on FSA-573 are supported by both the following:
 - certification provided by the third party
 - difference between beginning and current inventory of applicable livestock, considering any purchases, sales, and births since the hurricane, and any livestock deaths resulting from reasons other than the hurricane.

Note: See subparagraph F if participant provided documents as proof of death of claimed livestock.--*

453 Spot Checks (Continued)

***--G Verifying Proof of Death Based on Third Party Certifications (Continued)**

COC shall:

- thoroughly review the participant's:
 - certification statement to determine whether **all** required information according to subparagraph 451 E are provided
 - documentation provided to support the reasonableness of the number of livestock in inventory at the time the deaths occurred to determine whether the documents are verifiable and authentic

Important: To be considered verifiable, the documentation must contain contact information, such as a name and telephone number or address, for the source of the document. See subparagraph 451 F for documents that may provide verifiable evidence of livestock inventory.

Under no circumstances shall the participant's FIP FSA-573 be used as documentation to support the reasonableness of the number of livestock in inventory at the time the deaths occurred.

- thoroughly review the third party's certification statement to determine **both** of the following:
 - whether **all** required information according to subparagraph 451 E is provided

Important: The participant informing the third party of the deaths of the livestock is **not** acceptable knowledge of the deaths by the third party.

Example: Jane Smith provided a written and signed certification statement about her knowledge of the livestock deaths suffered by Paul Brown. In her statement, Jane Smith indicated she had knowledge of the deaths because Paul Brown told her about the losses. The participant, Paul Brown, informing the third party, Jane Smith, of the deaths of livestock is **not** acceptable knowledge of the deaths for 2005 Hurricanes LIP.

- the number and kind/type/weight range of animals certified as dead by the third party matches the number and kind/type/weight range of animals certified by the participant on FSA-573

Important: A third party certification that provides only the number of livestock that died without providing the kind/type of livestock does **not** meet the requirements of subparagraph 451 E.--*

453 Spot Checks (Continued)

***--G Verifying Proof of Death Based on Third Party Certifications (Continued)**

- interview the third party to determine whether the individual is a reliable source who was in a position to have knowledge of the number and kind/type/weight range of perished livestock

Example: Third party certification indicates the third party is a neighbor of the participant. However, during an interview of the third party, COC discovers the individual was out of the State at the time the deaths occurred. The neighbor was **not** in a position to have knowledge of the number and kind/type/weight range of perished livestock.

- conduct a farm visit to determine the number of applicable livestock in the participant's current inventory
- subtract the number of applicable livestock in the participant's current inventory from the number of applicable livestock in inventory at the time the deaths occurred, as certified by the participant.

Important: If the result of subtracting the number of applicable livestock in the participant's current inventory from the number of applicable livestock in inventory at the time the deaths occurred does **not** match the number of applicable livestock certified on FSA-573, COC shall contact the participant and request verifiable proof of both the following:

- purchases, sales, and births of applicable livestock since the hurricane
- deaths of applicable livestock for reasons other than the hurricane.

Each of the following is considered a discrepancy:

- participant's certification is either of the following:
 - does not meet **all** requirements according to subparagraph 451 E
 - is provided on an unauthorized form--*

453 Spot Checks (Continued)

***--G Verifying Proof of Death Based on Third Party Certifications (Continued)**

- documentation provided to support the reasonableness of the number of livestock in inventory at the time the deaths occurred is either of the following:
 - **not** verifiable
 - Important:** To be considered verifiable, the documentation must contain contact information, such as a name and telephone number or address, for the source of the document. See subparagraph 451 F for documents that may provide verifiable evidence of livestock inventory.
 - does **not** support the reasonableness of the number of livestock in inventory at the time the deaths occurred
- third party's certification is either of the following:
 - does not meet **all** requirements according to subparagraph 451 E
 - is provided on an unauthorized form
- third party is determined to **not** be a reliable source that was in a position to have knowledge of the number and kind/type/weight range of perished livestock
- the number and kind/type/weight range of animals certified by the third party does **not** match the number and kind/type/weight range of animals certified by the participant on FSA-573
- the difference between the participant's current inventory of applicable livestock, as determined by a farm visit, and the number of applicable livestock in inventory at the time the deaths occurred, as certified by the participant, does not match the claimed livestock deaths on FSA-573 including any purchases, sales, and births since the hurricane, and any deaths of applicable livestock for reasons other than the hurricane.--*

453 Spot Checks (Continued)

*--G Verifying Proof of Death Based on Third Party Certifications (Continued)

COC shall handle discrepancies according to the following table.

IF...	THEN COC shall...
<p>participant's or third party's certification is either of the following:</p> <ul style="list-style-type: none"> • does not meet all requirements according to subparagraph 451 E • is provided on an unauthorized form 	<ul style="list-style-type: none"> • contact the applicable individual and request the following, as applicable: <ul style="list-style-type: none"> • the missing data be provided • an acceptable certification be provided • if all the certification requirements are not met: <ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant's FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.
<p>participant's documentation provided to support the reasonableness of the certified number of livestock in inventory at the time the deaths occurred is not verifiable or does not support the reasonableness of the number of livestock certified</p>	<ul style="list-style-type: none"> • contact the participant and request verifiable documentation that does support the reasonableness of the certified number of livestock in inventory at the time the deaths occurred • if the participant does not provide verifiable documentation that supports the reasonableness of the certified number of livestock inventory at the time the deaths occurred: <ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant's FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.
<p>COC determines the third party is not a reliable source that was in a position to have knowledge of the number and kind/type/weight range of perished livestock</p>	<ul style="list-style-type: none"> • contact the participant and request they provide a certification from a third party who is a reliable source that was in a position to have knowledge of the number and kind/type/weight range of perished livestock • if the participant does not provide a certification from a third party who is a reliable source that was in a position to have knowledge of the number and kind/type/weight range of perished livestock: <ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant's FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.

--*

453 Spot Checks (Continued)

***--G Verifying Proof of Death Based on Third Party Certifications (Continued)**

IF...	THEN COC shall...
third party's certification meets all requirements according to subparagraph 451 E, but the number and kind/type/weight range of animals certified as dead by the third party does not match the number and kind/type/weight range of animals certified by the participant on FSA-573	<ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant's FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.
the difference between the number of applicable livestock in inventory at the time the deaths occurred, as certified by the participant, and the participant's current inventory of applicable livestock, as determined by a farm visit, including any applicable purchases, sales, births, and deaths, does not match the claimed livestock deaths on FSA-573	handle the discrepancy according to subparagraph J.

Note: Calculate the interest amount according to 50-FI.

In some cases, determining the total number of applicable livestock in current inventory is not possible because of the inaccessibility of the livestock. This type of situation should be very unusual, and COC shall make every effort to verify livestock inventory during the farm visit. However, in such cases, the County Office shall take the following action:

- verify the number of livestock that can be safely determined
- review the documentation submitted by the producer at the time FSA-573 was submitted used to support the number of livestock in inventory at the time of death of the claimed livestock--*

453 Spot Checks (Continued)

***--G Verifying Proof of Death Based on Third Party Certifications (Continued)**

- thoroughly document, in the COC meeting minutes, findings of spot check, and review the data provided by the participant
- take action according to subparagraph J.

Example: Bill White certified there was no documentation of proof of death at the time he completed FSA-573. Mr. White certified that 4 beef cows died because of Hurricane Rita, and that his beginning inventory was 110 beef cows. The County Office conducts a farm visit and discovers livestock is scattered over 400 acres that includes 250 heavily wooded acres that are inaccessible by motor vehicle.

The County Office shall:

- count the number of animals that can be determined safely without having to search the entire wooded acres
- notate the heavily wooded acreage and its inaccessibility
- review the documentation submitted by Mr. White used to support the number of animals in inventory at the time of death of the claimed livestock
- thoroughly document findings and evidence provided in the COC meeting minutes, and take action according to subparagraph J.--*

453 Spot Checks (Continued)

***--H Verifying Death and Reason of Death of Livestock**

For each FSA-573 selected for spot check according to subparagraph B, COC shall verify the death of claimed livestock according to the following table.

IF the...	THEN COC...
<p>participant indicates either of the following:</p> <ul style="list-style-type: none"> • their entire herd of eligible livestock perished as a result of an applicable hurricane • all of their livestock of a certain kind/type/weight range perished as a result of an applicable hurricane <p>Example: Jane Smith claimed 5 dead beef bulls on her LIP FSA-573. She certified that she had 5 beef bulls in inventory at the time the deaths occurred. Therefore, Jane Smith has indicated all of her beef bulls perished as a result of an applicable hurricane.</p>	<p>shall contact local auctions/sale barns/facilities in the county and surrounding counties to determine whether the participant, or any of their family members, sold any livestock of the kind/type/weight range for which they indicated all such livestock had perished as a result of an applicable hurricane.</p> <p>Example: Jane Smith claimed 5 dead beef bulls on her LIP FSA-573. She certified that she had 5 beef bulls in inventory at the time the deaths occurred.</p> <p>COC shall contact the local livestock sale barns in the county and surrounding counties to determine whether Jane Smith, or any of her family members, sold any beef bulls since the applicable hurricane.</p> <p>Note: Preliminary reviews conducted by OIG discovered sales of livestock:</p> <ul style="list-style-type: none"> • by participants who claimed their entire herd of livestock perished as a result of the hurricane • in the name of participant’s family members, for livestock owned by the participant, and claimed on the participant’s LIP FSA-573.
<p>livestock claimed on the participant’s FSA-573 is not:</p> <ul style="list-style-type: none"> • their entire herd • all of their livestock of a certain kind/type/weight range 	<ul style="list-style-type: none"> • is not required to contact local auctions/sale barns/facilities in the county and surrounding counties • may contact local auctions/sale barns/facilities in the county and surrounding counties to determine whether the participant, or any of their family members, sold any livestock claimed on their FSA-573, if COC has reason to question the death of the claimed livestock.

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453 Spot Checks (Continued)

***--H Verifying Death and Reason of Death of Livestock (Continued)**

For each FSA-573 selected for spot check according to subparagraph B, COC shall review the participant's certification of the cause of death of the livestock on FSA-573, item 18.

If the cause of death of the livestock selected on FSA-573, item 18 is "other", COC shall:

- determine whether cause of death listed was the result of the applicable hurricane
- contact the participant for additional information or clarification, if needed
- document the review and determination in the COC meeting minutes.

COC must determine whether the cause of death of the livestock was because of an applicable hurricane. Preliminary reviews conducted by OIG discovered some FSA-573's do not clearly provide that the cause of death of the livestock was because of a hurricane.

When the cause of death of the livestock provided on FSA-573 is not **clearly** related to the hurricane, COC shall contact the participant and request additional information.

Example 1: The participant indicated the cause of death of the livestock was mastitis. COC shall consider the following when determining whether the mastitis was caused by an eligible hurricane, and whether the participant took reasonable measures to treat the mastitis:

- electrical power was lost, and the loss of power was because of an eligible hurricane
- participant did not have a backup power source, or the backup power source did not function because of the hurricane

Note: If the participant did not have a backup power source, consider if it is normal for an operation of its size in the area to not have a backup power source.

- participant took reasonable measures to treat the mastitis, other than milking

Note: COC shall consult with local veterinarians about treatments the participant could have reasonably taken to treat the mastitis.

- the loss of power and lack of milking caused the death of the livestock, and could not have been prevented by the participant taking reasonable measures to treat the mastitis
- power was not lost; however, the applicant could not locate and/or obtain access to the cows to milk or take reasonable measures to treat the cows. COC shall obtain written statement from local veterinarians indicating death of cow was because of mastitis.--*

453 Spot Checks (Continued)

***--H Verifying Death and Reason of Death of Livestock (Continued)**

Example 2: The participant indicated the cause of death of the livestock was because of anaplasmosis. COC must determine whether the anaplasmosis, an infectious blood disease normally transmitted by insects or surgical instruments, was caused by an eligible hurricane. COC shall consult with local veterinarians about whether hurricanes can cause death of livestock from anaplasmosis.

Example 3: The participant indicated the cause of death of the livestock was from delivering a calf. COC must determine whether the applicable hurricane caused the death of the cow while birthing a calf.

COC shall thoroughly document all of the following in the COC meeting minutes:

- review of each FSA-573 and each cause of death
- what documentation, other than the participant's FSA-573, was reviewed to determine whether the cause of death was the result of the applicable hurricane
- what sources, such as veterinarians, COC consulted and used as basis of determination
- determination of whether cause of death was result of the applicable hurricane.

A discrepancy is when the cause of death of the livestock is because of reasons other than the applicable hurricane. If the cause of death for **all** livestock claimed on FSA-573 is because of reasons other than the applicable hurricane, COC shall:

- determine the participant ineligible for 2005 Hurricanes LIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

If the cause of death for some, but not all, livestock claimed on FSA-573 is because of reasons other than the applicable hurricane, COC shall handle discrepancies according to subparagraph J.--*

453 Spot Checks (Continued)***--I Contacting Contractors**

Spot checks are performed to determine how much, if any, monetary compensation the participant received from their contractor for the loss of income suffered from the death of the claimed livestock.

For each FSA-573 selected for spot check according to subparagraph B, for which the participant is a contract grower, the County Office shall:

- contact the participant's contractor
- verify the amount of monetary compensation, if any, the contractor provided the participant for the loss of income from the death of the claimed livestock.

Notes: Contact information should be included on the copy of the grower contract the participant was required to provide according to subparagraph 451 D.

See subparagraph:

- 422 D for eligible livestock contract growers
- 423 F about monetary compensation received from contractors
- 452 C when contacting the participant's contractor.

If a contractor elects to not provide the information required to determine the amount of monetary compensation, if any, the contractor provided the participant for the loss of income from the death of the claimed livestock:

- the County Office shall contact the State Office for assistance
- the State Office shall contact the following:
 - contractor for required information
 - National Office Livestock Assistance Program Manager if it cannot obtain the required information.

A discrepancy is when the amount of monetary compensation the contractor provided the participant for the loss of income from the death of the claimed livestock is different from the amount certified by the participant on FSA-573, item 26.

County Offices shall handle discrepancies according to subparagraph J.--*

453 Spot Checks (Continued)

***--J Handling Discrepancies in Claimed Losses**

County Office shall handle applicable discrepancies according to the following table.

IF the total payment amount calculated based on the spot check findings is...	THEN COC...
less than the payment amount issued by no more than \$200	may: <ul style="list-style-type: none"> • determine the producer made a good faith effort to fully comply without an explanation from the producer • not request any refund, provided COC determines the producer made a good faith effort to fully comply.
less than the payment amount issued by \$201 to \$800	<ul style="list-style-type: none"> • may determine the producer made a good faith effort to fully comply without an explanation from the producer • shall, provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the spot check findings, plus interest.
less than the payment amount issued by \$801 to \$2,000	shall: <ul style="list-style-type: none"> • notify the producer of discrepancy and request explanation of inaccurate certification • provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the spot check findings, plus interest.
less than the payment amount issued by more than \$2,000 any amount, and COC does not determine the producer acted in good faith	shall: <ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant’s FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.

--*

453 Spot Checks (Continued)

***--J Handling Discrepancies in Claimed Losses (Continued)**

To determine the total payment amount calculated based on spot check findings, the County Office shall:

- record spot check findings in the FSA-573 software
- print a new FSA-573E.

Important: Anytime the data on FSA-573 is modified, the participant's signature date and COC approval date is automatically removed by the FSA-573 software.

Example: Jane Jones certified to 5 head of adult beef cows and signed her FSA-573 for LIP on August 16, 2006. Based on the information provided by the participant and a farm visit, COC determined on November 8, 2006, that only 4 head of adult beef cows died as a result of the applicable hurricane.

To determine the payment amount based on the spot check findings, the County Office shall modify Jane Jones' FSA-573 for LIP to indicate only 4 adult beef cows. When the livestock data is modified, Jane Jones' signature date and the COC approval date will automatically be removed by the FSA-573 software.

When a participant's LIP FSA-573 is modified by the County Office as a result of a spot check, the County Office shall:

- re-enter the producer's signature date
- re-enter the COC approval date if COC determines the modified FSA-573 shall be approved
- enter the COC disapproval date if COC disapproves FSA-573
- write "MODIFIED DUE TO SPOT CHECK" on FSA-573
- print a new FSA-573E
- thoroughly document the reason for modifying FSA-573 in the COC meeting minutes.--*

--454 Additional Spot Checks*A Required Additional Spot Checks**

If 20 percent or more of the 2005 Hurricanes LIP FSA-573's spot-checked according to paragraph 453 have 1 or more discrepancies:

- the County Office shall contact the State Office to obtain additional FSA-573's to spot check
- the State Office shall contact the National Office Livestock Assistance Program Manager to obtain additional FSA-573's for the County Office to spot check
- the National Office shall randomly select an additional 10 percent of all 2005 Hurricanes LIP FSA-573's in the county for which a payment was generated to be reviewed by the County Office.

Example: The County Office completed spot checks of all FSA-573's selected according to subparagraph 453 B. A total of twenty FSA-573's were spot-checked. The County Office discovered at least 1 discrepancy on seven FSA-573's.

Because at least 1 discrepancy was discovered on over 20 percent of FSA-573's spot-checked, the County Office shall contact the State Office to obtain additional FSA-573's to spot check.

B Excessive Percent of Overall Discrepancies

If 20 percent or more of the total (initial and additional) 2005 Hurricanes LIP FSA-573's spot-checked have 1 or more discrepancies, the County Office shall contact the National Office Livestock Assistance Program Manager, through the State Office, for further guidance.

Example: The County Office completed spot checks of all FSA-573's selected according to subparagraph 453 B, and discovered 7 of the twenty FSA-573's had at least 1 discrepancy.

The County Office received additional FSA-573's to spot check according to subparagraph 453 B. There were twenty FSA-573's on the additional list obtained from the National Office. The County Office discovered at least 1 discrepancy on 3 of the additional FSA-573's.

The County Office shall contact the National Office Livestock Assistance Program Manager, through the State Office, for further guidance.--*

455-500 (Reserved)

Section 2 Policy and Procedure

721 Signup Period

A 2005 Hurricanes FIP Signup

--Signup for 2005 Hurricanes FIP began May 17, 2006, and ended September 29, 2006.--

Important: There are **no** late-filed provisions for 2005 Hurricanes FIP.

722 Eligibility Criteria

A Eligible Livestock

Eligible livestock for 2005 Hurricanes FIP are any of the following that were maintained for commercial use as part of a farming operation and were physically located in a disaster county on the beginning date of the applicable disaster period, as provided in Exhibit 20:

- adult and non-adult beef cattle
- adult and non-adult dairy cattle
- adult and non-adult beefalo
- adult and non-adult buffalo
- sheep
- goats
- horses
- deer.

Important: Livestock meeting the requirements of this subparagraph and the definitions in paragraph 703 that were sold or perished after the beginning date of the applicable disaster period are still eligible livestock for 2005 Hurricanes FIP.

Proof of sale or death of livestock shall be required if selected for spot check.

Example: On the beginning date of Hurricane Rita (September 23, 2005), John Smith owned 100 head of adult beef cows he maintained for commercial use as part of a farming operation. The adult beef cows were physically located in Caddo Parish Louisiana on September 23, 2005. Shortly after September 23, 2005, Mr. Smith sold 15 of the adult beef cows. The 15 sold cows are eligible livestock for 2005 Hurricanes FIP, provided all other requirements are met. Proof of sale shall be required if Mr. Smith's application is selected for spot check.

See paragraph:

- 703 for definitions of eligible livestock, commercial use, and farming operation
- 723 for further delineation of eligible livestock by payment rate.

722 Eligibility Criteria (Continued)

B Ineligible Livestock

Animals **not** eligible for 2005 Hurricanes FIP include, but is not limited to, all of the following:

- livestock produced or maintained for reasons other than commercial use as part of a farming operation, including, but not limited to, recreational purposes such as:
 - hunting
 - show
 - pleasure
 - pets
 - consumption by the owner

Example 1: Mike Jones owns 5 horses, 2 beef steers, and 3 goats. Mr. Jones maintains the horses for pleasure riding and fox hunting, and maintains the goats as pets for his children. He maintains the beef steers to be consumed by his family. Accordingly, Mr. Jones does not maintain any of the livestock for commercial use as part of a farming operation. All of the animals perished in a disaster county as a result of Hurricane Katrina.

Because none of Mr. Jones' livestock is maintained for commercial use as part of a farming operation, the animals are **not** eligible livestock for *--2005 Hurricanes FIP purposes.--*

Example 2: Joe Smith owns 5 horses which he uses to pull hansom cabs in the tourist district of the local city. The hansom cabs are Mr. Smith's business activity he engages in as a means of livelihood for profit.

However, because the horse are not maintained as part of a farming *--operation, they are not eligible livestock for 2005 Hurricanes FIP--* purposes.

752 Acting on FSA-573 for 2005 Hurricanes FIP (Continued)

E DD Review and Report of Initial FSA-573's for 2005 Hurricanes FIP (Continued)

Reviewing the initial FSA-573's and supporting documentation in a timely manner:

- identifies possible weaknesses in the administration of the program that may be resolved by additional training, clarified procedures, or modified software
- prevents numerous producers from being impacted by erroneous administration of the program
- allows corrections to be made in a timely manner before erroneous payments are issued.

753 Spot Checks

A Informing Producers

Spot checks are performed to:

- verify the accuracy of the data certified by the producer on FSA-573
- ensure that all eligibility requirements were met
- determine whether correct payments were issued.

Exhibit 19 provides a list of:

- data elements that may be spot-checked for 2005 Hurricanes FIP
- documents or other data that may be requested from producers selected for spot check.

County Offices shall:

- not modify Exhibit 19
- reproduce copies of Exhibit 19 locally
- provide a copy of Exhibit 19 to each producer at the time FSA-573 is submitted for 2005 Hurricanes FIP.

Note: Procedure for conducting spot checks will be provided in a future amendment. The County Office shall **not** conduct any spot checks until procedure is issued from the National Office.

753 Spot Checks (Continued)

***--B Selecting 2005 Hurricanes FIP FSA-573's for Spot Check**

Spot checks are performed to determine the following:

- whether a valid signature was obtained on FSA-573
- whether the participant complied with AGI provisions
- whether the participant suffered an eligible feed loss or an increase in feed cost
- accuracy of the number and kind/type/weight range of claimed livestock on FSA-573.

Spot checks shall be performed initially on a minimum of 10 percent, not to exceed a total of twenty 2005 Hurricanes FIP FSA-573's in a county for which a payment was generated.

Note: The total percent of FSA-573's initially spot-checked may exceed 10 percent because of required spot checks, such as COC members.

The National Office shall:

- randomly select 10 percent of all FIP FSA-573's in each applicable county for which a payment was generated to be reviewed by the County Office

Note: A minimum of ten FSA-573's per county will be selected. If there are less than ten FSA-573's in a county, all FSA-573's in the county will be selected.

- provide each State Office with a list, by county, of FIP FSA-573's to be spot-checked.

In addition to the 2005 Hurricanes FIP FSA-573's selected by the National Office, the County Office shall conduct a spot check of **all** the following 2005 Hurricanes FIP FSA-573's:

- all FIP FSA-573's submitted by Federal and State level FSA employees, including SED, STC members, DD's, their spouse, and minor children

Note: STC alternates and advisors are **not** required spot checks.

- all FIP FSA-573's submitted by county level FSA employees, including CED, COC members, their spouse, and minor children

Note: COC alternates, CMC members, and advisors are **not** required spot checks.

- any FIP FSA-573 for which COC questions the information provided.--*

753 Spot Checks (Continued)

***--B Selecting 2005 Hurricanes FIP FSA-573's for Spot Check (Continued)**

STC:

- may establish additional FIP FSA-573's to be spot-checked
- shall thoroughly document justification for additional spot checks in the STC meeting minutes.

C Information To Be Spot-Checked

For each FSA-573 selected for spot check according to subparagraph B, the County Office shall:

- verify FSA-573 has valid signatures according to subparagraph D
- request evidence to support the AGI certification on CCC-526 when COC has reason to question the certification according to subparagraph E
- verify accuracy of number and type/kind/weight range of livestock claimed according to subparagraph F
- unless a waiver is approved according to subparagraph G, verify the participant suffered a feed loss or an increase in feed cost for the claimed livestock as a result of the applicable hurricane according to subparagraph H.

All reviews and findings shall be thoroughly documented in the COC meeting minutes.

STC:

- may establish additional data to be spot-checked
- shall thoroughly document additional data to be spot-checked and justification for such spot checks in the STC meeting minutes.--*

753 Spot Checks (Continued)***--D Valid Signature**

Spot checks are performed to determine whether a valid signature was obtained on FSA-573. For each FSA-573 selected for spot check according to subparagraph B, the County Office shall verify that the participant's signature on FSA-573 is acceptable according to subparagraph 722 D and 1-CM, Part 25, if applicable.

A discrepancy in a signature is when the participant's signature on FSA-573 is not acceptable according to subparagraph 722 D and 1-CM, Part 25, if applicable.

If COC determines that the participant's signature on FSA-573 is not acceptable, as determined according to subparagraph 722 D and 1-CM, Part 25, as applicable, COC shall:

- determine the participant ineligible for 2005 Hurricanes FIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

E AGI Certification

Spot checks are performed to determine whether the participant exceeded AGI limitations. To be eligible for 2005 Hurricanes FIP benefits, applicants had to certify that AGI limitations were not exceeded by filing CCC-526. A discrepancy is when the individual's or entity's AGI certification is determined to be inaccurate.

COC shall request evidence from the participant to verify that the individual's or entity's certification on CCC-526 is accurate only when there is reason to question the individual's or entity's certification on CCC-526.

Example: John Smith certified that he did not exceed the AGI limitations on CCC-526. During a spot check of Mr. Smith's livestock operation, the County Office discovered Mr. Smith's livestock and farming operation was much larger than they had previously thought. In addition, the County Office discovered that Mr. Smith was operating a seed and fertilizer dealership. Based on the new information, COC questions the certification on CCC-526 and requests Mr. Smith provide evidence to support the certification.

COC shall verify whether the AGI limitations according to 1-PL, paragraph 633 were exceeded.--*

753 Spot Checks (Continued)

***--E AGI Certification (Continued)**

If COC determines that the individual or entity did not correctly certify to AGI provisions, COC shall:

- determine the participant ineligible for 2005 Hurricanes FIP
- disapprove the participant's FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

F Verifying Number of Claimed Livestock

Spot checks are performed to determine the accuracy of the number and kind/type/weight range of claimed livestock on FSA-573.

COC shall conduct a farm visit to determine the number of applicable livestock in the participant's current inventory.

If the participant's current inventory of applicable livestock, as determined by a farm visit, does not match the number and/or kind/type/weight range of livestock claimed on FSA-573, COC shall:

- contact the participant and request verifiable documentation of purchases, sales, and deaths of applicable livestock since the hurricane

Important: To be considered verifiable, the documentation must contain contact information, such as a name and telephone number or address, for the source of the document. Documents providing verifiable evidence of changes in the participant's applicable livestock inventory include, but are not limited to, any of or a combination of the following:

- veterinary records
- loan records
- bank statements
- IRS inventory records
- property tax records
- sales and purchase receipts
- private insurance documents
- rendering truck receipts or certificates
- National Guard receipts of carcass removal.--*

753 Spot Checks (Continued)

***--F Verifying Number of Claimed Livestock (Continued)**

- contact the source of the document and verify all of the following:
 - document is authentic
 - participant was customer or party to the transaction
 - number and kind/type/weight range of animals listed
- take into consideration births and changes in weight of livestock since the hurricane.

A discrepancy is when the participant's current inventory of livestock, when adjusted for purchases, sales, deaths, births, and changes in weight, does not match the claimed livestock on FSA-573.

COC shall handle discrepancies according to subparagraph I.

In some cases, determining the total number of applicable livestock in current inventory is not possible because of the inaccessibility of the livestock. This type of situation should be very unusual, and COC shall make every effort to verify livestock inventory during the farm visit. However, in such cases, the County Office shall take the following action:

- verify the number of livestock that can be safely determined
- thoroughly document, in the COC meeting minutes, findings of spot check, and review the data provided by the participant
- take action according to subparagraph I.

Example: Bill White submitted a FIP FSA-573 for 110 adult beef cows. The County Office conducts a farm visit and discovers livestock is scattered over 400 acres that includes 250 heavily wooded acres that are inaccessible by motor vehicle.

The County Office shall:

- count the number of animals that can be determined safely without having to search the entire wooded acres
- notate the heavily wooded acreage and its inaccessibility
- thoroughly document findings and evidence provided in the COC meeting minutes, and take action according to subparagraph I.--*

753 Spot Checks (Continued)

***--G Waiver of Spot-Checking Participant's Feed Loss or Increase in Feed Cost**

To be eligible for FIP benefits, a participant must have suffered a loss of feed or increase in feed costs for the claimed livestock as a result of an eligible hurricane.

In some counties, especially those adjacent to the coast, the kind and scope of damage caused by the applicable hurricane **may** have been such that it is possible to reasonably determine that a substantial number of, if not all, livestock producers in that county suffered a loss of feed or increase in feed costs. In these counties, requiring each participant selected for spot check to provide evidence of a feed loss or increase in feed cost **may not** be a productive use of FSA resources.

If STC determines the kind and scope of damage caused by the applicable hurricane was such that it is possible to reasonably determine that a substantial number of, if not all, livestock producers in that county suffered a loss of feed or increase in feed costs, STC may request a waiver of spot-checking individual participant's loss of feed or increase in feed costs.

Only DAFP may approve a waiver for a county.

If STC wishes to request a waiver, all of the following must be submitted to DAFP, through the National Office Livestock Assistance Program Manager:

- verifiable documentation from independent sources that clearly provides that the applicable hurricane caused **both** of the following:
 - the kind of damage that would result in the loss of feed that is typically maintained by livestock producers in the county, such as pastures and feed stuff (hay, silage, or grain)
 - applicable damage to at least 90 percent of the county

Note: Documentation may include the following:

- newspaper articles detailing the damage in the county
- certification from a CSREES representative in the county
- documents from other Federal, State, or local government agencies detailing the damage in the county
- documents from insurance companies.--*

753 Spot Checks (Continued)

***--G Waiver of Spot-Checking Participant's Feed Loss or Increase in Feed Cost (Continued)**

- cover memorandum that clearly provides the following:
 - county for which a waiver is being requested
 - detailed explanation that warrants approval of waiver
 - a list of all documents STC reviewed as part of its determination process, including those that may not have supported a waiver
 - name and telephone number of all sources contacted to obtain information about the type and level of damage caused by the hurricane
- copy of the STC meeting minutes that thoroughly describes the review process and basis of the determination.

Important: STC shall submit a separate request for each applicable county.

If the county is not approved for a waiver by DAFP, COC shall verify loss of feed or increase in feed costs accordingly subparagraph H.

H Verifying Feed Loss or Increase in Feed Cost

Spot checks are performed to determine whether the participant suffered a feed loss or an increase in feed costs for the claimed livestock as a result of the applicable hurricane.

The County Office shall:

- contact each participant selected for spot check according to subparagraph B, and ask the participant whether they suffered a feed loss or an increase in feed costs for the claimed livestock as a result of the applicable hurricane--*

753 Spot Checks (Continued)

***--H Verifying Feed Loss or Increase in Feed Cost (Continued)**

- request the participant provide information according to the following table.

IF the participant indicates they suffered...	THEN the County Office shall request the participant provide...
a feed loss as a result of an eligible hurricane	<ul style="list-style-type: none"> • a detailed written description of all of the following: <ul style="list-style-type: none"> • type, location, and amount of the feed lost • when the feed was lost • specific cause of feed loss • how the lost feed was used for the claimed livestock • type, location, owner, and number of grazing acres used to maintain livestock inventory before the hurricane • copies of leases of grazing acres not owned by the participant if these acres are claimed as a feed loss.
an increase in feed costs as a result of an eligible hurricane	<ul style="list-style-type: none"> • copies of purchase receipts for applicable feed before and after the hurricane • written description of how the feed was used for the claimed livestock.

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753 Spot Checks (Continued)

***--H Verifying Feed Loss or Increase in Feed Cost (Continued)**

COC shall take action according to the following table.

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
a feed loss	claimed feed loss was a loss of grazing acres	<ul style="list-style-type: none"> • thoroughly review the information provided by the participant, and record the review in the COC meeting minutes • conduct a farm visit to determine whether the claimed loss is still apparent • if the grazing acres lost were leased by the participant: <ul style="list-style-type: none"> • contact the owner of the applicable acres • ask the applicable owner if there was any loss of grazing acres as a result of the hurricane • determine whether: <ul style="list-style-type: none"> • specific cause of loss was the result of the applicable hurricane • grazing acres lost were acres being grazed by the claimed livestock. <p>Example: Joe Black indicated the lost feed was grazing acres located 5 miles from his milking operation on a separate farm. Joe Black claimed all of his adult and nonadult dairy cattle on his FIP FSA-573. COC must determine whether it is reasonable that the lost grazing acres on a separate farm 5 miles from the participant’s milking operation were being used to feed all of Joe Black’s dairy cattle. If his normal operation is to keep the dairy cows being milked on the farm with the dairy facilities, and pasture the dry cows and heifers on the other farm, the lost feed would not have been feed used for all of the claimed livestock.</p>

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753 Spot Checks (Continued)

*--H Verifying Feed Loss or Increase in Feed Cost (Continued)

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
a feed loss	claimed feed loss was a loss of feed other than grazing acres, such as hay, corn, silage, or other feed stuff	<ul style="list-style-type: none"> • thoroughly review the information provided by the participant, and record the review in the COC meeting minutes • conduct a farm visit to determine whether the claimed loss is still apparent • determine whether: <ul style="list-style-type: none"> • specific cause of loss was the result of the applicable hurricane • it is reasonable that the type of feed lost would have been used as feed for all the claimed livestock. <p>Example: Sara Green indicated the lost feed was a corn and protein mixture that is usually fed to swine. Sara Green claimed all of her sheep on her FIP FSA-573. COC must determine whether the type of feed lost could have been used as feed stuff for the claimed sheep. If Sara Green’s normal operation is to feed her sheep feed stuff other than the type of feed stuff claimed lost, or to only graze the sheep, the lost feed would not have been feed used for all of the claimed livestock.</p>

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753 Spot Checks (Continued)

*--H Verifying Feed Loss or Increase in Feed Cost (Continued)

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
<p>an increase in feed costs</p>	<p>increase in cost was for the same feed type from the same supplier</p>	<ul style="list-style-type: none"> • thoroughly review the information provided by the participant, and record the review in the COC meeting minutes • determine whether the participant suffered an increase in total feed costs by comparing the purchase receipts from before and after the hurricane • if there was an increase in the total feed costs, determine whether the increase was because of either of the following: <ul style="list-style-type: none"> • the participant purchased more feed after the hurricane than purchased before the hurricane • an increase in the cost of the feed • if the increase in total feed costs was because the participant purchased more feed after the hurricane than before, determine whether the increase in feed purchased was normal for the producer’s operation • if the increase in total feed costs was because of an increase in the cost of the feed, contact the feed supplier to determine whether the increase in cost was because of the hurricane • determine whether it is reasonable that the type of feed purchased for an increased cost would have been used as feed for all the claimed livestock. <p>Example: Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to swine. Sara Green claimed all of her sheep on her FIP FSA-573. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Sara Green’s normal operation is to feed her sheep feed stuff other than the type of feed purchased or to only graze the sheep, the feed purchased would not have been feed used for all of the claimed livestock.</p>

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753 Spot Checks (Continued)

*--H Verifying Feed Loss or Increase in Feed Cost (Continued)

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
<p>an increase in feed costs</p>	<p>increase in cost was for the same feed type, but purchased from a different supplier</p>	<ul style="list-style-type: none"> • thoroughly review the information provided by the participant, and record the review in the COC meeting minutes • determine whether there was an increase in total feed costs by comparing the purchase receipts from before and after the hurricane • if there was an increase in total feed costs, contact the following: <ul style="list-style-type: none"> • feed supplier where the feed was purchased before the hurricane to determine whether: <ul style="list-style-type: none"> • that supplier had the same feed type available after the hurricane • the price of the same feed type increased because of the hurricane • participant if the initial feed supplier had the same feed type available after the hurricane at the same or lesser price as before the hurricane, to determine why they purchased the same feed type from a different supplier at a higher cost • feed supplier where the feed was purchased after the hurricane to determine whether the increase in cost was because of either of the following: <ul style="list-style-type: none"> • the participant purchased more feed after the hurricane than purchased before the hurricane • an increase in the cost of the feed • if the increase in total feed costs was because the participant purchased more feed after the hurricane than before, determine whether the increase in feed purchased was normal for the producer's operation

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753 Spot Checks (Continued)

*--H Verifying Feed Loss or Increase in Feed Cost (Continued)

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
<p>an increase in feed costs (Continued)</p>	<p>increase in cost was for the same feed type, but purchased from a different supplier (Continued)</p>	<ul style="list-style-type: none"> • if the increase in total feed costs was because of an increase in the cost of the feed, contact the feed supplier to determine whether the increase in cost was because of the hurricane • determine whether it is reasonable that the type of feed purchased for an increased cost would have been used as feed for all the claimed livestock. <p>Example: Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to swine. Sara Green claimed all of her sheep on her FIP FSA-573. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Sara Green's normal operation is to feed her sheep feed stuff other than the type of feed purchased or to only graze the sheep, the feed purchased would not have been feed used for all of the claimed livestock.</p>
<p>an increase in feed costs</p>	<p>increase in cost was for a different feed type regardless of where it was purchased</p>	<ul style="list-style-type: none"> • thoroughly review the information provided by the participant, and record the review in the COC meeting minutes • determine whether there was an increase in total feed costs by comparing the purchase receipts from before and after the hurricane • contact the supplier of the feed purchased before the hurricane to determine whether: <ul style="list-style-type: none"> • that supplier had the same feed type purchased before the hurricane available after the hurricane • the price of the feed type purchased before the hurricane increased because of the hurricane

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753 Spot Checks (Continued)

*--H Verifying Feed Loss or Increase in Feed Cost (Continued)

WHEN the participant indicates they suffered...	AND the...	THEN COC shall...
an increase in feed costs (Continued)	increase in cost was for a different feed type regardless of where it was purchased (Continued)	<ul style="list-style-type: none"> • if the initial feed supplier had the same feed type available after the hurricane at the same or lesser price as before the hurricane, contact the participant to determine why the participant purchased a different feed type at a higher cost • determine whether it is reasonable that the type of feed purchased for an increased cost would have been used as feed for all the claimed livestock. <p>Example: Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to swine. Sara Green claimed all of her sheep on her FIP FSA-573. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Sara Green's normal operation is to feed her sheep feed stuff other than the type of feed purchased or to only graze the sheep, the feed purchased would not have been feed used for all of the claimed livestock.</p>

A discrepancy is when COC determines any of the following apply:

- there was no feed loss suffered by the participant
- feed loss suffered by the participant was not caused by the applicable hurricane
- feed lost was not feed for the claimed livestock
- participant cannot provide verifiable evidence of increase in feed costs
- increase in feed costs was not caused by the applicable hurricane
- increase in feed costs was not for feed for the claimed livestock.--*

753 Spot Checks (Continued)

***--H Verifying Feed Loss or Increase in Feed Cost (Continued)**

If COC determines that the participant did not suffer a feed loss or increase in feed costs for the claimed livestock as a result of the applicable hurricane, COC shall:

- determine the participant ineligible for 2005 Hurricanes LIP
- disapprove the participant’s FSA-573 in the automated system
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

I Handling Discrepancies in Claimed Livestock

The County Office shall handle discrepancies in the number and kind/type of claimed livestock according to the following table.

IF the total payment amount calculated based on the spot check findings is...	THEN COC...
less than the payment amount issued by no more than \$35	may: <ul style="list-style-type: none"> • determine the producer made a good faith effort to fully comply without an explanation from the producer • not request any refund, provided COC determines the producer made a good faith effort to fully comply.
less than the payment amount issued by \$36 to \$100	<ul style="list-style-type: none"> • may determine the producer made a good faith effort to fully comply without an explanation from the producer • shall, provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the spot check findings, plus interest.

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753 Spot Checks (Continued)

*--I Handling Discrepancies in Claimed Livestock (Continued)

IF the total payment amount calculated based on the spot check findings is...	THEN COC...
less than the payment amount issued by \$101 to \$500	shall: <ul style="list-style-type: none"> • notify the producer of discrepancy and request explanation of inaccurate certification • provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the spot check findings, plus interest.
less than the payment amount issued by more than \$500 any amount, and COC does not determine the producer acted in good faith	shall: <ul style="list-style-type: none"> • determine the participant ineligible for 2005 Hurricanes LIP • disapprove the participant’s FSA-573 in the automated system • request a refund of the entire payment amount, plus interest • provide appeal rights according to 1-APP.

To determine the total payment amount calculated based on spot check findings, the County Office shall:

- record spot check findings in the FSA-573 software
- print a new FSA-573E.

Important: Anytime the data on FSA-573 is modified, the participant’s signature date and COC approval date is automatically removed by the FSA-573 software.

Example: Jane Jones certified to 200 head of adult beef cows and signed her FSA-573 for FIP on August 16, 2006. Based on the information provided by the participant and a farm visit, COC determined on November 8, 2006, that Jane Jones only had 180 head of eligible adult beef cows.

To determine the payment amount based on the spot check findings, the County Office shall modify Jane Jones’ FSA-573 for FIP to indicate only 180 adult beef cows. When the livestock data is modified, Jane Jones’ signature date and the COC approval date will automatically be removed by the FSA-573 software.--*

753 Spot Checks (Continued)***--I Handling Discrepancies in Claimed Livestock (Continued)**

When a participant's FIP FSA-573 is modified by the County Office as a result of a spot check, the County Office shall:

- re-enter the producer's signature date
- re-enter the COC approval date if COC determines the modified FSA-573 shall be approved
- enter the COC disapproval date if COC disapproves FSA-573
- write "MODIFIED DUE TO SPOT CHECK" on FSA-573
- print a new FSA-573E
- thoroughly document the reason for modifying FSA-573 in the COC meeting minutes.

754 Additional Spot Checks**A Required Additional Spot Checks**

If 20 percent or more of the 2005 Hurricanes FIP FSA-573's spot-checked according to paragraph 753 have 1 or more discrepancies:

- the County Office shall contact the State Office to obtain additional FSA-573's to spot check
- the State Office shall contact the National Office Livestock Assistance Program Manager to obtain additional FSA-573's for the County Office to spot check
- the National Office shall randomly select an additional 10 percent of all 2005 Hurricanes FIP FSA-573's in the county for which a payment was generated to be reviewed by the County Office.

Example: The County Office completed spot checks of all FSA-573's selected according to subparagraph 753 B. A total of twenty FSA-573's were spot-checked. The County Office discovered at least 1 discrepancy on seven FSA-573's.

Because at least 1 discrepancy was discovered on over 20 percent of FSA-573's spot-checked, the County Office shall contact the State Office to obtain additional FSA-573's to spot check.--*

***--754 Additional Spot Checks (Continued)**

B Excessive Percent of Overall Discrepancies

If 20 percent or more of the total (initial and additional) 2005 Hurricanes FIP FSA-573's spot-checked have 1 or more discrepancies, the County Office shall contact the National Office Livestock Assistance Program Manager, through the State Office, for further guidance.

Example: The County Office completed spot checks of all FSA-573's selected according to subparagraph 753 B, and discovered 7 of the twenty FSA-573's had at least 1 discrepancy.

The County Office received additional FSA-573's to spot check according to subparagraph 753 B. There were twenty FSA-573's on the additional list obtained from the National Office. The County Office discovered at least 1 discrepancy on 3 of the additional FSA-573's.

The County Office shall contact the National Office Livestock Assistance Program Manager, through the State Office, for further guidance.--*

755-800 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		Text
CCC-36	Assignment of Payment		209
CCC-37	Joint Payment Authorization		209
CCC-184	CCC Check		227, Part 11
CCC-257	Schedule of Deposit		237
CCC-453	American Indian Livestock Feed Program (AILFP) Contract to Participate	Ex. 7	41, 43, 47
CCC-502	Farm Operating Plan for Payment Eligibility Review		11, 201, 209, 423, 424, 451, 452, 723, 724, 751, 752
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		451-453, 751-753
CCC-634	American Indian Livestock Feed Program Spot Check Form	50	
CCC-644	American Indian Livestock Feed Program (AILFP) Payment Application	Ex. 6	Text
CCC-644A	CCC-644A, American Indian Livestock Feed Program (AILFP) Continuation Sheet	Ex. 10	48
CCC-644E	Statement of Calculated Payment Amounts - Detailed and Summary Reports		140, 201, 245-247
CCC-648	American Indian Livestock Feed Program (AILFP) Region Designation and Feed Loss Assessment	Ex. 8	41, 47
CCC-654	County Feed Loss Assessment Report	18	11, 12, 14-17, 19, 47

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-740	Livestock Assistance Program (LAP) Application	21	Text, Ex. 4
CCC-740E	Statement of Calculated Payment Amounts - Detailed and Summary Reports		201, 241-243
CCC-741	Livestock Assistance Program Payment Calculation Worksheet	22	92, 241
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		12, 13, 201, 422, 423, 601, 722, 724
FSA-573	2005 Hurricane Disaster Programs Application		Text
FSA-573E	Statement of Projected Payment Amounts Report		453, 753
FSA-578	Report of Acreage		11, 12

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AC/AU	acre per animal unit	18
AGI	adjusted gross income	Text
AILFP	American Indian Livestock Feed Program	Text
AU	animal unit	40, 42
AUD	animal unit per day	18, 42, 245, 246
AUM	animal unit month	12, 18, 21
BIA	Bureau of Indian Affairs	13, 41, 46, 47
CDP	Crop Disaster Program	238
CRS	Common Receivable System	1, 235, 236, Part 11
DAR	Disaster Assessment Report	47
EFT	electronic funds transfer	610, 622, 678, 684
FIP	Feed Indemnity Program	451, 453, Parts 12 and 13, Ex. 19
LAP	Livestock Assistance Program	Text
LIP	Livestock Indemnity Program	752, 753, Parts 9 and 10, Ex. 19
NPS	National Payment System	Text
PLM	payment limitation amount	601, 605
RIG	Regional Inspector General	50
SCIMS	Service Center Information Management System	218, 228, 452, 691, 752