

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

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**Livestock Programs  
4-DAP (Revision 2)**

**Amendment 4**

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**Approved by:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 43 E has been amended to clarify that excessive heat is not an eligible disaster event that causes loss of food fish.

Subparagraph 71 E has been amended to clarify that livestock contract growers must provide a copy of their grower contract.

Subparagraphs 72 D and 181 D have been withdrawn to remove the requirement that STC or State Office representative shall review all FSA-900's or FSA-901's executed by State Office employees, COC members, and their spouses.

Subparagraphs 74 B through J have been added to provide spot check procedures for 2005-2007 LIP.

Subparagraph 166 D has been amended to reference the policy for determining the value of additional feed costs for new livestock producers.

Subparagraph 166 E has been added to provide policy for determining additional feed costs for a new livestock producer.

Subparagraphs 184 B through H have been added to provide spot check procedures for 2005-2007 LCP.

Exhibit 11 has been amended to clarify FSA-770 LIP spot check requirements for STC or their representative.

Exhibit 18 has been amended to clarify FSA-770 LCP spot check requirements for STC or their representative.

**Amendment Transmittal (Continued)**

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
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## 22 Responsibilities (Continued)

### A STC Responsibilities (Continued)

\* \* \*

- \*--require reviews be conducted by DD according to subparagraph 72 D to ensure that--\* County Offices comply with 2005-2007 LIP provisions

**Note:** STC may establish additional reviews to ensure that 2005-2007 LIP is administered according to these provisions.

- take any oversight actions necessary to ensure that IPIA provisions are met to prevent County Offices from issuing any improper payments according to subparagraph 45 E.

### B SED Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subpart J, SED's shall:

- ensure that County Offices follow 2005-2007 LIP provisions
- handle appeals according to 1-APP
- ensure that DD conducts reviews according to subparagraph A

**Note:** SED may establish additional reviews to ensure that 2005-2007 LIP is administered according to these provisions.

- ensure that **all** County Offices publicize 2005-2007 LIP provisions according to subparagraph D
- immediately notify the National Office Livestock Assistance Program Manager of software problems, incomplete or incorrect procedures, specific problems, or findings
- take any oversight actions necessary to ensure that IPIA provisions are met to prevent County Offices from issuing any improper payments according to subparagraph 45 E.

## 22 Responsibilities (Continued)

### C DD Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subpart J, DD's shall:

- ensure that COC's and CED's follow 2005-2007 LIP provisions
- \*--conduct reviews according to subparagraph 72 D, and any additional reviews established by STC or SED according to subparagraph A and B
- provide SED with report of reviews conducted according to subparagraph 72 D--\*
- take any oversight actions necessary to ensure that IPIA provisions are met to prevent County Offices from issuing any improper payments according to subparagraph 45 E
- closely monitor the number of third party certifications approved by COC according to subparagraph 71 F

**Important:** If the number of participants using third party certifications is excessive when compared to surrounding counties, DD shall take all necessary action to ensure that the claimed losses are reasonable and that the provision is not being abused.

- ensure that County Offices publicize program provisions according to subparagraph D.

### D COC Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subpart J, COC's shall:

- fully comply with all 2005-2007 LIP provisions
- ensure that CED fully complies with all 2005-2007 LIP provisions
- review, initial, date, and document in the COC minutes all third party certifications according to subparagraph 71 F

**Important:** COC shall **not** delegate authority to review third party certifications to CED.

## 43 Additional Eligibility Criteria for Catfish and Crawfish (Continued)

## E Ineligible Disaster Conditions (Continued)

The loss of catfish or crawfish because of any of the following is not considered to be the direct result of an eligible disaster event during the applicable disaster period:

- brownout
- failure of power supply
- growing environments do not completely meet the requirements of subparagraphs C and D
- collapse or failure of equipment or apparatus used in the aquacultural facility
- normal mortality
- loss from predators.

**Example:** Damaging weather interrupts electrical power service causing the catfish or crawfish facility's aeration equipment to fail. The loss of catfish or crawfish because of the lack of oxygen because of a failure of the aeration equipment is not eligible because natural disaster did not directly impact the catfish or crawfish.

\*--It is important to note there are certain instances where disaster conditions affect a specific size or growth stage of species, but does **not** adversely impact all sizes.

**Example:** It has been determined that excessive heat significantly increases loss of fry and fingerling catfish, but is considered a preferable growing condition for food fish.

In cases such as this, COC has authority to recognize heat (when supported by scientific opinion or data) as a cause of loss for fry and fingerlings and at the same time consider all food fish as having no loss.--\*

## 44 Payment Rates, Limitations, and Reductions

### A Funding

Because 2005-2007 LIP is fully funded, a national factor is not applicable. Payments may be issued only after regulations are published in FR.

### B Payment Limitation

An \$80,000 payment limitation applies to each “person” for benefits received under 2005-2007 LIP. Determine “persons” according to 1-PL.

\*--If a “person” determination for the participant has:--\*

- already been made for the disaster year for which FSA-900 is submitted, use the same “person” determination for LIP purposes
- **not** been made for the applicable disaster year for which FSA-900 is submitted, COC shall:
  - obtain CCC-502 from the participant
  - make a “person” determination and notify participant according to 1-PL.

**Notes:** Actively engaged and cash-rent tenant provisions do **not** apply.

Payment limitation allocations for multi-county and combined producers will be updated in the control county for 2007 (paragraph 241).

### C AGI

The AGI provisions of 1-PL are applicable. Individuals and entities exceeding \$2.5 million AGI are not eligible for payment under 2005-2007 LIP.

See 1-PL and 3-PL for policy and software provisions of AGI.

**71 Applying for Benefits (Continued)****C Signature Requirements**

\*--All participants' signatures **must** be received by the ending signup date to be announced at--\* a later date. Neither STC nor COC has authority to approve late-filed FSA-900.

Follow 1-CM for signature requirements.

**Important:** 1-CM, Part 25 has been amended to provide clarification on signature requirements for general partnerships. County Offices shall see 1-CM, paragraph 709 about revised signature requirements for general partnerships.

**Notes:** General partnerships must have a permanent tax ID number to receive any FSA payment. FSA payments shall not be issued to the individual members of a general partnership.

FSA payments may be issued to:

- a joint venture with a permanent tax ID number
- the individual members of a joint venture, using the individual member's ID numbers, when the joint venture does not have a permanent tax ID number.

**D Printing and Reviewing Automated FSA-900**

After all information is entered into the automated system, County Offices shall:

- print an automated FSA-900
- if a manual FSA-900 was submitted:
  - attach the manual FSA-900 to the automated FSA-900
  - conduct a second party review of all data on the automated FSA-900 to ensure that all data is the same on both the manual and automated FSA-900.

## 71 Applying for Benefits (Continued)

**D Printing and Reviewing Automated FSA-900 (Continued)**

**Important:** The individual conducting the second party review shall not be the same individual who entered the data into the automated system.

The reviewer shall complete FSA-770 LIP, item 20 according to Exhibit 11.

**Note:** Manual FSA-900's shall only be taken if the automated system is not operational or available at the time of application. DD shall conduct second party reviews for all manually submitted FSA-900's to ensure that manual FSA-900's are loaded in the automated system within 5 workdays from the date the participant signs. DD's shall document this review by spot-checking the applicable FSA-770 LIP.

**E Proof of Death**

When FSA-900 is submitted, participants must provide verifiable documentation of livestock deaths claimed on FSA-900.

The documentation must provide sufficient data that identifies the number and kind/type of livestock. Documents providing verifiable evidence may include, but are not limited to, any or a combination of the following:

- rendering truck receipts or certificates
- National Guard or other agency receipts of carcass removal
- veterinary records
- IRS records
- private insurance documents.

**\*--Note:** In addition, livestock contract growers must provide a copy of their grower contract.--\*

## 72 Acting on FSA-900

## A Approving FSA-900

COC or CED must act on all completed and signed FSA-900's submitted.

**Exception:** Only COC has authority to act on (approve or disapprove) FSA-900's submitted that use third party certification as proof of loss.

**Note:** CED may delegate approval authority to program technicians for routine cases where proof of death is provided according to subparagraph 71 E. Program technicians shall **not** be delegated authority to:

- disapprove any FSA-900
- approve any FSA-900 where third party certification is used to prove loss.

**Important:** DD review of initial applications must be completed according to \*--subparagraph D before applications may be approved or disapproved.--\*

FSA-900 shall be approved or disapproved as certified by the participant. When more than 1 type of livestock is claimed, FSA-900 shall be approved or disapproved based on all livestock claimed. **Certain livestock cannot be approved and other livestock disapproved on the same FSA-900.**

**Example:** Jim Brown executes FSA-900 that includes 10 adult beef cows that meet the livestock eligibility requirements and 5 horses that do not meet the livestock eligibility requirements. FSA-900 shall be disapproved because **some** of the livestock claimed are **not** eligible.

**Note:** In this case, County Office shall make every effort possible to notify participant of action taken to provide the participant the opportunity to submit a revised FSA-900 before the end of signup.

## 72 Acting on FSA-900 (Continued)

## A Approving FSA-900 (Continued)

Before approving FSA-900, COC or CED **must**:

- ensure that **all** program eligibility requirements are met
- be satisfied with **all** the following:
  - claimed livestock deaths occurred:
    - in an eligible disaster county
    - **\*--**after January 1, 2005, and before December 31, 2007
    - no later than 60 calendar days from the ending date of the applicable disaster periods, but before December 31, 2007**--\***
    - as a direct result of an eligible disaster events as provided at **<http://disaster.fsa.usda.gov>**
    - in the calendar year benefits are being requested
  - reasonableness of the claimed livestock deaths
  - proof of death provided is verifiable
  - documentation of livestock inventory when the deaths occurred, if applicable, is verifiable
  - third party certifications, if applicable, meet all requirements according to subparagraph 71 F
  - all signature requirements are met.

**Note:** See subparagraph B when:

- **\*--**COC or CED questions any data provided by participant**--\***
- disapproving FSA-900.

## 72 Acting on FSA-900 (Continued)

**B Disapproving FSA-900**

COC or CED must act on all completed and signed FSA-900's submitted. See subparagraph A when approving FSA-900.

**Exception:** Only COC has authority to act on (approve or disapprove) FSA-900's submitted that use third party certification as proof of loss.

**Note:** Program technicians shall **not** be delegated authority to disapprove FSA-900's.

**Important:** DD review of initial applications must be completed according to  
\*--subparagraph D before applications may be approved or disapproved.--\*

FSA-900 shall be approved or disapproved as certified by the participant. When more than 1 type of livestock is claimed on FSA-900, the application shall be approved or disapproved based on all livestock claimed. **Certain livestock cannot be approved and other livestock disapproved on the same FSA-900.**

**Example:** Jim Brown executes FSA-900 that includes 10 adult beef cows that meet the livestock eligibility requirements and 5 horses that do not meet the livestock eligibility requirements. FSA-900 shall be disapproved because **some** of the livestock claimed are **not** eligible.

**Note:** In this case, County Office shall make every effort possible to notify participant of action taken to provide the participant the opportunity to submit a revised FSA-900 before the end of signup.

If it is determined that any information provided on FSA-900 is not reasonable or is questionable, additional verifiable documentation or evidence shall be requested from the participant to support the data provided. Other agencies, organizations, or facilities may also be contacted to verify information provided by participants.

**Important:** See subparagraph C when contacting other agencies, organizations, or facilities to verify information provided by participants.

**Exception:** COC shall **not** require tax records; however, participant may voluntarily provide tax records.

72 Acting on FSA-900 (Continued)

**B Disapproving FSA-900 (Continued)**

If all program eligibility requirements are **not** met, or it is determined that the information on FSA-900, or any additional supporting documentation provided by participant, is **not** accurate or reasonable, then the following actions shall be taken:

- disapprove FSA-900
- notify participant of disapproval
- provide participant applicable appeal rights according to 1-APP
- thoroughly document reason for disapproval in the COC minutes, if disapproved by COC.

**C Verifying Data With Other Agencies, Organizations, or Facilities**

When contacting agencies, organizations, or facilities to verify data provided by a participant or third party, the County Office shall be specific in the information requested. The request should include, but is not limited to, the following:

- participant's name and address
- animal kind and type
- why the request is being made
- what information is being requested.

\* \* \*

## 72 Acting on FSA-900 (Continued)

**D DD Review and Report of Initial FSA-900's**

DD shall review the first five FSA-900's before approval where:

- proof of death is provided according to subparagraph 71 E, before COC or CED may approve any such FSA-900
- third party certification is used to prove death according to subparagraph 71 F, before COC may approve any such FSA-900.

**Note: Only COC is authorized to act on FSA-900's where third party certification is used to prove loss.**

The review shall include ensuring that:

- separate FSA-900's are submitted by participant and administrative county
- signature requirements, including power of attorney, are met
- proof of death is provided and verifiable, according to subparagraph 71 E, when applicable
- third party certifications, if applicable, meet all requirements according to subparagraph 71 F
- no State or County Office developed forms, worksheets, applications, or other documents are being used to obtain or collect the data required from participants
- participants were informed of supporting data required for payment, such as CCC-502, CCC-526, AD-1026, and accurate subsidiary and SCIMS data.

72 Acting on FSA-900 (Continued)

**D DD Review and Report of Initial FSA-900's (Continued)**

Within 10 workdays of completing the review, DD shall provide a written report to SED describing the review findings, including a list of errors discovered, proposed corrective action, and the overall status of the implementation of 2005-2007 LIP in the County Office.

DD review of the initial FSA-900's and supporting documentation submitted is critical to ensuring that 2005-2007 LIP is being administered according the procedures provided in this handbook and the regulations in 7 CFR Part 760, Subpart J.

Reviewing the initial FSA-900'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 participants from being impacted by erroneous administration of the program
- allows corrections to be made in a timely manner before erroneous payments are issued.

73 FSA-900, 2005/2006/2007 Livestock Indemnity Program (Continued)

B Example of FSA-900 (Continued)

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FSA-900 (01-10-08)		Page 2			
<b>PART C – LIVESTOCK INFORMATION</b>					
10. Disaster Period			11. Disaster Event(s)		
12. Contract		13. Livestock Kind/Type and Weight Range	14. Disaster Period Beginning Head Count	15. Claimed Lost Head Count	16. Share
YES	NO				
<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>				
<b>PART D – AMOUNTS RECEIVED FOR SAME OR SIMILAR LOSS</b>					
17. Other Compensation (Contract Grower Only) \$					
18. Reduction (2005 Only) \$					
<b>PART E – PRODUCER CERTIFICATION</b>					
<i>I certify that:</i>					
1. On the day they perished, I owned or was a contract grower of all livestock entered on this application and physically maintained control of all such livestock on that date on my farm for commercial use as part of my farming operation;					
2. All livestock entered as lost on this application perished during the disaster year in Item 2 as a direct result of an eligible disaster event(s) no later than 60 days from the ending dates of such disaster period(s) provided in Item 10 in the county provided in Item 7, and that all losses occurred after January 1, 2005, and before December 31, 2007;					
3. I understand all livestock entered on this application meet all the livestock eligibility criteria provided in 7 CFR Part 760 Subpart J, including being maintained for commercial use as part of my farming operation; and					
4. All information on this application and all supporting documents I provided is true and correct.					
19A. Producer's Signature				19B. Date (MM-DD-YYYY)	
<b>PART F – COUNTY COMMITTEE DETERMINATION</b>					
20. COC or Designee Signature			21. Date (MM-DD-YYYY)		22. Determination
					<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved

--\*

## 74 Spot Checks

### A Informing Producers

Spot checks are performed to:

- verify the accuracy of the data certified by the participant on FSA-900
- ensure that all eligibility requirements were met
- determine whether correct payments were issued.

Exhibit 7 provides a list of:

- data elements that may be spot-checked for 2005-2007 LIP
- documents or other data that may be requested from participants selected for spot check.

County Offices shall:

- not modify Exhibit 7
- reproduce copies of Exhibit 7 locally
- provide a copy of Exhibit 7 to each participant when FSA-900 is submitted for 2005-2007 LIP.

\* \* \*

### \*--B Selecting 2005-2007 FSA-900'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-900
- whether the participant exceeded AGI limitation
- whether a valid signature was obtained on FSA-900
- whether claimed livestock died and cause of death was the result of the applicable disaster event
- amount of monetary compensation the participant received from the contractor for loss of income from the dead livestock.--\*

## 74 Spot Checks (Continued)

**\*--B Selecting 2005-2007 FSA-900's for Spot Check (Continued)**

The National Office will make a nationwide selection of participants to be spot-checked according to 2-CP. County Offices shall spot check:

- all FSA-900's for participants identified on the national producer selection list for which a payment was generated under 2005-2007 LIP
- any FSA-900 for which COC questions the information provided.

STC:

- may select additional FSA-900'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 2005-2007 FSA-900 selected for spot check according to subparagraph B, CED or designee shall:

- verify FSA-900 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-900's approved based on third party certifications according to subparagraph G:
  - 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 dead livestock
  - review documentation submitted to support the reasonableness of the number of livestock in inventory at the time the deaths occurred
- verify claimed livestock died and cause of death was the result of the applicable disaster event according to subparagraph H
- for contract grower FSA-900's, contact the contractor to determine whether the contractor provided the participant any monetary compensation for the loss of income from the dead livestock according to subparagraph I.--\*

## 74 Spot Checks (Continued)

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

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

STC:

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

**D Valid Signature**

Spot checks are performed to determine whether a valid signature was obtained on FSA-900. For each FSA-900 selected for spot check according to subparagraph B, CED shall verify that the participant's signature on FSA-900 is acceptable according to subparagraph 42 H and 1-CM, Part 25, if applicable.

**Note:** A discrepancy in a signature is when the participant's signature on FSA-900 is **not** acceptable according to subparagraph 42 H and 1-CM, Part 25, if applicable.

If COC determines that the participant's signature on FSA-900 is **not** acceptable, as determined according to subparagraph 42 H and 1-CM, Part 25, as applicable, COC shall:

- determine the participant ineligible for LIP for the applicable year
- disapprove the participant's FSA-900 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.--\*

## 74 Spot Checks (Continued)

**\*--E AGI Certification**

Spot checks are performed to determine whether the participant exceeded AGI limitations. To be eligible for 2005-2007 LIP benefits, participants 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 LIP for the applicable year
- disapprove the participant's FSA-900 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.--\*

## 74 Spot Checks (Continued)

**\*--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 71 E.

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

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 the 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-900 to the data provided on the documents.

If COC determines that the documents provided as proof of death are any of the following, CED shall contact the participant and request additional verifiable proof of death documents for the livestock claimed on FSA-900:

- **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-900.

A discrepancy is when any of the following apply:

- documents provided are **not** verifiable and/or authentic
- participant was **not** the customer or party to the transaction
- data on documents provided does **not** support the data certified on FSA-900.--\*

## 74 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 LIP for the applicable year
- disapprove the participant's FSA-900 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-900, 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 71 F
  - 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 dead livestock
- whether livestock deaths claimed on FSA-900 are supported by both of 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 eligible disaster event, and any livestock deaths resulting from reasons other than the eligible disaster event.

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

## 74 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 71 F is 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 71 G for documents that may provide verifiable evidence of livestock inventory.

Under no circumstances shall the participant's FSA-901 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 71 F 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 2005-2007 LIP.--\*

## 74 Spot Checks (Continued)

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

- 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-900

**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 71 F.

- 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 dead 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 dead livestock.

- 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-900, COC shall contact the participant and request verifiable proof of both of the following:

- purchases, sales, and births of applicable livestock since the eligible disaster event
- deaths of applicable livestock for reasons other than the eligible disaster event.--\*

## 74 Spot Checks (Continued)

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

Each of the following is considered a discrepancy:

- participant's certification is either of the following:
  - does **not** meet **all** requirements according to subparagraph 71 F
  - is provided on an unauthorized form
- 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 71 G 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 71 F
  - 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 dead 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-900
- the difference between the participant's current inventory of applicable livestock 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-900 including any purchases, sales, and births since the eligible disaster event, and any deaths of applicable livestock for reasons other than the eligible disaster event.--\*

74 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"> <li>• does <b>not</b> meet <b>all</b> requirements according to subparagraph 71 F</li> <li>• is provided on an unauthorized form</li> </ul>	<ul style="list-style-type: none"> <li>• contact the applicable individual and request the following, as applicable:                             <ul style="list-style-type: none"> <li>• the missing data be provided</li> <li>• an acceptable certification be provided</li> </ul> </li> <li>• if all the certification requirements are <b>not</b> met:                             <ul style="list-style-type: none"> <li>• determine the participant ineligible for LIP for the applicable year</li> <li>• disapprove the participant's FSA-900 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul> </li> </ul>
<p>participant's documentation provided to support the reasonableness of the certified number of livestock in inventory at the time the deaths occurred is <b>not</b> verifiable or does <b>not</b> support the reasonableness of the number of livestock certified</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• if the participant does <b>not</b> 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"> <li>• determine the participant ineligible for LIP for the applicable year</li> <li>• disapprove the participant's FSA-900 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul> </li> </ul>
<p>COC determines the third party is <b>not</b> a reliable source that was in a position to have knowledge of the number and kind/type/weight range of dead livestock</p>	<ul style="list-style-type: none"> <li>• 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 dead livestock</li> <li>• if the participant does <b>not</b> 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 dead livestock:                             <ul style="list-style-type: none"> <li>• determine the participant ineligible for LIP for the applicable year</li> <li>• disapprove the participant's FSA-900 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul> </li> </ul>

--\*

74 Spot Checks (Continued)

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

IF...	THEN COC shall...
third party's certification meets <b>all</b> requirements according to subparagraph 71 F, but the number and kind/type/weight range of animals certified as dead by the third party does <b>not</b> match the number and kind/type/weight range of animals certified by the participant on FSA-900	<ul style="list-style-type: none"> <li>• determine the participant ineligible for LIP for the applicable year</li> <li>• disapprove the participant's FSA-900 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul>
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, including any applicable purchases, sales, births, and deaths, does <b>not</b> match the claimed livestock deaths on FSA-900	handle the discrepancy according to subparagraph J.

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

74 Spot Checks (Continued)

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

For each FSA-900 selected for spot check according to subparagraph B, COC shall verify the death of claimed livestock according to the following table.

<b>IF the...</b>	<b>THEN COC...</b>
<p>participant indicates either of the following:</p> <ul style="list-style-type: none"> <li>• their entire herd of eligible livestock died as a result of the eligible disaster event</li> <li>• all of their livestock of a certain kind/type/weight range died as a result of the eligible disaster event</li> </ul> <p><b>Example:</b> Jane Smith claimed 5 dead beef bulls on her FSA-900. 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 died as a result of the eligible disaster event.</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 died as a result of the eligible disaster event.</p> <p><b>Example:</b> Jane Smith claimed 5 dead beef bulls on her FSA-900. 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 eligible disaster event.</p>
<p>livestock claimed on the participant's FSA-900 is <b>not</b>:</p> <ul style="list-style-type: none"> <li>• their entire herd</li> <li>• all of their livestock of a certain kind/type/weight range</li> </ul>	<ul style="list-style-type: none"> <li>• is <b>not</b> required to contact local auctions/sale barns/facilities in the county and surrounding counties</li> <li>• 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-900, if COC has reason to question the death of the claimed livestock.</li> </ul>

--\*

## 74 Spot Checks (Continued)

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

For each FSA-900 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-900, item 11.

**Note:** COC must determine whether the cause of death of the livestock was because of the eligible disaster event.

When the cause of death of the livestock provided on FSA-900 is **not clearly** related to the eligible disaster event, 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 disaster event, 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 disaster event
- participant did **not** have a backup power source, or the backup power source did **not** function because of the eligible disaster event

**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 participant could **not** locate and/or obtain access to the cows to milk or take reasonable measures to treat the cows. COC shall obtain written statements from local veterinarians indicating death of cow was because of mastitis.--\*

## 74 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 disaster event. COC shall consult with local veterinarians about whether the eligible disaster event 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 disaster event 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-900 and each cause of death
- what documentation, other than the participant's FSA-900, was reviewed to determine whether the cause of death was the result of the applicable disaster event
- what sources, such as veterinarians, COC consulted and used as basis of determination
- determination of whether cause of death was the result of the applicable disaster event.

A discrepancy is when the cause of death of the livestock is because of reasons other than the applicable disaster event. If the cause of death for **all** livestock claimed on FSA-900 is because of reasons other than the applicable disaster event, COC shall:

- determine the participant ineligible for LIP for the applicable year
- disapprove the participant's FSA-900 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-900 is because of reasons other than the applicable disaster event, COC shall handle discrepancies according to subparagraph J.--\*

## 74 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-900 selected for spot check according to subparagraph B, for which the participant is a contract grower, CED 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 71 E.

See subparagraph:

- 42 G for eligible livestock contract growers
- 44 G about monetary compensation received from contractors
- 72 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 Program Specialist for assistance
- the State Office Program Specialist 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-900, item 17.

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

74 Spot Checks (Continued)

\*--J Handling Discrepancies in Claimed Losses

The 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"> <li>• determine the participant made a good faith effort to fully comply without an explanation from the participant</li> <li>• <b>not</b> request any refund, provided COC determines the participant made a good faith effort to fully comply.</li> </ul>
less than the payment amount issued by \$201 to \$800	<ul style="list-style-type: none"> <li>• may determine the participant made a good faith effort to fully comply without an explanation from the participant</li> <li>• shall, provided COC determines the participant 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.</li> </ul>
less than the payment amount issued by \$801 to \$2,000	shall: <ul style="list-style-type: none"> <li>• notify the participant of the discrepancy and request an explanation of inaccurate certification</li> <li>• provided COC determines the participant 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.</li> </ul>
less than the payment amount issued by more than \$2,000 any amount, and COC does <b>not</b> determine the participant acted in good faith	shall: <ul style="list-style-type: none"> <li>• determine the participant ineligible for LIP for the applicable year</li> <li>• disapprove the participant’s FSA-900 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul>

--\*

## 74 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-900 software
- print a new FSA-900E.

**Important:** Anytime the data on FSA-900 is modified, the participant's signature date and COC approval date are automatically removed by the FSA-900 software.

**Example:** Jane Jones certified to 5 head of adult beef cows and signed her FSA-900 for LIP on January 3, 2008. Based on the information provided by the participant and a farm visit, COC determined on January 30, 2008, that only 4 head of adult beef cows died as a result of the applicable disaster event.

To determine the payment amount based on the spot check findings, the County Office shall modify Jane Jones' FSA-900 for LIP to indicate only 4 adult beef cows died. When the livestock data is modified, Jane Jones' signature date and the COC approval date will automatically be removed by the FSA-900 software.

When a participant's FSA-900 is modified by the County Office as a result of a spot check, the County Office shall:

- re-enter the participant's signature date
- re-enter the COC approval date if COC determines the modified FSA-900 shall be approved
- enter the COC disapproval date if COC disapproves FSA-900
- write "MODIFIED DUE TO SPOT CHECK" on FSA-900
- print a new FSA-900E
- thoroughly document the reason for modifying FSA-900 in the COC meeting minutes.--\*

**75-99 (Reserved)**

141 Responsibilities

A STC Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subparts K and L, STC's shall:

- direct the administration of 2005-2007 LCP
- ensure that FSA State and County Offices follow 2005-2007 LCP provisions
- thoroughly document all actions taken in the STC minutes
- handle appeals according to 1-APP

\* \* \*

- ~~require reviews be conducted by DD's according to subparagraph 181 D to ensure that~~ County Offices comply with 2005-2007 LCP provisions

**Note:** STC's may establish additional reviews to ensure that 2005-2007 LCP is administered according to these provisions.

- take oversight actions to ensure that IPIA provisions are met to prevent County Offices from issuing improper payments according to subparagraph 165 E.

## 141 Responsibilities (Continued)

### B SED Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subparts K and L, SED's shall:

- ensure that FSA County Offices follow 2005-2007 LCP provisions
- handle appeals according to 1-APP
- ensure that DD's conduct reviews according to subparagraph A

**Note:** SED's may establish additional reviews to ensure that 2005-2007 LCP is administered according to these provisions.

- ensure that **all** County Offices publicize 2005-2007 LCP provisions according to subparagraph D
- immediately notify the National Office Livestock Assistance Program Manager of software problems, incomplete or incorrect procedures, specific problems, or findings
- take oversight actions to ensure that IPIA provisions are met to prevent County Offices from issuing improper payments according to subparagraph 165 E.

### C DD Responsibilities

Within the authorities and limitations in this handbook and 7 CFR Part 760, Subparts K and L, DD's shall:

- ensure that COC's and CED's follow 2005-2007 LCP provisions
- \*--conduct reviews according to subparagraph 181 D, and any additional reviews established by STC's or SED's according to subparagraph A and B
- provide SED with report of all reviews according to subparagraph 181 D--\*
- ensure that County Offices publicize 2005-2007 LCP provisions according to subparagraph D.

## 162 Eligibility Criteria (Continued)

**E Eligible Livestock Producers (Continued)**

- a loss of feed from purchased forage or feed stuffs physically located in an eligible disaster county that was intended for use as feed for the participant's eligible livestock that was damaged or destroyed \* \* \* by an eligible disaster event
- increased feed costs incurred in an eligible disaster county because of an eligible disaster event to feed the participant's eligible livestock
- is 1 of the following:
  - a citizen of, or legal resident alien in, the United States, including a farm cooperative, private domestic corporation, partnership, or joint operation in which a majority interest is held by members, stockholders, or partners who are citizens of, or legal resident aliens in, the United States, if such cooperative, corporation, partnership, or joint operation owned, jointly owned, or cash leased the livestock on the beginning date of the applicable disaster period
  - any Native American tribe as defined in the Indian Self-Determination and Education Assistance Act
  - any Native American organization or entity chartered under the Indian Reorganization Act
  - any economic enterprise under the Indian Financing Act of 1974.

The following are **not** eligible livestock producers for 2005-2007 LCP benefits:

- a foreign person, as determined according to 1-PL

**Note:** A foreign person is not eligible even if the requirements of the foreign person rule are met.

- any individual or entity that did **not** have legal ownership of or cash leased the eligible livestock on the beginning date of the applicable disaster period, as provided at **<http://disaster.fsa.usda.gov>**
- any individual or entity that did not suffer an eligible feed loss, determined according to subparagraph F, because of an eligible disaster event at **<http://disaster.fsa.usda.gov>**.

## 162 Eligibility Criteria (Continued)

**\*--F Eligible Feed Loss and Increased Feed Costs**

To be an eligible feed loss for 2005-2007 LCP, the feed lost **must** have been 1 of the following:

- a grazing loss on eligible grazing land physically located in an eligible disaster county, where the forage was damaged or destroyed by an eligible disaster event, and intended for use as feed for the participant's eligible livestock
- a loss of feed from forage or feedstuffs physically located in an eligible disaster county, that was **mechanically harvested** and intended for use as feed for the participant's eligible livestock, that was **damaged or destroyed after harvest** because of an eligible disaster event
- a loss of feed from purchased forage or feedstuffs physically located in an eligible disaster county, intended for use as feed for the participant's eligible livestock, that was damaged or destroyed by an eligible disaster event
- increased feed costs incurred in the eligible disaster county, because of an eligible disaster event, to feed the participant's eligible livestock.

Increased feed costs may include the following:

- an **increase in the price** of a **specific type** of feed that is purchased by a participant, as a part of a participant's normal business operation, to feed the participant's eligible livestock, and the **increase in price** is because of an eligible disaster event

**Note:** The determination has been made that the increase in the price of corn for 2005-2007 is because of an increase in demand for using corn in producing ethanol, and other by products, and **not** because of any 1 eligible disaster event, thus is **not** eligible to be considered as an increased feed cost.--\*

**\*--166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)****D Determining Value of Increased/Additional Feed Costs (Continued)**

- validate the **original receipts** or the **summary purchase receipt from the vendor** by:
  - date stamping the front of the original receipts or summary purchase receipts from the vendor
  - writing on the front of the original receipts or summary purchase receipts from the vendor for the calendar year benefits are being requested:
    - “2005 LCP”, if request is for 2005 calendar year losses
    - “2006 LCP”, if request is for 2006 calendar year losses
    - “2007 LCP”, if request is for 2006 calendar year losses
- make a photocopy of the validated original receipts or summary purchase receipts from the vendor
- attach the photocopy to FSA-901
- return validated original receipts or summary purchase receipts to participant.

To be considered acceptable and used to determine the value of the increased/additional feed costs, the feed receipts or summary feed purchase receipts **must** include all of the following:

- date of feed purchase
- name, address, and telephone number of feed vendor
- type and quantity of feed purchased
- cost of feed purchased
- signature of feed vendor if the vendor does **not** have a license to conduct this type of transaction.

**Example:**The participant purchased baled hay from their neighbor. The neighbor is **not** a licensed vendor; therefore, the neighbor’s signature is required to be on the purchase receipt.--\*

166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)

D Determining Value of Increased/Additional Feed Costs (Continued)

County Offices shall determine the value of a participant’s increased/additional feed costs, other than forage grazing acres, that is purchased by the participant as part of the participant’s normal business operation, intended for use as feed for the participant’s eligible livestock, and the increase in feed costs is because of an eligible disaster event, according to the following table.

\*--**Note:** See subparagraph E for determining the value of a **new producer’s** additional feed costs, other than forage grazing acres, that is purchased by the new producer because of an eligible disaster event.--\*

Step	Action	Result
1	<p>Request the participant provide original receipts or summary purchase receipts for the feed stuff that was purchased by the participant:</p> <ul style="list-style-type: none"> <li>• for the <b>year immediately preceding</b> the disaster year for which increased/additional feed costs are being claimed</li> <li>• during the disaster year for which an increase in feed costs is being claimed, including increased/additional feed costs associated with and caused by the eligible disaster event, and the feed was purchased and paid for <b>before</b> the beginning of the subsequent years grazing period.</li> </ul> <p><b>Note:</b> The determination has been made that the <b>increase in the price of corn</b> for 2005-2007 is because of an increase in demand for using corn in producing ethanol, and other by products, and <b>not</b> because of any 1 eligible disaster event.</p>	
2	Determine whether the increased/additional feed costs for the feed stuff the participant <b>normally purchases</b> occurred because of an eligible disaster event.	
3	Determine whether the feed purchased was for the claimed livestock.	
4	Determine whether the receipts provided meet all requirements to be acceptable and used to determine the value of the increased/additional feed costs.	

166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)

**\*--E Determining Value of Additional Feed Costs for a New Producer**

County Offices shall determine the value of a **new producer's** additional feed costs, other than forage grazing acres, that is purchased by the new producer, intended for use as feed for the new producer's eligible livestock. The additional feed cost is because of an eligible disaster event, according to the following table.

**Note:** A new producer, for LCP purposes only, is a livestock producer who has **not** been engaged in a livestock business enterprise in any year preceding the disaster year for which LCP benefits are being requested.

Step	Action	Result
1	<p>Determine the total MAU's for the eligible grazing acres reported on FSA-901, item 15.</p> <p>To determine the total MAU's for the eligible grazing acres reported on FSA-901:</p> <ul style="list-style-type: none"> <li>• for each pasture type, determine MAU's for the specific pasture type by dividing the grazing acres for the specific pasture type by the carrying capacity (AC/AU) for the specific pasture type</li> <li>• total MAU's for all pasture types. This is the total MAU's that the eligible grazing acres is capable of supporting without detrimental effects on the land resources absent any supplemental feedstuff.</li> </ul> <p><b>Example:</b> Producer A reports, on FSA-901, 500 acres of native pasture with a carrying capacity of 6.0 AC/AU and 100 acres of improved pasture with a carrying capacity of 2 AC/AU.</p> <p>Calculate total MAU's according to the following:</p> <p>500 acres ÷ 6 AC/AU = 83.33 MAU's                      100 acres ÷ 2 AC/AU = 50 MAU's</p> <p>83.33 MAU's + 50 MAU's = 133.33 total MAU's</p>	<p>Total MAU's that the eligible grazing acres certified to by the livestock producer on FSA-901 is capable of supporting without detrimental effects on the land resources absent any supplemental feedstuff.</p>

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166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)

\*--E Determining Value of Additional Feed Costs for a New Producer (Continued)

Step	Action	Result
2	<p>Ensure that AU's certified to by the livestock producer for each specific animal type is converted to an AU equivalent using the Standard AU Conversion Chart in Exhibit 22.</p> <p><b>Example:</b> Producer A certified to 250 nonadult beef cattle and 20 sheep on FSA-901.</p> <p>Calculate AU equivalent for each specific animal type as follows:</p> <p>250 nonadult beef cattle x .50 = 125 AU's                      20 sheep x .20 = 4 AU's</p> <p>Calculate total AU equivalent for all specific animal types certified to by the livestock producer on FSA-901:</p> <p>125 AU's + 4 AU's = 129 total AU's</p>	<p>AU equivalent for all specific animal types certified to by the livestock producer on FSA-901.</p>
3	<p>Compare the total MAU's determined in step 1 to the total AU equivalent determined in step 2. If the total MAU's in step 1 is greater than the total AU equivalent in step 2, go to step 4.</p> <p><b>Note:</b> Overgrazing has <b>not</b> occurred. The additional feed purchased may be considered as an eligible feed cost if all other eligibility requirements in this subparagraph are met.</p> <p><b>Example:</b> Total MAU's = 133.33 AU's                      Total AU equivalent = 129 AU's</p> <p>The additional feed purchased may be considered as an eligible feed cost if all other eligibility requirements are met because the total AU equivalent of 129 AU's is less than the total MAU's of 133.33.</p>	<p>Comparison to determine whether the additional feed purchased can be considered in determining additional feed costs.</p>

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166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)

\*--E Determining Value of Additional Feed Costs for a New Producer (Continued)

Step	Action	Result
3 (CNTD)	<p>If total MAU's in step 1 are less than the total AU equivalent in step 2, the livestock producer has stocked the eligible grazing acres with more AU's than the acreage is capable of supporting without detrimental effects on the land resources absent any supplemental feeding.</p> <p><b>Note:</b> The additional feed purchased <b>shall not</b> be considered as an eligible feed cost because the livestock producer stocked the eligible acreage with more AU's than the eligible acreage is capable of supporting.</p> <p><b>Example:</b> Total MAU's = 133.33 AU's Total AU equivalent = 150 AU's</p> <p>The additional feed purchased <b>shall not</b> be considered as an eligible feed cost because the total AU equivalent of 150 AU's is greater than the total MAU's of 133.33.</p>	
4	Request the new producer provide original receipts or summary purchase receipts for the feed stuff that was purchased by the new producer during the disaster year for which <b>additional feed costs</b> are being claimed.	
5	Determine whether the feed purchased was for the claimed livestock.	
6	Determine whether the receipts provided meet all requirements to be acceptable and used to determine the value of the <b>additional feed costs</b> according to subparagraph D.	
7	<p>Add the cost of the eligible feed purchased during the disaster year for which <b>additional feed costs</b> are being claimed from all acceptable purchase receipts.</p> <p>Do <b>not</b> include other costs, such as delivery charges, when calculating the increased feed costs.</p>	<p>Total cost of feed stuff, other than forage grazing acres, purchased by the participant during the disaster year for which <b>additional feed costs</b> are being claimed.</p> <p>This is the value of the participant's <b>additional feed costs</b>.</p>

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**166 Determining Lost Feed Value and Increased/Additional Feed Costs (Continued)****\*--E Determining Value of Additional Feed Costs for a New Producer (Continued)**

**Example:** Joe Valencia became engaged in a livestock business enterprise for the first time in 2006. Mr. Valencia purchased 100 adult beef cows on January 1, 2006. Mr. Valencia also leased 1,000 acres of native pasture for grazing. During 2006, Mr. Valencia purchased 100 round bales of hay at a total cost of \$8,000 to feed his 100 adult beef cows. Mr. Valencia claims that he incurred additional feed costs for the round bales of hay as a result of drought that occurred in 2006.

The County Office determined that MAU's for the 1,000 acres of native pasture have **not** been exceeded. Mr. Valencia provides the County Office with original receipts for the hay he purchased in 2006. The receipts meet all requirements in subparagraph D. COC determines that the additional feed costs incurred for the hay in 2006 is because of the drought that occurred in 2006.

The County Office determines the value of the increased feed cost incurred in 2006 by Mr. Valencia to be \$8,000.

**Note:** The value of the additional feed costs in the amount of \$8,000 would be entered in FSA-901, item 21. See paragraph 203 for entering additional feed costs in the automated system.--\*

## 181 Acting on FSA-901 (Continued)

**B Disapproving FSA-901**

COC or CED **must** act on all completed and signed FSA-901's submitted.

**Note:** CED's may delegate approval authority to program technicians for routine cases. Program technicians shall **not** be delegated authority to disapprove any FSA-901.

**Important:** DD review of initial FSA-901's must be completed according to \*--subparagraph D before FSA-901's may be approved or disapproved.--\*

FSA-901 shall be approved or disapproved as certified by the participant. When more than 1 type of livestock is claimed on FSA-901, FSA-901 shall be approved or disapproved based on all livestock claimed. **Certain livestock cannot be approved and other livestock disapproved on the same FSA-901.**

**Example:** Jim Brown executes FSA-901 that includes 100 adult beef cows that meet the livestock eligibility requirements and 5 horses that do not meet the livestock eligibility requirements. COC shall disapprove FSA-901 because **some** livestock claimed are **not** eligible.

**Note:** Every effort possible shall be made to ensure that participants are provided with the opportunity to reapply for benefits, including only eligible livestock, **before** the end of signup.

If it is determined that any information provided on FSA-901 is not reasonable or is questionable, additional verifiable documentation or evidence shall be requested from the participant to support the data on the application. Other agencies, organizations, or facilities may be contacted to verify information provided by participants.

**Important:** See subparagraph C when contacting other agencies, organizations, or facilities to verify information provided by participants.

**Exception:** COC's shall **not** require tax records; however, participant may voluntarily provide tax records.

If all program eligibility requirements are **not** met, it is determined that the information on FSA-901 or any additional supporting documentation provided by participant is **not** accurate or reasonable, then the following actions shall be taken:

- disapprove FSA-901
- notify participant of disapproval
- provide participant applicable appeal rights according to 1-APP
- thoroughly document reason for disapproval in COC minutes, if disapproved by COC.

181 Acting on FSA-901 (Continued)

**C Verifying Data With Other Agencies, Organizations, or Facilities**

When contacting agencies, organizations, or facilities to verify data provided by a participant, the County Office shall be specific in the information requested. The request should include, but is not limited to, the following:

- participant's name and address
- animal kind and type
- why the request is being made
- what information is being requested.

\* \* \*

181 Acting on FSA-901 (Continued)

**D DD Review and Report of Initial FSA-901's**

DD's shall review the first five FSA-901's submitted in each Service Center before approval. The review shall include the following:

- ensuring that FSA-901's are submitted by participant and County Office
- signature requirements, including power of attorney, are met
- no State or County Office developed forms, worksheets, applications, or other documents are being used to obtain or collect the data required from participants
- participants were informed of supporting data required for payment, such as CCC-502, CCC-526, AD-1026, and accurate subsidiary and SCIMS data.

Within 10 workdays of completing the review, DD shall provide a written report to SED describing the review findings, including a list of errors discovered, and the overall status of the implementation of 2005-2007 LCP in the County Office.

DD review of the initial FSA-901's and supporting documentation submitted is critical to ensuring 2005-2007 LCP is being administered according the procedures provided in this handbook and the regulations in 7 CFR Part 760, Subparts K and L.

Reviewing the initial FSA-901's and supporting documentation in a timely manner:

- identifies possible weaknesses in the administration of 2005-2007 LCP that may be resolved by additional training, clarified procedures, or modified software
- prevents numerous participants from being impacted by erroneous 2005-2007 LCP administration
- allows corrections to be made in a timely manner before erroneous payments are issued.

182 FSA-901, 2005/2006/2007 Livestock Compensation Program

A Completing Manual FSA-901

Complete FSA-901 according to the following.

Item	Description of Entry
1	Enter State and county code. This is the administrative County Office where the *--participant's farm records are maintained.--*
2	Enter calendar year the loss of forage and additional increased feed costs occurred.  <b>Note:</b> If feed losses and additional increased feed costs occurred in 2 different calendar years because of the same disaster events for the same disaster periods; a separate application <b>must</b> be filed for each calendar year to include only the feed lost and additional increased feed costs incurred during that calendar year.
3	Enter County Office name. This is the administrative County Office where the *--participant's farm records are maintained.--*
4	Enter date of application.
<b>PART A – Producer Information</b>	
5	*--Enter participant's name and address.
6	Enter participant's tax ID number (last 4 digits).--*
<b>PART B – Disaster Information</b>	
7	Enter applicable disaster periods in which the feed loss occurred and additional increased feed costs were incurred. Disaster periods can be found at <a href="http://disaster.fsa.usda.gov">http://disaster.fsa.usda.gov</a> .
8	Enter applicable disaster events that caused the feed loss or increased feed costs. Disaster events can be found at <a href="http://disaster.fsa.usda.gov">http://disaster.fsa.usda.gov</a> .  <b>Note: To be eligible for benefits under 2005-2007 LCP, the disaster events that caused the feed loss or resulted in additional increased feed costs must be the same disaster events for which a natural disaster was declared or designated.</b>
<b>PART C – Livestock Information</b>	
9A	Enter the physical location of livestock on the beginning date of the applicable disaster periods in item 7. Include the name of the County where the feed loss occurred and increased feed costs were incurred.  <b>Example:</b> Beaver County; Oklahoma, Farm 1450.
9B	Enter current physical location of livestock in inventory.  <b>Example:</b> Beaver County; Oklahoma, Farm 1450.
10	Enter associated participants who have an ownership share or cash lease share of any of the livestock during the applicable disaster periods and indicate their share.
11	Enter livestock kind, type, and weight range.  <b>Note:</b> Livestock kind, type, and weight range can be obtained from the *--participant's local FSA office or 2005-2007 LCP Fact Sheet at--* <a href="http://disaster.fsa.usda.gov">http://disaster.fsa.usda.gov</a> .

183 FSA-902, 2005/2006/2007 Livestock Compensation Program Payment Calculation Worksheet (Continued)

B Example of FSA-902 (Continued)

FSA-902 (08-30-07)			Page 3
LIST OF ELIGIBLE LIVESTOCK BY KIND/TYPE/WEIGHT RANGE AND PAYMENT RATES FOR 2005/2006/2007			
KIND OF LIVESTOCK	TYPE	WEIGHT RANGE	PAYMENT RATE PER HEAD
Beef	Adult	Cows and Bulls	\$10.66
	Non-Adult	500 pounds or more	\$ 8.00
Dairy	Adult	Cows and Bulls	\$27.72
	Non-Adult	500 pounds or more	\$ 8.00
Buffalo/Beefalo	Adult	Cows and Bulls	\$10.66
	Non-Adult	500 pounds or more	\$ 8.00
Sheep	All		\$ 2.67
Goats	All		\$ 2.67
Deer	All		\$ 2.67
Equine	All		\$ 7.89
Swine		Less than 45 pounds	\$ .32
		45 to 124 pounds	\$ .74
		125 to 234 pounds	\$ 1.28
	Sow	235 pounds or more	\$ 4.37
	Boar	235 pounds or more	\$ 2.56
Elk		Less than 400 pounds	\$ 2.35
		400 pounds to 799 pounds	\$ 4.37
		800 pounds or more	\$ 5.76
Poultry	All	Less than 3 pounds	\$ .07
	All	3 pounds of 7.9 pounds	\$ .13
	All	8 pounds or more	\$ .31
	All		\$ 2.35

**184 Spot Checks****A Informing Producers**

Spot checks are performed to:

- verify the accuracy of the data certified by the participant on FSA-901
- ensure that all eligibility requirements were met
- determine whether correct payments were issued.

Exhibit 7 provides a list of:

- data elements that may be spot-checked for 2005-2007 LCP
- documents or other data that may be requested from participants selected for spot check.

County Offices shall:

- not modify Exhibit 7
- reproduce copies of Exhibit 7 locally
- provide a copy of Exhibit 7 to each participant when FSA-901 is submitted for 2005-2007 LCP.

\* \* \*

**\*--B Selecting 2005-2007 LCP FSA-901's for Spot Check**

Spot checks are performed to determine the following:

- whether a valid signature was obtained on FSA-901
- 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-901.

The National Office will make a nationwide selection of participants to be spot-checked according to 2-CP. County Offices shall spot check:

- all FSA-901's for participants identified on the national producer selection list for which a payment was generated under 2005-2007 LCP
- any FSA-901 for which COC questions the information provided.--\*

**184 Spot Checks (Continued)****\*--B Selecting 2005-2007 LCP FSA-901's for Spot Check (Continued)**

STC:

- may establish additional FSA-901'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-901 selected for spot check according to subparagraph B, the County Office shall:

- verify FSA-901 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
- verify the participant suffered a feed loss or an increase in feed cost for the claimed livestock as a result of the applicable eligible disaster event according to subparagraph G.

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

STC:

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

**D Valid Signature**

Spot checks are performed to determine whether a valid signature was obtained on FSA-901. For each FSA-901 selected for spot check according to subparagraph B, the County Office shall verify that the participant's signature on FSA-901 is acceptable according to subparagraph 162 J and 1-CM, Part 25, if applicable.

**Note:** A discrepancy in a signature is when the participant's signature on FSA-901 is **not** acceptable according to subparagraph 162 J and 1-CM, Part 25, if applicable.--\*

## 184 Spot Checks (Continued)

**\*--D Valid Signature (Continued)**

If COC determines that the participant's signature on FSA-901 is **not** acceptable, as determined according to subparagraph 162 J and 1-CM, Part 25, as applicable, COC shall:

- determine the participant ineligible for LCP for the applicable year
- disapprove the participant's FSA-901 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 2005-2007 LCP benefits, participants 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 LCP for the applicable year
- disapprove the participant's FSA-901 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.--\*

## 184 Spot Checks (Continued)

**\*--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-901.

If the participant's current inventory of applicable livestock does **not** match the number and/or kind/type/weight range of livestock claimed on FSA-901, COC shall:

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

**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.
- contact the source of the document and verify all of the following:
    - document is authentic
    - participant was the 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 eligible disaster event.

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-901.

COC shall handle discrepancies according to subparagraph H.--\*

184 Spot Checks (Continued)

**\*--G 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 eligible disaster event.

The County Office shall:

- contact each participant selected for spot check according to subparagraph B
- request the participant provide information according to the following table, if not previously provided.

<b>IF the participant suffered...</b>	<b>THEN the County Office shall request the participant provide...</b>
a livestock feed loss as a result of an eligible disaster event	<ul style="list-style-type: none"> <li>• copies of leases of grazing acres <b>not</b> owned by the participant if these acres were claimed as a feed loss</li> </ul> <p style="margin-left: 40px;"><b>Note:</b> A signed statement from the lessor must be provided, if the lease is a verbal lease, outlining the terms and conditions of the grazing lease.</p> <ul style="list-style-type: none"> <li>• copies of deeds showing land ownership when a farm record has <b>not</b> been established if these acres were claimed as a feed loss.</li> </ul>
an increase in feed costs as a result of an eligible disaster event	<ul style="list-style-type: none"> <li>• original purchase receipts for applicable feed purchased before and after the eligible disaster event that indicate an increase in feed costs</li> <li>• written description of how the feed was used for the claimed livestock.</li> </ul>

--\*

184 Spot Checks (Continued)

\*--G 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"> <li>• thoroughly review the information provided by the participant, and record the review in the COC meeting minutes</li> <li>• if the grazing acres lost were leased by the participant:                             <ul style="list-style-type: none"> <li>• contact the owner of the applicable acres</li> <li>• ask the applicable owner if there was any loss of grazing acres as a result of the eligible disaster event</li> </ul> </li> <li>• determine whether:                             <ul style="list-style-type: none"> <li>• specific cause of loss was the result of the applicable claimed disaster event</li> <li>• grazing acres lost were acres being grazed by the claimed livestock.</li> </ul> </li> </ul> <p><b>Example:</b> Joe Black indicated the lost feed was grazing acres located 5 miles from his milking operation on a separate farm. Mr. Black claimed all of his adult and nonadult dairy cattle on his FSA-901. 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 Mr. 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 <b>not</b> have been feed used for all of the claimed livestock.</p>

--\*

184 Spot Checks (Continued)

\*--G 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"> <li>• thoroughly review the information provided by the participant, and record the review in the COC meeting minutes</li> <li>• determine whether:                             <ul style="list-style-type: none"> <li>• specific cause of loss was the result of the applicable claimed disaster event</li> <li>• it is reasonable that the type of feed lost would have been used as feed for all the claimed livestock.</li> </ul> </li> </ul> <p><b>Example:</b> Sara Lopez indicated the lost feed was a corn and protein mixture that is usually fed to sheep. Ms. Lopez claimed all of her sheep on her FSA-901. COC must determine whether the type of feed lost could have been used as feed stuff for the claimed sheep. If Ms. Lopez’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 <b>not</b> have been feed used for all of the claimed livestock.</p>

--\*

184 Spot Checks (Continued)

\*--G 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	increase in cost was for the same feed type from the same supplier	<ul style="list-style-type: none"> <li>• thoroughly review the information provided by the participant, and record the review in the COC meeting minutes</li> <li>• determine whether the participant suffered an increase in total feed costs by comparing the purchase receipts from before and after the eligible disaster event</li> <li>• 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"> <li>• the participant purchased more feed after the eligible disaster event than purchased before the eligible disaster event</li> <li>• an increase in the cost of the feed</li> </ul> </li> <li>• if the increase in total feed costs was because the participant purchased more feed after the eligible disaster event than before, determine whether the increase in feed purchased was normal for the producer’s operation</li> <li>• 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 claimed disaster event</li> <li>• 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.</li> </ul> <p><b>Example:</b> Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to sheep. Ms. Green claimed all of her sheep on her FSA-901. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Ms. 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 <b>not</b> have been feed used for all of the claimed livestock.</p>

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184 Spot Checks (Continued)

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

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

--\*

184 Spot Checks (Continued)

\*--G 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 the same feed type, but purchased from a different supplier (Continued)	<ul style="list-style-type: none"> <li>• 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 eligible disaster event</li> <li>• 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.</li> </ul> <p><b>Example:</b> Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to sheep. Ms. Green claimed all of her sheep on her FSA-901. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Ms. 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 <b>not</b> have been feed used for all of the claimed livestock.</p>
	increase in cost was for a different feed type regardless of where it was purchased	<ul style="list-style-type: none"> <li>• thoroughly review the information provided by the participant, and record the review in the COC meeting minutes</li> <li>• determine whether there was an increase in total feed costs by comparing the purchase receipts from before and after the eligible disaster event</li> <li>• contact the supplier of the feed purchased before the eligible disaster event to determine whether:                             <ul style="list-style-type: none"> <li>• that supplier had the same feed type purchased before the eligible disaster event available after the eligible disaster event</li> <li>• the price of the feed type purchased before the eligible disaster event increased because of the eligible disaster event</li> </ul> </li> </ul>

--\*

184 Spot Checks (Continued)

\*--G 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"> <li>• if the initial feed supplier had the same feed type available after the eligible disaster event 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</li> <li>• 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.</li> </ul> <p><b>Example:</b> Sara Green indicated the feed purchased was a corn and protein mixture that is usually fed to sheep. Ms. Green claimed all of her sheep on her FSA-901. COC must determine whether the type of feed purchased could have been used as feed stuff for the claimed sheep. If Ms. 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 <b>not</b> 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 claimed disaster event
- 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 claimed disaster event
- increase in feed costs was **not** for feed for the claimed livestock.--\*

184 Spot Checks (Continued)

**\*--G 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 disaster event, COC shall:

- determine the participant ineligible for LCP for the applicable year
- disapprove the participant’s FSA-901 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.

**H 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.

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

--\*

184 Spot Checks (Continued)

\*--H Handling Discrepancies in Claimed Livestock (Continued)

<p><b>IF the total payment amount calculated based on the spot check findings is...</b></p>	<p><b>THEN COC...</b></p>
<p>less than the payment amount issued by \$101 to \$500</p>	<p>shall:</p> <ul style="list-style-type: none"> <li>• notify the participant of the discrepancy and request an explanation of inaccurate certification</li> <li>• provided COC determines the participant 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.</li> </ul>
<p>less than the payment amount issued by more than \$500 any amount, and COC does <b>not</b> determine the participant acted in good faith</p>	<p>shall:</p> <ul style="list-style-type: none"> <li>• determine the participant ineligible for LCP for the applicable year</li> <li>• disapprove the participant’s FSA-901 in the automated system</li> <li>• request a refund of the entire payment amount, plus interest</li> <li>• provide appeal rights according to 1-APP.</li> </ul>

--\*

**184 Spot Checks (Continued)****\*--H Handling Discrepancies in Claimed Livestock (Continued)**

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

- record spot check findings in the FSA-901 software
- print a new FSA-901E.

**Important:** Anytime the data on FSA-901 is modified, the participant's signature date and COC approval date are automatically removed by the FSA-901 software.

**Example:** Jane Jones certified to 200 head of adult beef cows and signed her FSA-901 on February 5, 2008. Based on the information provided by the participant, COC determined on February 29, 2008, that Ms. 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-901 to indicate only 180 adult beef cows. When the livestock data is modified, Ms. Jones' signature date and the COC approval date will automatically be removed by the FSA-901 software.

When a participant's FSA-901 is modified by the County Office as a result of a spot check, the County Office shall:

- re-enter the participant's signature date
- re-enter the COC approval date if COC determines the modified FSA-901 shall be approved
- enter the COC disapproval date if COC disapproves FSA-901
- write "MODIFIED DUE TO SPOT CHECK" on FSA-901
- print a new FSA-901E
- thoroughly document the reason for modifying FSA-901 in the COC meeting minutes.--\*

**185-198 (Reserved)**



242 Payment Calculation Information (Continued)

E 2005-2007 LCP Payment Calculation (Continued)

Step	Description
4	<p>Compute for following for each applicable disaster year:</p> <ul style="list-style-type: none"> <li>the lesser dollar value determined in step 3, minus</li> <li>reduction (applies to 2005 and 2006 only).</li> </ul> <p><b>Notes:</b> If the amount of the reduction is greater than the calculated amount of livestock value or feed losses, the above calculation would be zero.</p> <p>The most beneficial disaster year determined in this step is the amount of the LCP payment.</p>

**Note:** Producer or member AGI determination of less than 100 percent will result in a reduced payment amount or zero calculated payments. The reduced payment amount will show as an AGI reduction amount on the pending payment register if a payment can be issued, or show on the nonpayment register if the payment is reduced to zero.

F Example of a 2005-2007 LCP Payment Calculation

The following is an example of the 2005-2007 LCP payment calculation. In this example, the producer:

- submits applications for disaster years 2005, 2006, and 2007
- additional costs of feed purchased \$5,000 for each year
- \*--received 2005 LCP payment in the amount of \$2,000 (reduction amount)--\*
- has a 100 percent share of all livestock.

The following table contains the application details.

Disaster Year	Livestock Information		Forage Information				
	Livestock Kind/Type/Weight	Number of Livestock	Pasture Type	Acres	AUD	# Days Grazed	% of Loss
2005	Beef/Adult/Cows and Bulls	200	Private	100		180	50
	Beef/Nonadult/500 lbs or more	300					
2006	Dairy/Adult/Cows and Bulls	400	Leased		18,000		50
	Dairy/Nonadult/500 lbs or more	500			18,000		50
2007	Beef/Adult/Cows and Bulls	200	Private	100		180	30
	Dairy/Nonadult/500 lbs or more	100	Leased		18,000		30

242 Payment Calculation Information (Continued)

F Example of a 2005-2007 LCP Payment Calculation (Continued)

The following table contains the application calculation with disaster year 2006 being the most beneficial year.

**Note:** The carrying capacity is 30 AC/AU and the daily value of forage is \$.3553 with a 50 percent loss in all disaster years.

Year	Livestock Calculation	Forage/Feed Losses Calculation	Lesser Determination	Total Payment Calculation
2005	$200 \times \$10.66 \times 100\% = \$2,132$ $300 \times \$8.00 \times 100\% = \$2,400$  Total Livestock Losses: \$4,532	Private Land $3.33 \times 180 \times \$0.3553 \times 50\% = \$106 + \$5,000 = \$5,106$	Livestock Losses of \$4,532	$\$ 4,532 -$ $\$ 2,000$ $\$ 2,532$
2006	$400 \times \$27.72 \times 100\% = \$11,088$ $500 \times \$8.00 \times 100\% = \$4,000$  Total Livestock Losses: \$15,088	Leased Federal Land $18,000 \times \$0.3553 \times 50\% = \$3,198 + \$5,000 = \$8,198$	Forage Losses of \$8,198	\$ 8,198
2007	$200 \times \$10.66 \times 100\% = \$2,132$ $100 \times \$8.00 \times 100\% = \$ 800$  Total Livestock Losses: \$2,932	Private Land: $3.33 \times 180 \times \$0.3553 \times 50\% = \$106$  Leased Federal Land: $18,000 \times \$0.3553 \times 50\% = \$3,198$  Total Grazed Forage Loss: $\$106 + \$3,198 = \$3,304$  Total Feed Losses: $\$3,304 + \$5,000 = \$8,304$	Livestock Losses of \$2,932	\$ 2,932

## 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-184	CCC Check		245, 260, 281, 335
CCC-257	Schedule of Deposit		1
CCC-502	Farm Operating Plan for Payment Eligibility Review		44, 45, 71, 72, 164, 165, 180, 181
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		71, 72, 74, 180, 181, 184
CCC-770 Eligibility	Eligibility Checklist		240, Ex. 11, 18
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		42, 45, 162, 165, 240
FSA-770 LCP	2005/2006/2007 Livestock Compensation Program Application Checklist	Ex. 18	165, 180, 240
FSA-770 LIP	2005/2006/2007 Livestock Indemnity Program Checklist	Ex. 11	45, 71, 240
FSA-900	2005/2006/2007 Livestock Indemnity Program	73	Text, Ex. 7, 11
FSA-900E	Estimated Calculated Payment Report – Producer Summary Report		74, 124, 125, 315, 335
FSA-900E-1	Estimated Calculated Payment Report – Detailed Producer Report		123, 125, 315
FSA-901	2005/2006/2007 Livestock Compensation Program	182	Text, Ex. 7, 18
FSA-901E	Estimated Calculated Payment Report – Producer Summary Report		184, 223, 224, 315, 335
FSA-901E-1	Estimated Calculated Payment Report – Detailed Producer Report		222, 224, 315
FSA-902	2005/2006/2007 Livestock Compensation Program Payment Calculation Worksheet	183	162

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

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	166, 183, 242
ADC	Application Development Center, ITSD	260
AGI	adjusted gross income	Text
APLN	Administrator's Physical Loss Notice	23, 42, 142, 162
AU	animal unit	182, 183, Ex. 22
AUD	animal unit per day	182, 183, 209, 222, 242
AUM	animal unit month	162, 182, 183
CRS	Common Receivable System	Text
DAR	Damage Assessment Report	163
EFT	electronic funds transfer	245, 260, 262, 325, 335
FIP	Feed Indemnity Program	164, 182, 183, 203, 222
IPIA	Improper Payments Information Act of 2002	22, 45, 141, 165
LAGP	Livestock Assistance Grant Program	164, 182, 183, 203, 222
LCP	Livestock Compensation Program	71, Parts 4, 5, and 6, Ex. 2, 7
LIP	Livestock Indemnity Program	224, Parts 2, 3, and 6, Ex. 2, 7
LIP-II	2005 Hurricanes Livestock Indemnity Program II	44, 103
MAU	maximum animal unit	166, 183, 222, 242
PLM	payment limitation amount	46, 167, 241, 243, 336
PPH	producer payment history	Part 6
SCIMS	Service Center Information Management System	46, 72, 102, 167, 181, 202, 336

Redelegations of Authority

For 2005-2007 LIP, CED may delegate authority to program technicians to approve only routine FSA-900's where proof of death is provided.

**Important:** Program technicians shall **not** be delegated authority to:

- disapprove any FSA-900
- approve any FSA-900 where third party certification is used as proof of loss.

For 2005-2007 LCP, CED may delegate authority to program technicians to approve only routine FSA-901's.

**Important:** Program technicians shall **not** be delegated authority to disapprove any FSA-901.

FSA-770 LIP, 2005/2006/2007 Livestock Indemnity Program Checklist (Continued)

**E CED Action**

CED or their designated representative shall spot check:

- **--at a minimum**, the first five FSA-770 LIP's completed by FSA employees, except CCC-770 Eligibility's--\*

\* \* \*

- every STC's, COC's, and employee's FSA-770 LIP.

\* \* \*

When spot checking information certified on FSA-770 LIP, CED's or their designated representative shall:

- review each part of FSA-770 LIP that has been completed
- indicate whether or not they concur with the certification of items 6 through 20, as applicable, in item 22 A
- sign and date items 22B and 22C
- report to COC and the STC representative any FSA-770 LIP in which CED does not concur with the preparer's determination.

**FSA-770 LIP, 2005/2006/2007 Livestock Indemnity Program Checklist (Continued)**

**F STC or Representative Spot Checks**

STC or their representative shall spot check:

- a minimum of five, not to exceed ten, FSA-770 LIP's
- \*--all FSA-770 LIP's completed for manually submitted FSA-900's according to subparagraph 71 D.--\*

When spot checking information certified on FSA-770 LIP, STC or their representative shall:

- review each part of FSA-770 LIP that has been completed
- indicate whether or not they concur with the certification of items 6 through 20, as applicable, in item 23 A
- sign and date items 23 B and 23 C.

**G Other Requirements**

The following are other spot check requirements:

- SED's may require additional spot check reviews at their discretion provided SED determines there are apparent internal control deficiencies

\* \* \*

- if STC or designee has completed five FSA-770 LIP spot checks, no additional spot checks are required other than those required for all FSA employees.

**FSA-770 LCP, 2005/2006/2007 Livestock Compensation Program Application Checklist  
(Continued)**

**E CED Action**

CED or their designated representative shall spot check:

- **\*--at a minimum**, the first five FSA-770 LCP's completed by FSA employees, except CCC-770 Eligibility's--\*

\* \* \*

- every STC's, COC's, and employee's FSA-770 LCP.

\* \* \*

When spot checking information certified on FSA-770 LCP, CED's or their designated representative shall:

- review each part of FSA-770 LCP that has been completed
- indicate whether or not they concur with the certification of items 6 through 18, as applicable, in item 20 A
- sign and date items 20B and 20C
- report to COC and the STC representative any FSA-770 LCP in which CED does not concur with the preparer's determination.

**FSA-770 LCP, 2005/2006/2007 Livestock Compensation Program Application Checklist  
(Continued)**

**F STC or Representative Spot Checks**

STC or their representative shall spot check:

- a minimum of five, not to exceed ten, FSA-770 LCP's
- \*--all FSA-770 LCP's completed for manually submitted FSA-901's according to subparagraph 180 D.--\*

When spot checking information certified on FSA-770 LCP, STC or their representative shall:

- review each part of FSA-770 LCP that has been completed
- indicate whether or not they concur with the certification of items 6 through 18, as applicable, in item 21 A
- sign and date items 21 B and 21 C.

**G Other Requirements**

The following are other spot check requirements:

- SED's may require additional spot check reviews at their discretion provided SED determines there are apparent internal control deficiencies

\* \* \*

- if STC or designee has completed five FSA-770 LCP spot checks, no additional spot checks are required other than those required for all FSA employees.