

For: State and County Offices

2008 Compliance Reviews and Spot Checks

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Beginning in 2007, FSA implemented a new compliance review and spot check process. Under the new process, instead of selecting individual farms, loans, contracts, etc. for spot check and review, a nationwide selection of producers was made using a statistical sampling method. The National Office posted a listing of the selected producers on the Intranet where State and County Offices could print and maintain a list of all producers selected in their respective county. County Offices completed spot checks and reviews for various programs and activities the selected producers had participated in for the year and recorded the results of the reviews in the National Compliance Review Database.

The compliance process implemented in 2007 shall continue for 2008 and subsequent years. According to 2-CP, subparagraph 322 A, the National Office has made a selection of producers for 2008 compliance reviews and spot check.

B Purpose

This notice provides State and County Offices with:

- the web address to view and print the list of producers selected for 2008 compliance review and spot checks
- additional guidance for performing 2008 compliance activities, including the following:
 - adding livestock programs for compliance review and spot check
 - recording 2008 spot check results in the National Compliance Review Database.

Note: This **excludes** CDP compliance reviews for producers selected for spot check and review for 2008.

Disposal Date	Distribution
December 1, 2008	State Offices; State Offices relay to County Offices

Notice CP-627

1 Overview (Continued)

C Contacts

If there are questions about this notice:

- County Offices shall contact the State Office specialists
- State Office specialists shall contact Melonie Sullivan by either of the following:
 - e-mail at melonie.sullivan@wdc.usda.gov
 - telephone at 202-690-1003.

2 2008 Producer Selections

A Producer Listing

The list of producers selected for 2008 compliance reviews and spot checks is posted on the Intranet at <http://dc.ffasintranet.usda.gov/farmbill/ccc/default.htm>.

The 2008 producer list is broken down by State and county. Under each county, the list displays the following:

- producer's first and last name and/or business name
- tax ID type (E - entity/S - Social Security).

Producers will be listed for each State/county they are associated with.

Notes: The list includes both producers selected, based on their program participation, and the representative sample of FSA employees, committee members, and other "required" spot checks.

Producers may operate as an individual and an entity. The producer selection list will identify the tax ID type associated with the selected producer. County Offices shall only review farms, loans, contracts, etc., associated with the tax ID type selected.

If County Offices have concerns about the tax ID type to spot check they should contact their State Office Compliance Specialist according to subparagraph 1 C.

Notice CP-627

3 Additional Guidance for Performing 2008 Compliance Activities

A Performing 2008 Compliance Reviews and Spot Checks

County Offices shall perform 2008 compliance reviews and spot checks for all producers identified on the 2008 producer listing. Spot checks and reviews shall be completed for all applicable program areas according to 2-CP, subparagraph 321 A.

Exceptions: County Offices shall **not** conduct CDP reviews for producers on the 2008 producer listing who applied for 2005, 2006, or 2007 CDP benefits. Producers selected on the **2007 producer list** should be spot checked and reviewed if approved for 2005, 2006, and 2007 CDP benefits.

CDP reviews would be conducted on producers selected for 2008 compliance reviews **only** if a new crop disaster program is implemented in 2008.

In addition to the programs in 2-CP, subparagraph 321 A, producers identified on the 2008 producer listing shall also be spot checked and reviewed for the following programs:

- 2005 through 2007 Livestock Compensation Program (LCP), if applicable
- 2005 through 2007 Livestock Indemnity Program (LIP), if applicable.

See Exhibit 1 for a list of the specific questions that must be answered when conducting LCP and LIP spot checks. County Offices shall ensure that answers to all questions are documented during the review.

Note: Procedure for performing LCP and LIP reviews will be provided in a forthcoming 4-DAP (Rev. 2) amendment.

B Recording 2008 Compliance Review and Spot Check Findings

County Offices will use the National Compliance Review Database to record 2008 compliance review and spot check findings when the database is made available. Because of modifications, the National Compliance Review Database is **not** available to load 2008 results. Until further notice, County Offices shall maintain written documentation of all 2008 review and spot check results in the County Office.

The National Office will issue a notice:

- informing State and County Offices when the National Compliance Review Database is available for entering 2008 data
- providing survey codes which must be entered for each producer to enter 2008 compliance review data.

Note: County Offices can continue to enter 2007 compliance review findings and results in the National Compliance Review Database if they have not yet finished completing spot checks and reviews and loading data.

LIP and LCP Compliance Review/Spot Check Results to be Documented and Recorded in the National Compliance Review Database**A LIP Questions**

The following questions shall be documented during LIP spot checks and reviews.

Livestock Owners and Contract Growers

1. Was a valid signature obtained on FSA-900? **(Yes or No)**
2. Was participant's AGI certification accurate? **(Yes or No)**
3. Did the participant provide verifiable documentation of livestock deaths claimed on FSA-900? **(Yes, No, or Not Available)** If **not available**, go to question 6.
4. Did the source(s) of the document(s) verify all of the following: **(Yes or No)**
 - document(s) was authentic
 - participant was a customer or party to the transaction
 - accuracy of the number and kind/type/weight range of animals listed?
5. Do the proof of death documents support the number and kind/type/weight range of animals claimed on FSA-900? **(Yes or No)** Go to question 12.
6. Was FSA-900 approved based on third party certification? **(Yes or No)** If **no**, go to question 12.
7. Did the participant provide a written signed statement certifying to all of the following: **(Yes or No)**
 - no other form of proof of death is available
 - number of livestock, by category, in inventory when deaths occurred
 - physical location of livestock by category, in inventory when the deaths occurred?
8. Did the participant provide verifiable documentation to support the reasonableness of the number of livestock in inventory when the deaths occurred? **(Yes or No)**

LIP and LCP Compliance Review/Spot Check Results to be Documented and Recorded in the National Compliance Review Database (Continued)**A LIP Questions (Continued)**

9. Did the third party who is providing certification provide a written signed statement that included all of the following: **(Yes or No)**
- specific details about how the third party has knowledge of the animal deaths
 - the affiliation of third party to the participant
 - telephone number and address of third party
 - number and kind/type of participant's livestock that died because of the applicable disaster events
 - other details necessary for COC and DD to determine if certification is acceptable?
10. Did the number and kind/type/weight range of animals certified as dead by the third party match the number and kind/type/weight range of animals certified by the participant on FSA-900? **(Yes or No)**
11. Did the interview of the third party reveal that 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? **(Yes or No)**
12. Was the death of claimed livestock the result of the eligible disaster event? **(Yes or No)**
13. **For contract growers only**, is the amount of monetary compensation the contractor provided the participant for the loss of income from death of the claimed livestock different from the amount certified by the participant on FSA-900, item 17? **(Yes, No, or Not Applicable)**
14. **For discrepancies**, did any discrepancy result in a refund of LIP benefits? **(Yes or No)** If **yes**, enter requested refund amount \$_____.

LIP and LCP Compliance Review/Spot Check Results to be Documented and Recorded in the National Compliance Review Database (Continued)**B LCP**

The following questions shall be documented during LCP spot checks and reviews.

1. Was a valid signature obtained on FSA-901? **(Yes or No)**
2. Was participant's AGI certification accurate? **(Yes or No)**
3. Does the participant's current inventory of applicable livestock, match the number and kind/type/weight range of livestock claimed on FSA-901? **(Yes or No)** If **no**, go to question 4. If **yes**, go to question 6.
4. Did the participant provide verifiable documentation of purchases, sales, and deaths of applicable livestock since the applicable eligible disaster event? **(Yes or No)**
5. Did the source(s) of the document(s) verify all of the following: **(Yes or No)**
 - document(s) was authentic
 - participant was a customer or party to the transaction
 - number and kind/type/weight range of animals listed?
6. Did the participant suffer a grazing loss on eligible grazing lands physically located in an eligible disaster county where the forage was damaged or destroyed by the eligible disaster event and intended for use as feed for the participant's eligible livestock? **(Yes or No)**
7. Did the participant suffer a loss of feed from forage or feed stuffs 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 by the eligible disaster event? **(Yes or No)**
8. Did participant suffer 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 the eligible disaster event? **(Yes or No)**
9. Did the participant suffer increased feed costs incurred in an eligible disaster county because of the eligible disaster event to feed the participant's eligible livestock? **(Yes or No)**
10. Did any discrepancy result in a refund of LCP benefits? **(Yes or No)** If **yes**, enter requested refund amount \$_____.