

For: State and County Offices

2009 Compliance Reviews and Spot Checks

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Compliance reviews and spot checks are **required** to ensure the accuracy of payments and integrity of FSA programs. Annually, based on a statistical sampling method, producers nationwide are selected for compliance review and spot check. County Offices are **required** to complete spot checks and reviews for the various programs and activities in which the selected producers participate for the year, and record the results of the reviews in the National Compliance Review database.

The National Office has made its selection of producers for 2009 compliance reviews and spot checks.

B Purpose

This notice informs State and County Offices of the following:

- Web address to view and from which to print the list of producers selected for the 2009 compliance review and spot checks
- additional guidance for performing 2009 compliance activities, including the following:
 - changes in compliance review questions for DCP, LIP, and TAP
 - the addition of 5 new programs/activities for compliance review and spot check
 - recording 2009 spot check results in the National Compliance Review database.

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| Disposal Date | Distribution |
| October 1, 2009 | State Offices; State Offices relay to County Offices |

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1 Overview (Continued)

C Contacts

If there are questions about this notice:

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

D 2009 Producer Selections

The list of producers selected for 2009 compliance reviews and spot checks is posted on the Intranet at <http://dc.ffasintranet.usda.gov/farmbill/cc/default.htm>.

The 2009 producer list is organized 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 in every State/county in which they are participating. County Offices shall perform compliance reviews and spot checks on all producers listed in their county throughout the year for all applicable programs and activities.

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 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.

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2 Performing 2009 Compliance Activities

A Changes in Compliance Review Procedure for DCP, LIP and TAP Compliance Reviews

Changes have been made to compliance review questions for DCP, LIP, and TAP.

Exhibit 1 contains the revised questions County Office personnel **must** answer when conducting DCP, LIP, and TAP compliance reviews. County Offices shall ensure that they use the revised procedure when completing 2009 DCP, LIP, and TAP compliance reviews.

Note: These changes will be incorporated into 2-CP in a future amendment.

B Programs Added to Compliance Review Process for 2009

In addition to the program areas listed in 2-CP, subparagraph 321 A, producers identified on the 2009 producer list shall also be spot checked and reviewed for the following:

- ACRE, if applicable
- AGI
- LFP, if applicable
- MILC Program, if applicable.
- Supplemental Revenue Assistance Payments (SURE) Program, if applicable.

Note: Because the revenue calculation for SURE requires 12-month national average market price, the questions in Exhibit 2 for SURE might **not** be completed until a subsequent year. However, if the benefit is a 2009 SURE benefit, the questions in Exhibit 2 for SURE **must** be completed for producers selected for 2009.

Exhibit 2 contains the questions that **must** be documented when completing compliance reviews and spot checks for the programs/activities in this subparagraph.

Note: Procedure for completing compliance reviews and spot checks for programs/activities in this subparagraph will be incorporated into 2-CP in a future amendment.

C National Compliance Review Database Availability

County Offices shall use the National Compliance Review database to record 2009 compliance review and spot check findings. However, because of modifications, the National Compliance Review database is **not** available to load 2009 results. Until further notice, County Offices shall maintain written documentation of **all** 2009 compliance 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 2009 data
- providing survey codes that must be entered for each producer to record 2009 compliance review data.

Revised Compliance Review Questions for DCP, LIP, and TAP**A Revised DCP Compliance Review Questions**

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

1. What is the FSN?
2. Does each producer sharing in the base acreage for the applicable farm have control of enough effective DCP cropland to support their share of the DCP base acreage on the CCC-509? **(Yes/No)**
3. Did the producer accurately report all fruits and vegetables planted on DCP base acres for the farm? **(Yes/No/Not Applicable)**
4. If fruits and vegetables were planted on base acres on the farm, does one of the FAV planting exceptions apply? **(Yes/No)**
5. If **“Yes”**, which exception applies, double cropping/producer history/farm history?
6. If **“Producer History”** or **“Farm History”**, was the acre-for-acre payment reduction assessed properly? **(Yes/No)**
7. If 1 of the exceptions was **not** applicable, was a planting violation assessed properly for the farm? **(Yes/No)**
8. Were wind erosion, water erosion and weeds, including noxious weeds, controlled as required on the applicable farm? **(Yes/No)**
9. If **“No”**, did the producer take corrective action to correct the maintenance default on DCP base acreage? **(Yes/No)**
10. If the farm is participating in the Planting Transferability Pilot Project (PTPP), were base reductions approved by the State Office and were reductions made correctly on each farm participating in PTPP? **(Yes/No/Not Applicable)**
11. If the farm is participating in PTPP, does production evidence support processed production for applicable crop year for the base acres that were reduced? **(Yes/No/Not Applicable)**
12. If the farm updated pulse crop base acres, is the pulse crop base established on each tract supported by documentation from 1998-2001 supporting the base acres that were added? **(Yes/No/Not Applicable)**
13. If the farm updated pulse crop yields, does production evidence support production for the 1998 through 2001 crop years? **(Yes/No/Not Applicable)**
14. If the farm has a rice acreage base, were rice base acres apportioned to long grain rice and medium grain rice correctly? **(Yes/No/Not Applicable)**

Revised Compliance Review Questions for DCP, LIP, and TAP (Continued)**B Revised LIP Compliance Review Questions**

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

1. Was a valid signature obtained on LIP application? **(Yes or No)**
2. Was participant's AGI certification accurate? **(Yes or No)**
3. Did the participant timely file LIP application? **(Yes or No)**
4. Did the participant provide verifiable and/or reliable documentation of livestock deaths claimed on LIP application? **(Yes, No, or Not Available)** If "Not Available", go to Question 7.
5. Did the sources of the documents verify all of the following? **(Yes or No)**
 - Documents were authentic.
 - Participant was a customer or party to the transaction.
 - Accuracy of the number and kind/type/weight range of animals listed.
6. Does the proof of death documents support the number and kind/type/weight range of animals claimed on LIP application? (If **Yes**, go to Question 13. If **No**, continue to Question 7.)
7. Was LIP application approved based on third party certification? **(Yes or No)**
8. 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 the deaths occurred.
 - Physical location of livestock by category, in inventory when the deaths occurred.
9. Did the participant provide verifiable documentation to support the reasonableness of the number of livestock inventory when the deaths occurred? **(Yes or No)**

Revised Compliance Review Questions for DCP, LIP, and TAP (Continued)**B Revised LIP Compliance Review Questions (Continued)**

10. 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 participants livestock that died because of the applicable adverse weather events.
 - Other details necessary for COC and DD to determine if certification is acceptable.
11. 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 LIP application? **(Yes or No)**
12. 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)**
13. Was the death of claimed livestock the result of an eligible adverse weather event? **(Yes or No)**
14. **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 LIP application? **(Yes, No, or Not Applicable)**
15. For discrepancies, did any discrepancy result in a refund of LIP benefits? **(Yes or No)**
If **“Yes”**, enter requested refund amount \$_____.

Revised Compliance Review Questions for DCP, LIP, and TAP (Continued)**C Revised TAP Compliance Review Questions**

The following questions shall be documented during TAP spot checks and reviews; data shall be recorded by stand.

1. Was a valid signature obtained on the TAP application? **(Yes or No)**
2. Was participant's AGI certification accurate? **(Yes or No)**
3. Did participant have NAP or crop insurance coverage on all eligible crops? **(Yes or No)**
4. Did participant meet definition of SDA, limited resource, or beginning farmer or rancher, if they invoked that provision instead of meeting the risk management purchase requirement? **(Yes or No)**
5. Were the losses the result of an eligible natural disaster? **(Yes or No)**
6. Did the participant complete practices as indicated on TAP application? **(Yes or No)**
7. Did participant's receipts accurately reflect costs incurred for all components of the complete practices? If **"Yes"**, no further action is required. If **"No"**, what was the overpayment or underpayment?
8. Did the participant accurately certify that no other benefit was received from any other Federal program for the same loss? If **"No"**, what was the dollar amount of the other Federal program?

Programs Added to Compliance Review Process for 2009**A AGI Compliance Reviews – All Programs**

County Offices shall conduct AGI compliance reviews for **all** producers selected for 2009 compliance review and spot check. The following questions shall be documented during AGI reviews.

1. Did the participant provide an acceptable certification of AGI compliance? **(Yes or No)**
2. If the participant was an entity or joint operation, did all partners, stockholders, and members provide an acceptable certification of AGI compliance? **(Yes or No)**
3. Did the participant provide sufficient and credible information to verify the AGI certification? **(Yes or No)**
4. If participant was an entity or joint operation, did all partners, stockholders, and members provide sufficient and credible information to verify the certification of AGI compliance? **(Yes, No, or Not Applicable)**
5. Did the information provided by the participant validate the certification of AGI compliance? **(Yes or No)**
6. If an entity or joint operation, did the information provided validate the certifications of AGI compliance for all partners, stockholders, and members? **(Yes, No, or Not Applicable)**
7. Is the participant in compliance with all applicable AGI limitations? **(Yes or No)**
8. If the participant was noncompliant with 1 or more applicable AGI limitations, was a receivable established for the refund of affected program payments? **(Yes, No, or Not Applicable)**
9. If the participant was determined noncompliant with AGI, the amount of the refund was \$_____.
10. If an entity or joint operation, are all partners, stockholders, and members in compliance with all applicable AGI limitations? **(Yes, No, or Not Applicable)**
11. If an entity or joint operation, and any partners, stockholders, or members were noncompliant with applicable AGI limitations, was a reduction applied to the payment entity commensurate with the ownership share held by the non-compliant partner, stockholder, or member? **(Yes, No, or Not Applicable)**
12. If an entity or joint operation and any partners, stockholders, or members were determined noncompliant with applicable AGI limitations, the amount of the payment reduction applied to the payment entity was \$_____.

Programs Added to Compliance Review Process for 2009 (Continued)**B ACRE Compliance Reviews**

County Offices shall conduct ACRE compliance reviews, if applicable, for **all** producers selected for 2009 compliance review and spot check. The following questions shall be documented during ACRE reviews.

1. Enter FSN spot checked? _____
2. Does each producer that shares in the base acreage for the applicable farm have control of enough effective DCP cropland to support their share of the base acreage on CCC-509? **(Yes, No, or Not Applicable)**
3. Did the producer accurately report all fruits and vegetables planted on base acres for the farm? **(Yes, No, or Not Applicable)**
4. If fruits and vegetables were planted on base acres on the farm, does 1 of the FAV planting exceptions apply? **(Yes, No, or Not Applicable)**
5. If **“Yes”**, which exception applies?
6. If **“Producer History”** or **Farm History”** was the acre for acre payment reduction assessed properly? **(Yes, No, or Not Applicable)**
7. If 1 of the exceptions was **not** applicable, was a planting violation assessed properly for the farm? **(Yes, No, or Not Applicable)**
8. Were wind erosion, water erosion, and weeds, including noxious weeds, controlled as required on the applicable farm? **(Yes, No, or Not Applicable)**
9. If **“No”**, did the producer take corrective action to correct the maintenance default on base acreage? **(Yes or No)**
10. If the farm is participating in the Planting Transferability Pilot Project (PTPP), were base reductions approved by the State Office and were reductions made correctly on each farm participating in PTPP? **(Yes, No, or Not Applicable)**
11. If the farm is participating in PTPP, does production evidence support processed production for the applicable crop year for the base acres that were reduced? **(Yes, No, or Not Applicable)**
12. If the farm updated pulse crop base acres, is the pulse crop base established on each tract supported by documentation from 1998 – 2001 supporting the base acres that were added? **(Yes, No, or Not Applicable)**

Programs Added to Compliance Review Process for 2009 (Continued)**B ACRE Compliance Reviews (Continued)**

13. If the farm updated pulse crop yields, does production evidence support production for the 1998 through 2001 crop years? **(Yes, No, or Not Applicable)**
14. If the farm has a rice acreage base, were rice base acres apportioned to long grain rice and medium grain rice correctly? **(Yes, No, or Not Applicable)**

C LFP Compliance Reviews

County Offices shall conduct LFP compliance reviews, if applicable, for **all** producers selected for 2009 compliance review and spot check. The following questions shall be documented during LFP reviews.

1. Was a valid signature obtained on LFP application? **(Yes or No)**
2. Was participant's AGI certification accurate? **(Yes or No)**
3. Does participant's current inventory of applicable livestock match the number and/or kind/type/weight range of livestock claimed on the LFP application? **(Yes or No)**
4. Did the participant, during the 60 calendar days before the beginning of the qualifying drought or fire condition, own, lease, purchase, entered into a contract to purchase, or was a contract grower of the livestock claimed on the LFP application? **(Yes or No)**
5. Did all livestock entered on the LFP application meet all eligibility criteria including being maintained for commercial use as part of the participant's farming operation? **(Yes or No)**
6. Was the number and kind/type/weight range of claimed livestock on the LFP application accurate? **(Yes or No)**
7. Did all forage information entered on the LFP application meet all eligibility criteria? **(Yes or No)**
8. Did the participant suffer an eligible grazing loss on rangeland managed by a Federal agency for which the Federal agency prohibited the participant from grazing the normal permitted livestock because of fire? **(Yes, No, or Not Applicable)**
9. Did the participant meet the risk management purchase requirement on all the grazing land, pasture land, or rangeland entered on the LFP application? **(Yes or No)**
10. Did any discrepancy result in a refund of LFP benefits? **(Yes or No)** If "Yes", enter requested refund amount \$_____.

Programs Added to Compliance Review Process for 2009 (Continued)**D SURE Compliance Reviews**

County Offices shall conduct SURE compliance reviews, if applicable, for **all** producers selected for 2009 compliance review and spot check. The following questions shall be documented during SURE reviews.

1. Was a valid signature obtained on the SURE application? **(Yes or No)**
2. Was the participant's AGI certification accurate? **(Yes or No)**
3. Did participant have NAP or crop insurance coverage on all eligible crops? **(Yes or No)**
4. Did participant meet definition of SDA, limited resource, or beginning farmer or rancher? **(Yes or No)**
5. Were payments calculated properly? **(Yes or No)**
6. Did at least 1 crop of economical significance have at least a 10 percent production loss because of disaster, adverse weather, or disaster-related conditions? **(Yes or No)**
7. Was the farm located in a declared disaster county or contiguous county; or was the actual production on the farm less than 50 percent of normal production? **(Yes or No)**
8. Were there any discrepancies for the participant that would result in a refund of SURE benefits? **(Yes or No)**
9. If **Yes**, select discrepancy type:
 - invalid signature
 - inaccurate AGI certification
 - all eligible crops not covered by NAP or FCIC
 - producer was SDA, limited resource, or beginning farmer or rancher
 - inaccurate payment calculation
 - no crop of economic significance with at least 10 percent loss
 - farm was not in declared or contiguous county, or farm did not have 50 percent production loss.

Enter amount of requested refund: \$_____.

Programs Added to Compliance Review Process for 2009 (Continued)**E MILC Compliance Reviews**

County Offices shall conduct MILC compliance reviews, if applicable, for **all** producers selected for 2009 compliance review and spot check. The following questions shall be documented during MILC reviews.

1. Enter name of dairy operation spot checked? _____
2. Was a valid signature obtained on CCC-580? **(Yes or No)**
3. Does the dairy operation meet the definition of an eligible dairy operation according to the local State's interpretation of a dairy operation under DMLA-III? **(Yes or No)**
4. Did the MILC program participant meet all eligibility criteria? **(Yes or No)**
5. Did all production claimed for MILC benefit meet all eligibility criteria, including being commercially marketed? **(Yes or No)**
6. Was participants AGI certification accurate? **(Yes or No)**
7. Did the dairy operation complete CCC-580M to make a change to the dairy operation? **(Yes, No, or Not Applicable)**
8. If **Yes**, select types of changes made:
 - entity name
 - entity type
 - producer/shareholder
 - reconstitution/merger
 - share percentage
 - start month
 - tax ID
 - transfer.
9. Were verifiable production records received in the County Office for each eligible month before payment was issued to the dairy operation? **(Yes or No)**
10. Does production evidence submitted for each applicable month support production entered and paid a MILC benefit? **(Yes or No)**
11. If participant submitted CCC-580 during the initial signup period (on or before January 21, 2009), did participant make their start month selection according to applicable start month selection rules? **(Yes, No, or Not Applicable)**

Programs Added to Compliance Review Process for 2009 (Continued)**E MILC Compliance Reviews (Continued)**

12. If “Yes”, select the applicable start month rule used:

- month that precedes the month CCC-580 was submitted
- month in which CCC-580 was submitted
- on or before the 14th of the month before the production start month selected for which the payment rate is unknown.

13. If participant submitted CCC-580 during the extended signup period (beginning January 22, 2009), did participant make their start month selection according to applicable start month selection rules? **(Yes, No, or Not Applicable)**

14. If “Yes”, select the applicable start month rule used:

- month in which CCC-580 was submitted
- on or before the 14th of the month before the production start month selected for which the payment rate is unknown.

15. Did participant complete a, CCC-580S, CCC-901, CCC-902E, or CCC-902I? **(Yes or No)**

16. If “Yes”, which of the following was submitted?

- CCC-580S
- CCC-901
- CCC-902E
- CCC-902I.

17. Was evidence provided to confirm that participant is eligible according to foreign person provisions and rules? **(Yes, No, or Not Applicable)**